



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

MARLON I. BROWN, DPA  
DIRECTOR

[REDACTED], MI

Date Mailed: October 25, 2024  
MOAHR Docket No.: 24-010094  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Caralyce M. Lassner**

### **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 by telephone on September 30, 2024. Petitioner appeared and represented himself. The Department of Health and Human Services (Department) was represented by Marcella Towns, Assistance Payments Worker and Assistant Hearing Coordinator.

### **ISSUE**

Did the Department properly determine Petitioner's eligibility for Medicaid (MA) coverage effective June 1, 2024 ongoing?

### **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 and completed a redetermination application.
2. Petitioner is a [REDACTED] year-old single individual who receives \$1,607 per month in Retirement, Survivors, and Disability Insurance (RSDI) income and has Medicare Part A and Part B.
3. On June 18, 2024, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that approved Petitioner for MA, subject to a monthly deductible of \$1,037, effective for June 1, 2024 through July 31, 2024, and denied Petitioner MA effective August 1, 2024 ongoing. (Exhibit A, pp. 8 – 9).

4. On July 18, 2024, the Department received a request for hearing from Petitioner, disputing the Department's determination of Petitioner's MA eligibility. (Exhibit A, pp. 6 – 7).

### **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.

Petitioner requested a hearing disputing a change in his MA from full coverage MA to MA subject to a monthly deductible. Department approved Petitioner for MA, subject to a monthly deductible of \$1,037, effective for June 1, 2024 through July 31, 2024, and denied Petitioner MA effective August 1, 2024 ongoing.

Under federal law, an individual is entitled to the most beneficial category, which is the one that results in a) eligibility, b) the least amount of excess income, or c) the lowest cost share. BEM 105 (January 2024), p. 2. All MA category options must be considered in order for the Petitioner's right of choice to be meaningful. BEM 105, p. 2. 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, and (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105, p. 1; BEM 137 (January 2024), p. 1; BEM 124 (July 2023), p. 1. Because Petitioner is a Medicare recipient and is not the caretaker of a minor child, Petitioner is eligible for MA under only SSI-related categories.

Based on Petitioner's circumstances, he was potentially eligible for AD-Care MA. The AD-Care program is a Group 1, full-coverage, SSI-related MA program for individuals who are income-eligible based on their MA fiscal group size. BEM 163 (July 2017), p. 1. Net income for this program cannot exceed 100% of the Federal Poverty Level (FPL) for the fiscal group size. BEM 163, p. 1. For SSI-related MA purposes, adults who are not married are a fiscal group size of one. BEM 211 (October 2023), p. 8. Petitioner testified that he is not married; therefore, he is a fiscal group of one. Because he is a fiscal group of one, to be income eligible for this program, Petitioner's monthly income would have had to be \$1,255 or less. 89 Fed Reg 2961; RFT 242 (April 2024). In this

case, Petitioner and the Department agree that he receives RSDI income in the total amount of \$1,607 per month. (Exhibit A, p. 1). The total gross amount of RSDI as unearned income but, for purposes of SSI-related MA, is reduced by \$20 to determine the net unearned income. BEM 503 (April 2024), pp. 29 – 31; BEM 541 (January 2024), p. 3; see also BEM 163. Petitioner's RSDI of \$1,607, reduced by \$20, equals \$1,587 in net unearned income. Petitioner, who does not have earned income, expenses related to non-SSI children, or a court-appointed guardian and/or conservator, is not eligible for any additional deductions. BEM 541, pp. 1, 3. Therefore, Petitioner's countable net income was \$1,587. Because that is more than the limit for AD-Care MA, the Department properly determined Petitioner was not eligible for AD-Care MA.

Clients who are ineligible for full-coverage MA coverage because of excess income may still be eligible for Group 2 SSI-related (G2S) MA, an SSI-related MA program which provides for MA coverage with a monthly deductible. BEM 105, p. 1. The deductible for G2S MA is equal to a) the amount the individual's SSI-related net income, b) minus allowable needs deductions set forth in BEM 544, c) minus the applicable Group 2 MA protected income level (PIL). BEM 166, p. 2; BEM 541, pp. 1, 3 – 4; BEM 544 (January 2020). The PIL is a set allowance for non-medical need items such as shelter, food, and incidental expenses that is based on the county in which the client resides and the client's fiscal MA group size. BEM 544, p. 1. The PIL for Wayne County, where Petitioner resides, is \$375 for a one-person fiscal group. RFT 200 (April 2017), p. 2; RFT 240 (December 2013).

In this case, the Department presented a budget showing how Petitioner's G2S deductible was calculated. (Exhibit A, p. 15). From Petitioner's net income of \$1,587, the Department subtracts allowable needs deductions, consisting of health insurance premiums of the MA recipient and remedial services for residents of adult foster care (AFC) or homes for the aged (HA). BEM 544, pp. 1 – 2. No evidence was presented that Petitioner lives in AFC or HA. The Department initially testified, and Petitioner did not dispute, that Petitioner pays his own Part B Medicare premium, and a deduction of \$174.70 was included on the budget for that premium. Later in the hearing, the Department asserted that Petitioner is not responsible for Medicare Part B premiums, as he is enrolled in the Medicare Savings Program (MSP). The Department failed to present any documentation in support of its testimony that Petitioner is enrolled in the MSP and thus, not responsible for Medicare Part B premiums monthly. Therefore, Petitioner is entitled to the insurance premium deduction. When Petitioner's health insurance premium is subtracted from his net income of \$1,587, his countable net income was reduced to \$1,412. (Exhibit A, p. 15). The Department then deducted Petitioner's \$375 PIL from Petitioner's \$1,412 countable net income, which left \$1,037. (Exhibit A, p. 15). This amount becomes the deductible amount. Therefore, the Department properly determined Petitioner's deductible in the amount of \$1,037 for June and July 2024. (Exhibit A, pp. 8 – 9).

However, the Department denied Petitioner MA effective August 1, 2024 ongoing. Although the Department testified that a VCL was sent to Petitioner on August 21, 2024 that requested verification of Petitioner's bank accounts by September 3, 2024 in order

to determine Petitioner's MA eligibility for August 2024 ongoing, the Department acknowledged that Petitioner provided bank statements to the Department on June 5, 2024 and was unable to clearly explain what caused it to deny Petitioner MA for August 2024 ongoing when it issued the HCCDN on June 18, 2024. Therefore, the Department failed to satisfy its burden that it acted in accordance with policy as to Petitioner's MA eligibility for August 2024 ongoing.

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 approved Petitioner for MA with a deductible of \$1,037 per month for June and July 2024, but failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner's MA eligibility for August 2024 ongoing.

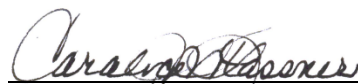
### **DECISION AND ORDER**

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

THE DEPARTMENT 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. Redetermine Petitioner's eligibility for MA for August 2024 ongoing;
2. If eligible, provide Petitioner with the most beneficial MA coverage he was eligible to receive for August 2024 ongoing; and
3. Notify Petitioner of its decision in writing.

CML/nr



---

**Caralyce M. Lassner**  
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**  
Susan Noel  
Wayne-Inkster-DHHS  
26355 Michigan Ave  
Inkster, MI 48141  
**MDHHS-Wayne-19-Hearings@michigan.gov**

**Interested Parties**

BSC4  
M. Schaefer  
EQAD  
MOAHR

**Via-First Class Mail :**

**Petitioner**

[REDACTED]  
[REDACTED], MI [REDACTED]