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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]
MI [REDACTED]

Date Mailed: July 26, 2024
MOAHR Docket No.: 24-005465
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: L. Alisyn Crawford

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 26, 2024. Petitioner was present at the hearing and represented herself. The Department of Health and Human Services (Department) was represented by Shyla Coleman, Eligibility Specialist.

ISSUE

Did the Department properly determine Petitioner's Medical Assistance (MA) eligibility?

Did the Department properly deny Petitioner's Medical Savings Program (MSP) application?

FINDINGS OF FACT

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

1. On [REDACTED] 2023, Petitioner submitted an Assistance Application for health care coverage for herself and one of her foster children. (Exhibit A, pp. 7-13). On the application Petitioner explained that she filled out this application because the Department sent her MA renewal documentation to her old address. (Exhibit A, p. 12).
2. Petitioner is a foster parent to two minor children.
3. Petitioner receives monthly unearned income from Retirement, Survivor's, and Disability Insurance (RSDI) benefits from the Social Security Administration in the amount of [REDACTED].

4. On April 11, 2024, the Department sent a Verification Checklist (VCL) to Petitioner requesting verification of her checking and saving accounts with a due by date of April 22, 2024. (Exhibit A, pp. 14-15).
5. On April 11, 2024, the Department sent a Health Care Coverage Determination Notice (HCCDN) to Petitioner informing her that effective May 1, 2024 she was approved for limited coverage MA under the Plan First Family Program (PFFP). (Exhibit A, pp. 18-21). The HCCDN also stated that she was not eligible for Medical Savings Program (MSP) for the month tested because the request was made in a previous year. (Exhibit A, p. 18).
6. On May 3, 2024, Petitioner requested a hearing to dispute the Department's April 11, 2024 determination. (Exhibit A, pp. 3-4).

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.

In this case, the Department re-reviewed Petitioner's MA eligibility based on information Petitioner submitted following this request for hearing. The Department sent Petitioner a HCCDN dated May 14, 2024 informing her that she was approved for MA coverage with a monthly deductible of \$578. (Exhibit A, p. 26). Petitioner disputed the Department's determination that she is only eligible for MA coverage under a deductible based program and disputed the Department's determination that she is not eligible for MSP due to excess income.

MA

MA is available (i) under SSI-related categories to individuals who are aged (65 or older), blind or disabled, (ii) to individuals who are under age 19, parents or caretakers of children, or pregnant or recently pregnant women, (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage, and (iv) to individuals who meet the eligibility criteria for Plan First Medicaid (PF-MA) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105 (January 2024), p. 1; BEM 137 (January 2024), p. 1; BEM 124 (July 2023), p. 1. Under federal law, an individual eligible under more than one

MA category must have eligibility determined for the category selected and is entitled to the most beneficial coverage available, which is the one that results in eligibility and the least amount of excess income or the lowest cost share. BEM 105 (January 2021), p. 2; 42 CFR 435.404.

Because Petitioner was a Medicare recipient and disabled, Petitioner was eligible for MA only under an SSI-related category. In determining the SSI-related MA category Petitioner is eligible for, the Department must determine Petitioner's MA fiscal group size and net income. As an unmarried individual, Petitioner has fiscal group size for SSI-related MA purposes of one. BEM 211 (October 2023), p. 8. The household's net income for MA purposes is [REDACTED] (Petitioner's gross unearned income of [REDACTED] reduced by a \$20 disregard). BEM 541 (January 2024), p. 3.

Based on Petitioner's net income of [REDACTED] Petitioner has excess income for eligibility under the AD-Care program, the full-coverage SSI-related MA program, which has an income limit of [REDACTED] for a fiscal group size of one. BEM 163 (April 2017), p. 2; RFT 242 (April 2023), p. 1; <https://aspe.hhs.gov/poverty-guidelines>. Although Petitioner was not eligible for AD-Care coverage due to excess income, since she is a caretaker of minor children, she is potentially eligible for MA under Group 2 Caretaker Relative (G2C). Group 2 eligibility for MA coverage is possible even when net income exceeds the income limit for full MA coverage. BEM 105 (January 2024), p. 1. For Group 2 categories, there is a monthly deductible equal to the amount the household's monthly net income (countable income minus allowable income deductions) exceeds the applicable Group 2 MA protected income level (PIL). PIL is based on the fiscal group size for Group 2 MA categories and the county of residence. BEM 135 (October 2015), p. 2; BEM 544 (January 2020), p. 1; RFT 240 (December 2013), p. 1.

The PIL for an individual with a one-person MA Group 2 fiscal group size living in [REDACTED] County is [REDACTED] RFT 200 (April 2017); RFT 240 (December 2013), p. 1. Thus, if the household's net income, calculated in accordance with BEM 536 (July 2019), pp. 1-7, less allowable needs exceeds the [REDACTED] PIL, there is eligibility for MA assistance under the deductible program, with the deductible equal to the amount that the monthly income less allowable needs exceeds [REDACTED]

The Department presented a budget showing the calculation of Petitioner's G2C deductible. (Exhibit A, p. 25). In this case, Petitioner is single, and lives with her two minor children. Therefore, Petitioner has two dependents and her prorated divisor is 2.9 plus two, or 4.9. Petitioner's gross income of [REDACTED] divided by 4.9, results in a prorated income of [REDACTED] BEM 536 (July 2019), p. 4. Therefore, the Department correctly determined Petitioner's prorated income.

For Group 2 MA purposes, an adult's fiscal *group's* net income is the sum of:

- the adult's net income if the adult has no dependents or 2.9 prorated shares of the adult's own income (if the adult has dependents), plus,
- if the spouse is in the adult's MA group, the couple's share of each other's income (which is 3.9 prorated shares of the spouse's own income plus one prorated share of the adult's income).

BEM 536, pp. 6-7.

This calculation applied to this case results in Petitioner's MA fiscal group having net income of [REDACTED]. Net income is reduced by allowable needs deductions for health insurance premiums (which includes Medicare premiums paid by the household) or remedial services for individuals in adult foster care home or home for the aged to arrive at excess income. BEM 544, pp. 1-2. Here, Petitioner is eligible for an allowable needs deduction for health insurance premiums only. Petitioner pays her Medicare Part B premium of \$174.70 per month. Therefore, when reduced by the allowable need expense for Petitioner's health insurance premium (\$174.70), an excess income of [REDACTED] is found. BEM 536, BEM 544 (January 2020). This excess income less the [REDACTED] PIL results in a monthly deductible of \$578.00. This monthly deductible amount is consistent with the amount calculated by the Department.

MSP

The Department also determined that Petitioner was not eligible for MSP benefits due to excess income.

MSP is a State-administered SSI-related MA program in which the State pays an income-eligible client's Medicare premiums, coinsurances, and deductibles. There are three MSP categories: Qualified Medicare Beneficiaries (QMB); Specified Low-Income Medicare Beneficiaries (SLMB); and Additional Low-Income Beneficiaries (ALMB). BEM 165 (October 2022), p. 1. QMB is a full coverage MSP that pays Medicare premiums (Medicare Part B premiums and Part A premiums for those few people who have them), Medicare coinsurances, and Medicare deductibles. SLMB pays Medicare Part B premiums, and ALMB pays Medicare Part B premiums provided funding is available. BEM 165, pp. 1-2.

Income is the major determiner of category for MSP programs. The monthly net income limits for Petitioner fiscal group size of one for ALMB eligibility, which has the highest net income limit of the three MSP categories, is [REDACTED] plus the \$20 disregard for RSDI income. RFT 242 (April 2023), p.1; BEM 165, pp. 1-2, 8-10.

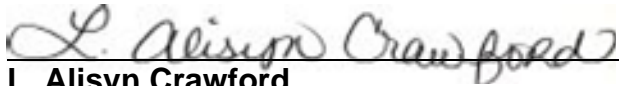
As noted above, Petitioner's net income is [REDACTED] which is over the income limit for the MSP ALMB program. Therefore, the Department acted in accordance with Department policy when it denied Petitioner for the MSP ALMB program due to excess income.

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 was eligible for MA coverage under a deductible based program and that she was not eligible for MSP due to excess income.

DECISION AND ORDER

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

LC/ml


L. Alisyn Crawford
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:

Respondent

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Interested Party

BSC4
M Schaefer
EQAD
MOAHR

Via First Class Mail:

Petitioner

[REDACTED]
[REDACTED]
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