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GOVERNOR

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

Date Mailed: September 16, 2024  
MOAHR Docket No.: 24-008765  
Agency No.: ██████████  
Petitioner: ██████████

**ADMINISTRATIVE LAW JUDGE: Danielle R. Harkness**

**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 September 4, 2024. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Amber Gibson, Hearing Facilitator (HF).

During the hearing proceeding, the Department’s Hearing Summary packet was admitted as Exhibit A, pp. 1-21.

**ISSUE**

Did the Department properly determine Petitioner’s eligibility for Medical Assistance (MA) and the Medicare Savings Program (MSP)?

**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 ██████████, 2024, a Redetermination was submitted for Petitioner’s MA case. It was reported that Petitioner has monthly income from Retirement Survivors and Disability Insurance (RSDI) benefits of \$██████████, a pension of \$██████████, and self-employment income of \$██████████. Reported expenses included a Medicare premium.
2. The Department determined that Petitioner was not eligible for the MSP and that Petitioner would have a monthly deductible for Petitioner’s MA benefits of \$██████████

3. On April 15, 2024, a Health Care Coverage was issued to Petitioner denying ongoing MSP benefits effective May 1, 2024, due to income in excess of program limits.
4. On July 15, 2024, Petitioner requested a hearing to dispute the Department's determination.

### **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 Department must periodically redetermine or renew an individual's eligibility for active programs. The redetermination/renewal process includes thorough review of all eligibility factors. BAM 210, January 1, 2024, p. 1. MA Benefits stop at the end of the benefit period unless a renewal is completed, and a new benefit period is certified. BAM 210, p. 4.

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, January 1, 2024, p. 1.

The Department counts the gross benefit amount of SSA issued Retirement Survivors Disability Insurance (RSDI) benefits as unearned income when determining eligibility. BEM 503, April 1, 2024, p. 30. The Department disregards the annual cost of living

increase for RSDI for [REDACTED] [REDACTED] and [REDACTED] BEM 503, [REDACTED], 2023, pp. 30-31.

The Department utilizes a Protected Income Level (PIL) in determining MA eligibility. The PIL is a set allowance for non-medical need items such as shelter, food and incidental expenses. BEM 544, January 1, 2020, p. 1. Ingham County is part of Shelter Area VI, which has a PIL of \$408.00 for a group size of one. RFT 200, April 1, 2017, p. 3 and RFT 240, December 1, 2013, p. 1.

For SSI related adults, the only deductions allowed to countable income are for court-ordered child support, blind/impairment related work expenses, allocation to non-SSI related children, a \$20.00 disregard, an earned income disregard of \$65.00 plus ½ of the remaining earnings, and Guardianship/Conservator expenses. BEM 541, January 1, 2024, pp. 1-7.

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.

There are three categories that make up the MSP: Qualified Medicare Beneficiaries (QMB); Specified Low-Income Medicare Beneficiaries (SLMB); and Additional Low-Income Medicare Beneficiaries (ALMB). Income is the major determiner of category. For QMB net income cannot exceed 100% of poverty. For SLMB net income is over 100% of poverty, but not over 120% of poverty. For ALMB net income is over 120% of poverty, but not over 135% of poverty. BEM 165, October 1, 2022, p. 1.

RFT 242 addresses the income limits for aged or disabled MA (MA-AD) and the MSP categories. Effective April 1, 2023, for a group size of one the income limit for MA-AD and QMB is \$1,235.00; for SLMB the income limit is \$1,235.01 to \$1,478.00; and for ALMB the income limit is \$1,478.01 to \$1,660.25. RFT 242, April 1, 2024, p. 1. Effective April 1, 2024, for a group size of one the income limit for MA-AD and QMB is \$1,275.00; for SLMB the income limit is \$1,275.01 to \$1,526.00; and for ALMB the income limit is \$1,526.01 to \$1,714.25. The RFT 242 policy notes that these amounts are the applicable percentage of the federal poverty limit plus the \$20.00 disregard for RSDI income. RFT 242, April 1, 2024, p. 1.

In this case, the Department determined that Petitioner was eligible for Medicaid with a monthly deductible of \$[REDACTED] effective May 1, 2024. Petitioner reported receiving RSDI issued benefits of \$[REDACTED] monthly on the March 4, 2024, Redetermination.

Accordingly, Petitioner's income exceeds the income limit for full coverage MA under the MA-AD Care category of \$1,235.00 prior to April 1, 2024, and of \$1,275.00 effective April 1, 2024. Additionally, in accordance with the income limits for the MSP categories as set forth in RFT 242, Petitioner was not eligible for the MSP under any of the three categories. The category with the highest income limit is the ALMB category, which has an income limit of \$1,694.25.

The Department then calculated a monthly deductible for Petitioner. After the \$20.00 disregard, self-employment income of [REDACTED], the \$[REDACTED] earned income disregard, an insurance premium of \$174.70, and the PIL of \$408.00 are considered, Petitioner has a monthly deductible of \$[REDACTED] effective May 1, 2024. There was no evidence that Petitioner had any of the other allowable deductions (court-ordered child support, blind/impairment related work expenses, allocation to non-SSI related children, or Guardianship/Conservator expenses).

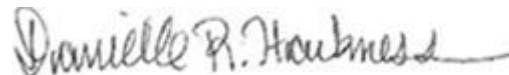
This Administrative Law Judge has no authority to change or make any exceptions to the applicable regulations and policy, which require a monthly deductible when there is excess income. Overall, the evidence establishes that the Department properly determined Petitioner's eligibility for MA based upon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

### **DECISION AND ORDER**

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.

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

DH/pt



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**Danielle R. Harkness**  
Administrative Law Judge

