

## ISSUE

Did the Department properly determine that Petitioner was not eligible for the Home Care Children program?

## FINDINGS OF FACT

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

1. Petitioner is a REDACTED year old female applying for Medicaid coverage through the Home Care Children (HCC) program. (Exhibit A, p 5; Testimony). Petitioner is currently enrolled in Children's Special Health Care Services (CSHCS) for a diagnosis of unspecified protein-calorie malnutrition. (*Id.*)
2. On September 10, 2025, Petitioner's family sought an eligibility determination for the HCC program by submitting a DHS-49 form completed by Petitioner's pediatrician, multiple medical reports from a variety of providers, a 24-hour plan of care, and an MET summary from Petitioner's school district. (Exhibit A, pp 5, 11-33; Testimony)
3. Those reports were reviewed by CSHCS Nurse Consultants, as well as staff from the MDHHS Bureau of Children's Coordinated Health Policy and Supports (BCCHPS). (*Id.*) Reports received indicate that Petitioner experienced in-utero drug exposure, and is at a high risk for developmental delay. (*Id.*)

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Those reports also indicate that her level of need for ADL supports falls within age-appropriate ranges, and that she had reached developmental milestones with the exception of language. (*Id.*)

4. On September 15, 2025, MDHHS CSHCS sent Petitioner a notice of Home Care Children eligibility denial. The reason stated in the notice was:

It does not appear that your child requires the level of care of a medical institutional setting at this time. (Exhibit A, p 10; Testimony)

5. On November 3, 2025, the Michigan Office of Administrative Hearings and Rules received the Petitioner's request for hearing. (Exhibit A, p 5)

### CONCLUSIONS OF LAW

The Medical Assistance Program is established pursuant to Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). It is administered in accordance with state statute, the Social Welfare Act, the Administrative Code, and the State Plan under Title XIX of the Social Security Act Medical Assistance Program.

Title XIX of the Social Security Act, enacted in 1965, authorizes Federal grants to States for medical assistance to low-income persons who are age 65 or over, blind, disabled, or members of families with dependent children or qualified pregnant women or children. The program is jointly financed by the Federal and State governments and administered by States. Within broad Federal rules, each State decides eligible groups, types and range of services, payment levels for services, and administrative and operating procedures. Payments for services are made directly by the State to the individuals or entities that furnish the services.

42 CFR 430.0

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) added a provision to Title XIX of the Social Security Act which expanded Medicaid coverage to children with a medical institution level of care need but were otherwise ineligible for Medicaid due to a higher family income. The program is also referred to as the Katie Beckett program. See *P.L. 97-248, Section 134*. In essence, the Katie Beckett provision in TEFRA allowed states to waive the requirement for considering parental income in the process of determining Medicaid eligibility.

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The implementing provision of the Code of Federal Regulations, as related to TEFRA individuals under age 19 who would be eligible for Medicaid if they were in a medical institution is, in pertinent part:

(a) The agency may provide Medicaid to children 18 years of age or younger who qualify under section 1614(a) of the Act, who would be eligible for Medicaid if they were in a medical institution, and who are receiving, while living at home, medical care that would be provided in a medical institution.

(b) If the agency elects the option provided by paragraph (a) of this section, it must determine, in each case, that the following conditions are met:

(1) The child requires the level of care provided in a hospital, SNF, or ICF.

(2) It is appropriate to provide that level of care outside such an institution.

(3) The estimated Medicaid cost of care outside an institution is no higher than the estimated Medicaid cost of appropriate institutional care.

(c) The agency must specify in its State plan the method by which it determines the cost-effectiveness of caring for disabled children at home.

42 CFR 435.225 (Underline added).

The State of Michigan's policy is consistent with the Social Security Act, Code of Federal Regulations and State Plan. The State of Michigan Bridges Eligibility Manual (BEM) lists the criteria for eligibility:

#### DEPARTMENT POLICY

##### MA Only

This is an SSI-related Group 1 MA category.

MA is available to a child who requires institutional care but can be cared for at home for less cost.

The child must be under age 18, unmarried and disabled. The income and assets of the child's parents are not considered when determining the child's eligibility.

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Children's Special Health Care Services (CSHCS) and the local MDHHS office share responsibility for determining eligibility for Home Care Children. All eligibility factors must be met in the calendar month being tested.

## **NONFINANCIAL ELIGIBILITY FACTORS**

### **CSHCS Responsibilities**

CSHCS determines if medical eligibility exists. That is:

- The child requires a level of care provided in a medical institution (for example the hospital, skilled nursing facility or an intermediate care facility); and
- It is appropriate to provide such care for the child at home; and
- The estimated MA cost of caring for the child at home does not exceed the estimated MA cost for the child's care in a medical institution.

CSHCS also obtains necessary information to determine whether the child is disabled and forwards it to the Disability Determination Service DDS. If the criterion in BEM 260 are met, disability will be certified on a DHS-49-A, Medical-Social Eligibility Certification, by DDS.

### **Communication to the Local Office**

If the child is disabled and requirements above are met, CSHCS sends a MSA-1785, Policy Decision, and the medical packet to the appropriate MDHHS local office. The MSA-1785 certifies that the medical requirements in CSHCS Responsibilities in this item are met.

CSHCS will also notify the MDHHS local office when this category can no longer be used for a child. Pursue eligibility for other MA categories when a child is no longer eligible for this category. A child determined medically eligible for this category does not need a determination of Medicaid eligibility under a MAGI category first.

### **Local Office Responsibilities**

Do not authorize MA under this category without a MSA-1785 certifying medical eligibility for this category. Use this category

when the child is not an SSI or FIP recipient. Use this category before using a Group 2 category.

If a MSA -1785 is received for a child who is not an MA applicant or recipient, treat the MSA -1785 as a request for assistance. Contact the child's parents concerning an MA application for the child.

Determine if the child meets the MA eligibility factors in the following items:

- BEM 220, Residence.
- BEM 223, Social Security Numbers.
- BEM 225, Citizenship/Alien Status.
- BEM 257, Third Party Resource Liability.
- BEM 270, Pursuit of Benefits.

Note: An ex parte review (see glossary) is required before Medicaid closures when there is an actual or anticipated change, unless the change would result in closure due to ineligibility for all Medicaid. When possible, an ex parte review should begin at least 90 days before the anticipated change is expected to result in case closure. The review includes consideration of all MA categories; see BAM 115 and 220.

## **INQUIRIES**

Inquiries from medical providers or parents concerning medical eligibility (requirements in CSHCS Responsibilities in this item) under this category should be directed to a nurse consultant at:

Michigan Department of Health and Human Services  
Public Health Administration  
Bureau of Family, Maternal & Child Health, Children's Special  
Health Care Services  
Lewis Cass Building, 6th Floor  
320 S. Walnut Street  
Lansing, MI 48913  
Phone: 1-800-359-3722

## **FINANCIAL ELIGIBILITY FACTORS**

Financial eligibility is determined by the MDHHS local office. Only the child's own income and assets are counted. Do not deem income and assets from the child's parents to the child.

#### Groups

The child is a fiscal and asset group of one.

#### Assets

The child's countable assets cannot exceed the asset limit in BEM 400. Countable assets are determined based on MA policies in BEM 400 and BEM 401.

#### Divestment

Do not apply policy in BEM 405.

#### Income Eligibility

Apply the MA policies in BEM 500, 501, 502, 503, 504, and 530 to determine net income. Income eligibility exists when the child's net income is equal to or less than 100 percent of the SSI federal benefit rate; see RFT 248:

#### VERIFICATION REQUIREMENTS

Verification requirements for all eligibility factors are in the appropriate manual items.

#### LEGAL BASE

##### MA

Tax Equity and Fiscal Responsibility Act of 1982 (P.L. 97-248),  
Section 134

*State of Michigan Department of Human Services,  
Home Care Children Bridges Eligibility Manual  
(BEM 170) 10-1-17, pp 1-4.*

The State of Michigan operates a medical coverage program for children eligible under the TEFRA provision with approval from the Centers for Medicare and Medicaid Services (CMS). The program is titled Home Care Children and is housed within the Department of Health and Human Services (MDHHS) Children's Special Health Care Services Division (CSHCS). Because the State of Michigan opted to operate the Home

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Care Children program it must offer the program statewide and must determine for each child requesting an eligibility determination, whether he meets the three conditions of 42 CFR 435.225(b). Because the TEFRA provision includes eligibility for Medicaid benefits the Department is required to send a written notice of Home Care Children denial and the Petitioner possessed a right to a Medicaid fair hearing. See *42 CFR 431.200, et seq.*

The Department's witnesses testified that the HCC program is a special pathway to Medicaid for persons who would not otherwise be eligible for Medicaid. The Department's witnesses testified that upon review of the request for consideration for the HCC program from the Petitioner in the instant matter, along with supporting medical documentation submitted by Petitioner's family, it was determined that Petitioner was not eligible for the HCC program because she did not require an institutional level of care. The Department's witnesses also indicated that Petitioner did not require an intermediate level of care found in an ICF for behavioral issues.

Petitioner's adoptive mother testified that she understood the Department's position and only applied for the program because representatives at MDHHS encouraged her to do so.

According to MDHHS policy item BEM-170, Home Care Children, medical eligibility for the Home Care Children program requires documentation that the child is in need of a level of care provided in a medical institution, which can include a hospital, skilled nursing facility, or intermediate care facility. Petitioner's current needs and level of skill development does not meet the level of care required for Home Care Children eligibility. Due to her young age, and her condition at birth which could indicate that she is at risk for severe developmental delay, it is recommended by her providers that she continue to be closely monitored. Should she begin to fall behind in her development, including in ADLs, learning, mobility, or self-direction, the family is encouraged to reapply.

The preponderance of undisputed evidence in this case demonstrates that the Department properly determined that Petitioner was not eligible for the HCC program at the time of the determination, based on the documentation submitted. The Department's witnesses testified in a credible manner that in their opinion, based on extensive experience, Petitioner was not a child who requires a level of care provided in a medical institution (i.e., hospital, skilled nursing facility or intermediate care facility). Therefore, Petitioner was not eligible for the HCC program at the time of the determination.

#### DECISION AND ORDER

The Administrative Law Judge, based on the above findings of fact and conclusions of law, decides that the Department properly determined that Petitioner was not eligible for the Home Care Children program.

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**IT IS THEREFORE ORDERED** that:

The Department's decision is **AFFIRMED**.

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