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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES
SUZANNE SONNEBORN
EXECUTIVE DIRECTOR

MARLON I. BROWN, DPA
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED] MI [REDACTED]

Date Mailed: July 11, 2024
MOAHR Docket No.: 24-003735
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Linda Jordan

HEARING DECISION

Following Petitioner's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 42 CFR 438.400 to 438.424; 45 CFR 99.1 to 99.33; and 45 CFR 205.10; and Mich Admin Code, R 792.11002. After due notice, a hearing was held on June 11, 2024, via teleconference. Hattie Oliver, Petitioner's Authorized Hearing Representative (AHR) appeared on behalf of Petitioner. Rachel Meade, Hearings Facilitator, appeared on behalf of the Michigan Department of Health and Human Services (MDHHS or Department). MDHHS' Hearing Packet was admitted as MDHHS Exhibit A, pp. 1-133.

ISSUE

Did MDHHS properly determine that Petitioner failed to meet his deductible for Medicaid (MA)?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. Petitioner was an ongoing recipient of MA coverage with a deductible.
2. On December 5, 2023, Petitioner submitted a deductible report to MDHHS (Exhibit A, pp. 7-8).
3. On December 18, 2023, Petitioner submitted a deductible report to MDHHS (Exhibit A, pp. 36-37).
4. On January 4, 2024, Petitioner submitted a deductible report to MDHHS (Exhibit A, pp. 71-72).

5. On [REDACTED], 2024, Petitioner submitted a deductible report to MDHHS (Exhibit A, pp. 75-76).
6. On [REDACTED], 2024, Petitioner submitted a deductible report to MDHHS (Exhibit A, pp. 96-97).
7. On [REDACTED] 2024, Petitioner submitted a deductible report to MDHHS (Exhibit A, pp. 96-97).
8. MDHHS determined that Petitioner did not meet his deductible from [REDACTED] 2023 through [REDACTED] 2024.
9. On March 8, 2024, MDHHS sent Petitioner a Health Care Coverage Determination Notice indicating that Petitioner was eligible for full-coverage MA, effective April 1, 2024 ongoing (Exhibit A, p. 125).
10. On [REDACTED] 2024, Petitioner's AHR submitted a hearing request to dispute MDHHS' determination that Petitioner did not meet his deductible for MA (Exhibit A, p. 5).

CONCLUSIONS OF LAW

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), Department of Health and Human Services Reference Tables Manual (RFT), and Department of Health and Human Services Emergency Relief Manual (ERM).

Medicaid (MA) is established by Title XIX of the Social Security Act, 42 USC 1396-1396w-5; 42 USC 1315; the Affordable Care Act of 2010, the collective term for the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152; and 42 CFR 430.10-.25. MDHHS administers MA pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MA is also known as Medical Assistance. BEM 105 (January 2024), p. 1.

In this case, MDHHS determined that Petitioner was eligible for Group 2 Aged, Blind, Disabled (G2S) MA with a monthly deductible of \$961.00 in November 2023, \$1,126.00 in December 2023, and \$1,127.00 from January 1, 2024 to March 31, 2024 (Exhibit A, pp. 121-124). AHR submitted deductible reports for expenses Petitioner incurred from November 2023 through March 2024. MDHHS determined that Petitioner did not meet his deductible for those months.

MA includes several sub-programs or categories. BEM 105, p. 1. To receive MA under a Supplemental Security Income (SSI)-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. *Id.* MA eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild, Flint Water Group and Health Michigan

Plan (HMP) is based on Modified Adjusted Gross Income (MAGI) methodology. *Id.* The terms Group 1 and Group 2 relate to financial eligibility factors. *Id.* For Group 1, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. *Id.* The income limit, which varies by category, is for nonmedical needs such as food and shelter. *Id.* Medical expenses are not used when determining eligibility for MAGI-related and SSI-related Group 1 categories. *Id.* For Group 2, eligibility is possible even when net income exceeds the income limit. *Id.* This is because incurred medical expenses are used when determining eligibility for Group 2 categories. *Id.* Group 2 categories are considered a limited benefit because a deductible is possible. *Id.*

G2S MA is an SSI-related MA category available to a person who is aged (65 or older), blind, or disabled. BEM 166 (April 2017), p. 1. Income eligibility exists when net income does not exceed the Group 2 needs in BEM 544. *Id.* If net income exceeds the Group 2 needs, MA eligibility is still possible with a deductible. *Id.* When one of the following equals or exceeds the group's excess income for the month tested, income eligibility exists for the entire month: (i) old bills (defined in EXHIBIT IB); (ii) personal care services in client's home, (defined in Exhibit ID); (iii) Adult Foster Care (AFC), or Home for the Aged (HA) (defined in EXHIBIT ID); hospitalization (defined in EXHIBIT IC); or (iv) long-term care (defined in EXHIBIT IC). BEM 545 (July 2022), p. 1. MDHHS is required to request information about all medical expenses incurred during and prior to each month with excess income. *Id.*, p. 2.

Petitioner did not dispute MDHHS' determinations regarding the MA category that he was approved for or the deductible amounts. Petitioner, by and through his AHR, disputed that he did not meet his deductible from November 2023 through March 2024. Petitioner submitted several deductible reports with verifications of the medical expenses incurred. MDHHS testified that the verifications were insufficient and that it attempted to explain what verifications were necessary to AHR during a phone conversation. AHR credibly testified that she was trying to submit the proper verifications and did not know that the documentation was insufficient. She further testified that she called MDHHS repeatedly and struggled to reach a caseworker for additional guidance.

MDHHS is required to request verification from clients when information regarding an eligibility factor is unclear, inconsistent, incomplete or contradictory. BAM 130 (October 2023), p. 1. MDHHS must send the client a Verification Checklist (VCL) informing the client what verification is required, how to obtain it, and the due date. *Id.*, p. 3. No evidence was introduced to show that MDHHS properly requested additional information regarding Petitioner's medical expenses, contrary to policy.

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that MDHHS failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined that Petitioner did not meet his deductible amount.

DECISION AND ORDER

Accordingly, MDHHS' decision is **REVERSED**. MDHHS IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Reprocess Petitioner's deductible reports from November 2023 through March 2024, requesting additional information, if necessary;
2. Activate Petitioner's MA coverage for any months that he met his deductible from November 2023 through March 2024; and
3. Notify Petitioner of its decision(s) in writing.



Linda Jordan
Administrative Law Judge

LJ/pt

NOTICE OF APPEAL: A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Office of Administrative Hearings and Rules (MOAHR).

A party may request a rehearing or reconsideration of this Order if the request is received by MOAHR within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MOAHR will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MOAHR. If submitted by fax, the written request must be faxed to (517) 763-0155; Attention: MOAHR Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Office of Administrative Hearings and Rules
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-8139

