



GRETCHEN WHITMER
GOVERNOR

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

MARLON I. BROWN, DPA
DIRECTOR

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Date Mailed: March 10, 2025
MOAHR Docket No.: 24-013544
Agency No.: ██████████
Petitioner: ██████████

ADMINISTRATIVE LAW JUDGE: Alice C. Elkin

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 March 6, 2025. Petitioner was present and represented by ██████████ her niece and authorized hearing representative (AHR). The Department of Health and Human Services (Department) was represented by Jennifer Richard, Assistance Payment Supervisor.

ISSUE

Did the Department properly determine Petitioner's eligibility for Medicaid (MA) coverage and Medicare Savings Program (MSP) benefits?

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 MSP.
2. Petitioner is married, and she and Husband live in ██████ County.
3. Petitioner is █████ years old, and Husband is █████ years old.
4. In 2024, Petitioner received gross monthly Retirement, Survivors and Disability Insurance (RSDI) income of █████ based on a disability, and Husband received gross monthly disability and accident insurance benefits of \$1,428. (Exhibit A, pp. 22, 27)
5. Petitioner is a Medicare recipient.

6. Effective November 1, 2024, Husband was eligible for MA coverage under the Healthy Michigan Plan (HMP) and Plan First Family Planning (PFFP) programs.
7. Effective October 1, 2024, Petitioner was eligible for MA under a Group 2 SSI-related MA category (G2S) with a monthly \$1,668 deductible.
8. Effective October 1, 2024, Petitioner was denied MSP coverage. (Exhibit A, pp. 29-32)
9. On December 3, 2024, MDHHS received Petitioner's request for hearing disputing the MA and MSP determinations.

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, Petitioner requested a hearing disputing her MA coverage and the denial of MSP benefits. At the hearing, the Department established that Husband was receiving MA coverage under HMP without interruption. Exhibit B. The AHR acknowledged that the issue was Petitioner's MA coverage and the denial of MSP benefits, and not Husband's coverage.

MA Coverage

The Department testified that Petitioner was approved for MA coverage under the Group 2 SSI-related (G2S) program with a monthly deductible of \$1,668 effective October 2024 ongoing.

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. Individuals may also qualify for limited MA coverage under the Plan First Family Planning (PFFP) program. 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, p. 2; 42 CFR 435.404.

HMP is not available to Medicare recipients. BEM 137, p. 1. Because Petitioner is a Medicare recipient and there was no evidence that she was the parent or caretaker of a minor child, Petitioner is eligible for MA under an SSI-related category only. In determining the SSI-related MA category Petitioner is eligible for, MDHHS must consider Petitioner's MA fiscal group size and net income. As a married individual, Petitioner has a fiscal group size for SSI-related MA purposes of two. BEM 211 (October 2023), p. 8. In 2024, Petitioner received gross monthly RSDI income of [REDACTED] and Husband received gross monthly accident and disability insurance benefits of \$1,428. Therefore, Petitioner's fiscal group had gross unearned income totaling [REDACTED]. To determine net income, the group's gross income was reduced by a \$20 disregard, which is the only deduction available to Petitioner where there was no evidence that Petitioner was responsible for court-ordered child support, incurred blind- or impairment-related work expenses, was not the caretaker of a minor child, or had guardianship or conservator expenses. BEM 541 (January 2024), pp. 1-3. This results in net income of [REDACTED] for MA purposes.

Based on this net income, 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 two-person MA group. BEM 163 (July 2017), p. 2; RFT 242 (April 2024), p. 1; <https://aspe.hhs.gov/poverty-guidelines>. However, disabled clients who are not eligible for full-coverage MA coverage because of excess income may still be eligible for SSI-related MA under a G2S program, which provides for MA coverage with a monthly deductible. BEM 105, p. 1. The deductible is in the amount that a client's net income (less any allowable needs deductions) exceeds the applicable Group 2 MA protected income levels (PIL). The PIL is a set amount for non-medical need items such as shelter, food and incidental expenses. The PIL is identified in policy and is based on the client's MA fiscal group size and county of residence. BEM 105, p. 1; BEM 166 (April 2017), pp. 1-2; BEM 544 (January 2020), p. 1; RFT 240 (December 2013), p. 1; RFT 200 (April 2017), p. 2. The monthly PIL for a client in Petitioner's position, with an MA fiscal group size of two living in [REDACTED] County, is \$516 per month. RFT 200, p. 2; RFT 240, p. 1. Thus, if Petitioner's monthly net income (less allowable needs deductions) exceeds \$516, Petitioner is eligible for MA assistance under the deductible program, with the deductible equal to the amount that monthly net income, less allowable deductions, exceeds \$516. BEM 545 (July 2022), pp. 2-3.

The Department presented an SSI-related MA budget showing the calculation of Petitioner's deductible. The budget showed net income of [REDACTED] for SSI-related MA purposes, consistent with the discussion above. In determining the monthly deductible, net income is reduced by health insurance premiums paid by the MA group and remedial service allowances for individuals in adult foster care or homes for the aged. BEM 544, pp. 1-3. In this case, Petitioner does not reside in an adult foster care home or home for the aged and, as such, is not eligible for any remedial service allowances. Beginning

October 1, 2024, Petitioner was responsible for \$174.70 in monthly Part B Medicare premiums that were deducted from her RSDI income. Petitioner did not identify any other health insurance premiums. Therefore, Petitioner's only allowable needs deductions to her net income is her \$174.70 Medicare Part B premium. Petitioner's net income of [REDACTED] reduced by the \$174.70 allowable need deduction and the \$516 PIL results in excess income of \$1,668. Thus, the Department properly determined Petitioner's eligibility for SSI-related MA with a monthly deductible of \$1,668 in October 2024.

MSP

The Department concluded that Petitioner had excess income for MSP eligibility and denied her continued benefits for October 1, 2024 ongoing.

MSP is a State-administered, SSI-related Medicaid program in which the State may pay an income-eligible client's Medicare premiums, coinsurances, and deductibles. BEM 165 (July 2024), pp 1-2; BAM 810 (June 2024), p. 1. There are three income-based MSP categories: (1) Qualified Medicare Beneficiaries (QMB), which pays for a client's Medicare premiums (both Part A, if any, and Part B), Medicare coinsurances and Medicare deductibles; (2) Specified Low-Income Medicare Beneficiaries (SLMB), which pays for a client's Medicare Part B premiums; and (3) Additional Low Income Medicare Beneficiaries (ALMB), which pays for a client's Medicare Part B premiums when funding is available. BEM 165, pp. 1-2. A fourth MSP category, Non-Categorically Eligible Michigan Beneficiaries (NMB), is available for individuals with income and assets above allowed ALMB limits but with full coverage MA and Medicare Part A and B. BEM 165, p. 1.

Income eligibility is dependent on Petitioner's Medicaid fiscal group size and income. As discussed above, Petitioner has a two-person group size for SSI-related MA purposes. BEM 211 (October 2023), p. 8. To be income-eligible for MSP, Petitioner, as a two-person Medicaid fiscal group, cannot have net income that exceeds 135% of the federal poverty level, or [REDACTED] BEM 165, p. 1; RFT 242 (April 2024), p. 1 (showing the income limit with the \$20 RSDI income deduction added in).

As discussed above, based on Petitioner's gross monthly RSDI income and Husband's gross monthly disability and accident insurance benefits, Petitioner's MA fiscal group has total gross monthly income of [REDACTED]. The only deduction to gross income available to Petitioner under policy to determine her net income, the \$20 unearned income deduction, reduced Petitioner's income to [REDACTED]. Because this fiscal group net income is in excess of the MSP limit of [REDACTED], Petitioner is not income-eligible for MSP. Therefore, the Department properly closed Petitioner's MSP case. Petitioner is advised that, if she meets her Medicaid deductible, she may be eligible for MSP benefits under the NMB category for any month she meets the deductible and MA is activated.

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 MDHHS acted in accordance with Department policy when it found that Petitioner was eligible for MA subject to a \$1,668 monthly deductible and was not income eligible for MSP benefits.

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

ACE/ml



Alice C. Elkin

Supervising 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:

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Interested Parties

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Via First Class Mail:

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