



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

MARLON BROWN  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: July 5, 2024  
MOAHR Docket No.: 24-004800  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Colleen Lack**

**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 telephone hearing was held on June 5, 2024, from Lansing, Michigan. The Petitioner was represented by [REDACTED] Father. The Department of Health and Human Services (Department) was represented by Jennifer Richard, Supervisor.

During the hearing proceeding, the Department's Hearing Summary packet was admitted 1-28.

**ISSUE**

Did the Department properly determine Petitioner's eligibility for Medical Assistance (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 receiving MA based on receiving Supplemental Security Income (SSI) benefits (MA-SSI).
2. Petitioner's MA case was due for Redetermination in February 2024. (Exhibit A, p. 28)
3. On January [REDACTED] 2024, a SSI-Terminated Medicaid Coverage notice was issued to Petitioner stating that the SSA notified the Department that Petitioner's SSI benefits stopped. This notice indicated the Department must determine if Petitioner remained

eligible for any other type of Medicaid and/or the Medicare Savings Program (MSP). Petitioner must complete and return the enclosed application and forms, and provide the proofs requested on the forms, by a due date of February 12, 2024. (Exhibit A, p. 10)

4. On February [REDACTED] 2023, an application for MA was filed on Petitioner's behalf. (Exhibit A, pp. 12-19)
5. The Department verified Petitioner's parent's income. (Exhibit A, pp. 23-26)
6. The Department determined the Petitioner was eligible for MA under the Group 2 Under Age 21 (MA-G2U) category with a monthly deductible of \$ [REDACTED] effective May 1, 2024. (Exhibit A, pp. 20-21)
7. On March [REDACTED] 2024, a Health Care Coverage Determination Notice was issued to Petitioner regarding the closure of the MA-SSI benefit case effective May 1, 2024. (Exhibit A, p. 11)
8. On March [REDACTED] 2024, a Health Care Coverage Determination Notice was issued to Petitioner stating Petitioner was approved for MA with a monthly deductible of \$ [REDACTED] effective May 1, 2024. (Exhibit A, p. 27)
9. On April 22, 2024, a hearing request was filed on Petitioner's behalf. (Exhibit A, pp. 4-8)

### **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).

The Medical Assistance (MA) program 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. The Department (formerly known as the Department of Human Services) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

The Medicaid program comprise several sub-programs or categories. To receive MA under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. BEM 105, January 1, 2024, p. 1.

In general, the terms Group 1 and Group 2 relate to financial eligibility factors. For Group 1, net income (countable income minus allowable income deductions) must be at or below

a certain income limit for eligibility to exist. The income limit, which varies by category, is for nonmedical needs such as food and shelter. Medical expenses are not used when determining eligibility for MAGI-related and SSI-related Group 1 categories. For Group 2, eligibility is possible even when net income exceeds the income limit. This is because incurred medical expenses are used when determining eligibility for Group 2 categories. Group 2 categories are considered a limited benefit as a deductible is possible. BEM 105, p. 1.

To be automatically eligible for MA an SSI recipient must both: be a Michigan resident; and cooperate with third-party resource liability requirements. MDHHS administers MA for SSI recipients, including a continued MA eligibility determination when SSI benefits end. BEM 150, January 1, 2024, p. 1.

In general, the terms Group 1 and Group 2 relate to financial eligibility factors. For Group 1, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. The income limit, which varies by category, is for nonmedical needs such as food and shelter. Medical expenses are not used when determining eligibility for MAGI-related and SSI-related Group 1 categories. For Group 2, eligibility is possible even when net income exceeds the income limit. This is because incurred medical expenses are used when determining eligibility for Group 2 categories. Group 2 categories are considered a limited benefit as a deductible is possible. BEM 105, January 1, 2024, p. 1.

Group 2 Under 21 is a non-MAGI MA category. BEM 105, January 1, 2024, p. 2. Medicaid is available to a person who is under age 21 and meets the eligibility factors in this item. All eligibility factors must be met in the calendar month being tested. BEM 132, April 1, 2018, pp. 1-2.

For the Group 2 Under 21 MA category, a fiscal group is established for each person requesting MA and budgetable income is determined for each fiscal group member. Since how a client's income must be considered may differ among family members, special rules are used to prorate a person's income among the person's dependents, and themselves. BEM 536 July 1, 2019, p. 1. The BEM 536 policy outlines the 16 step process to determine a fiscal group member's income. BEM 536, July 1, 2019, pp. 1-7.

When determining Group 2 needs, the department utilizes a protected income level (PIL) is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 MA PILs based on shelter area and fiscal group size. RFT 200 lists the counties in each shelter area. The Department can count the cost of any health insurance premiums as a need item. BEM 544, January 1, 2020, p. 1. Kent county is part of shelter area V. RFT 200, April 1, 2017, p. 2. In shelter area V, for a group size of 3 the PIL is \$547.00. RFT 240, December 1, 2013, p. 1.

Income eligibility exists for all or part of the month tested when there is no excess income or the medical group's allowable medical expenses equal or exceed the fiscal group's excess income. BEM 545, July 1, 2022, p. 1-3.

Deductible is a process which allows a client with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred. Each calendar month is a separate deductible period. The fiscal group's monthly excess income is called a deductible amount. Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month tested. BEM 545, July 1, 2022, p. 10-12.

In this case, Petitioner was receiving MA based on receiving SSI benefits (MA-SSI). Petitioner's SSI benefits ended. Petitioner could no longer receive MA under the category for SSI recipients when he stopped receiving SSI benefits. Petitioner was potentially eligible for MA under the Group 2 Under 21 MA category. However, due to excess income, Petitioner would have a monthly deductible of \$[REDACTED] (Exhibit A, pp. 20-21). As indicated in the above cited BEM 536 policy, a separate fiscal group is established for each household member for this MA category and budgetable income is determined for each fiscal group member. How a client's income must be considered may differ among family members. Accordingly, special rules are used to prorate a person's income among the person's dependents, and themselves. The Department provided the MA budget showing how the prorated income was utilized to determine the deductible amount. (Exhibit A, p. 21).

Petitioner's father explained that at the time the MA application was filed, his wife was not working because Petitioner was having his surgery. When she did go back to work, it was only part time. (Father Testimony). The Department verified Petitioner's parent's income. (Exhibit A, pp. 23-26). The report from The Work Number indicated Petitioner's mother went back to work as of the pay period ending March 16, 2024 with a pay date of March 22, 2024. (Exhibit A, p. 24). The Supervisor testified that the Department only utilized this pay date for Petitioner's mother's income for the MA determination at issue. The Supervisor also explained that she confirmed Petitioner's father income was correct with Petitioner's father. (Supervisor Testimony).

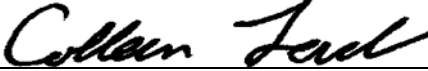
This Administrative Law Judge has no authority to change or make any exceptions to the applicable regulations and policy, which require a monthly deductible when there is excess income. Overall, the evidence establishes that the Department properly determined Petitioner's eligibility for MA based upon the available information at that time.

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 the Department acted in accordance with Department policy when it determined Petitioner's eligibility for MA.

**DECISION AND ORDER**

Accordingly, the Department's decision is **AFFIRMED**.

CL/dm

  
\_\_\_\_\_  
**Colleen Lack**  
Administrative Law Judge

**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

**Via-Electronic Mail :**

**DHHS**  
Kimberly Kornoelje  
Kent County DHHS  
**MDHHS-Kent-**  
**Hearings@michigan.gov**

**SchaeferM**

**EQADHearings**

**BSC3HearingDecisions**

**MOAHR**

**Via-First Class Mail :**

**Authorized Hearing Rep.**

[REDACTED]  
[REDACTED]  
[REDACTED]

**Petitioner**

[REDACTED]  
[REDACTED]  
[REDACTED]