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STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

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Date Mailed: November 6, 2024
MOAHR Docket No.: 24-010845
Agency No.: ██████████
Petitioner: ██████████ ██████████

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

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 via Microsoft Teams (audio only) on October 31, 2024. Petitioner participated and was unrepresented. ██████████ ██████████ Petitioner’s mother and caregiver, testified on behalf of Petitioner. The Michigan Department of Health and Human Services (MDHHS) was represented by Desiree Mitchell, supervisor, and Michelle DeJesus, specialist.

ISSUE

The issue is whether MDHHS properly determined Petitioner’s Medical Assistance (MA) eligibility.

FINDINGS OF FACT

The administrative law judge, based on competent, material, and substantial evidence on the whole record, finds as material fact:

1. As of April 2024, Petitioner was disabled and/or over 65 years of age, a Medicare recipient, not a caretaker to minor children, unmarried, and not pregnant.
2. As of April 2024, Petitioner received gross monthly Retirement, Survivors and Disability Insurance (RSDI) of \$1,357.
3. On May 30, 2024, MDHHS determined Petitioner to be eligible for Medicaid subject to a monthly \$929 deductible beginning April 1, 2024.
4. On September 23, 2024, Petitioner requested a hearing to dispute MA eligibility.

CONCLUSIONS OF LAW

The 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. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MA policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing to dispute a determination of MA eligibility. Exhibit A, p. 3. A Health Care Coverage Determination Notice dated May 30, 2024, stated that Petitioner was eligible for Medicaid subject to a monthly deductible of \$929 in April 2024.¹ Exhibit A, pp. 16-17. MDHHS testimony implied that Petitioner continues to be eligible for Medicaid subject to a monthly \$929 deductible.²

Medicaid is also known as MA. BEM 105 (October 2023) p. 1. The MA program includes several sub-programs or categories. *Id.* To receive MA under a Supplemental Security Income (SSI)-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. *Id.* Medicaid eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild and Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology.³ *Id.*

Persons may qualify under more than one MA category. *Id.*, p. 2. Federal law gives them the right to the most beneficial category. *Id.* The most beneficial category is the one that results in eligibility, the least amount of excess income or the lowest cost share. *Id.*

MA categories are also split into categories of Group 1 and Group 2. *Id.*, p. 1. For Group 1, a group's net income must be at or below a certain income level for eligibility. *Id.* Group 2 categories are considered a limited benefit (not limited coverage) because a deductible is possible. *Id.*

Though not verified, as of the disputed benefit month, the evidence suggested that Petitioner was disabled and/or over 65 years of age, a Medicare recipient, not a caretaker to minor children, and not pregnant. Given the implied circumstances, Petitioner is ineligible for all MAGI-related categories. As a disabled and/or aged

¹ The notice also informed Petitioner of meeting her deductible on April 9, 2024. Exhibit A, pp. 16-17

² Arguably, Petitioner's hearing request was untimely to dispute Medicaid eligibility because MDHHS had not issued a written notice concerning MA benefits within 90 days of Petitioner's hearing request date (see BAM 600). However, MDHHS arguably allows clients to dispute ongoing eligibility for any programs.

³ Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

individual, Petitioner is potentially eligible to receive MA under the SSI-related Group 1 category of Aged/Disability-Care (AD-Care). AD-Care policies are found in BEM 163.

At all relevant times, Petitioner did not reside with a spouse. For purposes of AD-Care, Petitioner's group size is one. BEM 211 (October 2023) p. 8.

For AD-Care, MDHHS is to determine countable income according to SSI-related MA policies in BEM 500, 501, 502, 503, 504 and 530, except for RSDI.⁴ For RSDI, MDHHS is to count gross RSDI from the benefit month except from January through March in which gross RSDI from the most recent December is counted. For AD-Care, MDHHS is to apply the deductions in BEM 540 (for children) or 541 (for adults).

As of the disputed benefit month, Petitioner received gross monthly income of \$1,357. Generally, MDHHS counts the gross amount of RSDI in determining Medicaid eligibility.⁵ BEM 503 (January 2023) p. 29. Petitioner's countable income for AD-Care is \$1,357.

For SSI-Related MA categories, a \$20 disregard is given for unearned income. BEM 541 (July 2019) p. 3. MDHHS gives AD-Care budget credits for employment income, guardianship expenses, and/or conservator expenses. No other disregards or expenses were applicable. Subtracting the disregard from Petitioner's countable RSDI results in a net income of \$1,337.

Net income for AD-Care cannot exceed 100% of the federal poverty level BEM 163 (July 2017) p. 2. In 2024, the annual federal poverty level for a 1-person group residing in Michigan is \$15,060.⁶ Dividing the annual FPL by 12 results in a monthly income limit of \$1,255. The same income limit is found in policy.⁷ RFT 242 (April 2023) p. 1. Petitioner's countable income of \$1,337 exceeds the AD-Care income limit. Given the evidence, MDHHS properly determined Petitioner to be ineligible for MA under AD-Care or any other Group 1 MA category.⁸

Though Petitioner is ineligible for MA benefits under AD-Care or any other Group 1 category offering unlimited MA coverage, Petitioner may still receive MA under a Group 2 category. For Group 2 categories, eligibility is possible even when net income exceeds the income limit for a Group 1 category; this is possible because incurred medical expenses are used when determining eligibility. BEM 105 (January 2023) p. 1. Group 2 categories are considered a limited MA benefit because a deductible is possible. *Id.* For aged/disabled persons, G2S is the applicable Group 2 MA category (see BEM 166).

⁴ For RSDI, MDHHS is to apply the policy within BEM.

⁵ Exceptions to counting gross RSDI include the following: certain former SSI recipients (e.g., disabled-adult children, 503 individuals, and early widowers), retroactive RSDI benefits, Medicare premium refunds, fee deductions made by qualified organizations acting as payee, and "returned benefits" (see BAM 500). No exceptions were applicable to the present case.

⁶ <https://www.healthcare.gov/glossary/federal-poverty-level-fpl/>

⁷ MDHHS policy lists an income limit of \$1,275 was noting the \$20 disregard is factored into the limit.

⁸ Petitioner's caretaker testified she recently became Petitioner's guardian. If any guardianship expense can be verified, an \$83 budget credit could result in full Medicaid eligibility.

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. BEM 545 (July 2022) p. 10. Each calendar month is a separate deductible period. *Id.* The fiscal group's monthly excess income is called the deductible amount. *Id.* Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. *Id.*

Petitioner's RSDI of \$1,357 is unchanged for G2S. The G2S budget allows a \$20 disregard for unearned income and various employment income disregards. COLA is also applicable for January, February, and March budget months. In addition to AD-Care disregards, the G2S budget factors ongoing medical expenses (which are applied toward a deductible), insurance premiums, and remedial services. MDHHS credited Petitioner with a \$20 disregard; no other expenses were alleged.

A client's deductible is calculated by subtracting the protected income level (PIL) from the client's net income. A PIL is a standard allowance for non-medical need items such as shelter, food, and incidental expenses. The PIL for Petitioner's shelter area and group size is \$408. RFT 240 (December 2013) p. 1.

Subtracting the PIL of \$408 and \$20 unearned income disregard from Petitioner's countable RSDI of \$1,357 results in a monthly deductible of \$929. MDHHS calculated the same deductible. Exhibit A, p. 18

Petitioner and her daughter each credibly testified Petitioner received full Medicaid and chore services until the change in MA eligibility subject to a deductible. The testimony does not alter the determination that Petitioner has excess income for full Medicaid. However, clients with ongoing chore service expenses may qualify for ongoing Medicaid by incurring or paying the monthly deductible (see BEM 545) to the chore service provider. As discussed during the hearing, Petitioner can submit proof of monthly chore service costs to MDHHS for consideration of medical expenses automatically meeting the monthly deductible.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Petitioner to be eligible for Medicaid subject to a \$929 monthly deductible. The actions of MDHHS are **AFFIRMED**.

CG/nr



Christian Gardocki

Administrative Law Judge

