Date Mailed: February 21, 2025
Docket No.: 25-004050
Case No.: [redacted]
Petitioner: [redacted]

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HEARING DECISION

On [redacted], 2025, Petitioner [redacted] requested a hearing to dispute a Medicaid determination. As a result, a hearing was scheduled to be held on February 18, 2025. Public assistance hearings are held 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; 45 CFR 205.10; and Mich Admin Code, R 792.11002.

The parties appeared for the scheduled hearing. Petitioner appeared and represented himself. Respondent Michigan Department of Health and Human Services (Department) had Family Independence Manager Barbara Schram appear as its representative. Neither party had any additional witnesses.

Sworn testimony was provided by both parties, and one exhibit was admitted into evidence. A 42-page packet of documents provided by the Department was admitted collectively as Exhibit A.

ISSUE

Did the Department properly determine Petitioner's Medicaid eligibility?

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 is not married.

2. Petitioner is a resident of Iosco County.

3. Petitioner is aged and/or disabled.

4. Petitioner has Medicare coverage.

5. Petitioner received [redacted] per month from Social Security RSDI in 2024.

6. Petitioner receives [redacted] per month from a lifetime annuity that Petitioner acquired around 1994 through a lawsuit involving a personal injury.

7. On November 4, 2024, the Department mailed a redetermination form to Petitioner to renew his Medicaid eligibility. The redetermination form instructed Petitioner to complete the form and return it to the Department by December 4, 2024.

8. On November 18, 2024, Petitioner returned the completed redetermination form to the Department as instructed.

9. The Department reviewed Petitioner's Medicaid eligibility, and the Department determined that Petitioner's countable income exceeded the limit for Petitioner to be eligible for full-coverage Medicaid. The Department counted Petitioner's monthly annuity payment as income. The Department determined that the best Medicaid coverage that Petitioner was eligible for was Medicaid with a monthly deductible. The Department also determined that Petitioner was eligible for type SLMB Medicare Savings Program (MSP) coverage.

10. On November 21, 2024, the Department mailed a health care coverage determination notice to Petitioner to notify him that he was eligible for Medicaid with a $1,123.00 monthly deductible, effective January 1, 2025. The Department also notified Petitioner that he was eligible for limited-coverage Medicaid through Plan First, effective January 1, 2025.

11. Petitioner requested a hearing to dispute the Department's determination. Petitioner disagrees with the Department's determination because the Department counted his monthly annuity payment as income.

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).

Medicaid is known as Medical Assistance (MA). 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. The Department administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

Full-coverage Medicaid is available to eligible individuals through the AD Care program. In order for a client to be eligible for full-coverage Medicaid through the AD Care program, the client must be aged or disabled, and the client's group's net income must not exceed 100% of the Federal Poverty Level (FPL). BEM 163 (July 1, 2017), p. 1-2. For AD Care, the client's group size consists of the client and the client's spouse. BEM 211 (October 1, 2023), p. 8. In this case, Petitioner's group consists of one because Petitioner does not have a spouse. The FPL for a household size of one in 2024 was $15,060.00. 89 FR 2961 (January 17, 2024). The applicable FPL is equal to a monthly income of $1,255.00.

When group members receive income from Social Security RSDI, the gross amount received from RSDI is countable. BEM 163 at 2. However, $20.00 is disregarded from unearned income such as Social Security RSDI income. BEM 541 (January 1, 2024), p. 1. In this case, Petitioner received [redacted] per month from Social Security RSDI. After the $20.00 disregard, the countable amount of his Social Security RSDI was [redacted] per month.

Petitioner would have been under the income limit if his income would have been limited to his Social Security RSDI, but it was not. Petitioner was also receiving income from an annuity. The Department counted Petitioner's annuity payment as income, and Petitioner disagrees with the Department counting his annuity payment as income. The relevant policy on this issue is BEM 503, and it states that annuity payments are counted as unearned income. BEM 503 (October 1, 2024), p. 4. Thus, the Department acted in accordance with policy when the Department counted Petitioner's annuity payment as income.

Petitioner received [redacted] per month from his annuity. This is added to Petitioner's countable Social Security RSDI to total Petitioner's countable unearned income. Petitioner's countable Social Security RSDI of [redacted] per month plus his countable annuity of [redacted] per month equals [redacted] per month. Although the income limit for AD Care states that it is based on "net income," this refers to gross income after allowable deductions. BEM 163 at 2. The allowable deductions are set forth in BEM 541 for adults, and Petitioner was not eligible for any of the allowable deductions other than the $20.00 unearned income disregard. Thus, Petitioner's total countable unearned income was [redacted] per month. Petitioner's total countable unearned income exceeded the income limit for full-coverage Medicaid through the AD Care program. Therefore, the Department properly found Petitioner ineligible for full-coverage Medicaid through the AD Care program.

Since the Department found Petitioner ineligible for full-coverage Medicaid through the AD Care program, the Department properly determined that the best Medicaid coverage

that he was eligible for was Group 2 Medicaid. Group 2 Medicaid is Medicaid with a monthly deductible, and it is available to clients who are aged or disabled and ineligible for full-coverage Medicaid through the AD Care program. BEM 166 (April 1, 2017), p. 1. Group 2 Medicaid provides coverage for any month that (a) an individual's countable income does not exceed the individual's needs as defined in policy, or (b) an individual's allowable medical expenses equal or exceed the amount of the individual's income that exceeds the individual's needs. *Id.* at 2.

Since Petitioner has a deductible, Petitioner will only be eligible for Medicaid coverage for any month that his allowable medical expenses equal or exceed his deductible amount. Petitioner did not present any evidence to establish that he had allowable medical expenses that equaled or exceeded his deductible amount. If Petitioner has outstanding medical expenses that equal or exceed his deductible amount, he should provide documentation of those expenses to the Department to obtain Medicaid coverage.

Regarding Medicare Savings Program (MSP) coverage, the Department found that Petitioner was eligible for type SLMB MSP coverage. There are three basic types of MSP coverage: QMB, SLMB, and ALMB. BEM 165 (July 1, 2024), p. 1. QMB pays for Medicare premiums, Medicare coinsurances, and Medicare deductibles. *Id.* at 2. SLMB only pays Medicare Part B premiums. *Id.* ALMB only pays Medicare Part B premiums if there is sufficient funding available. *Id.* Thus, QMB is the best coverage, SLMB is the next best coverage, and ALMB is the lowest level of coverage.

The type of MSP coverage a client is eligible for is determined based on income. The income limit for QMB is the same as for full-coverage Medicaid through the AD Care program. *Id.* at 1. The income limit for SLMB is 120% of the FPL. *Id.* The income limit for ALMB is 135% of the FPL. Thus, the highest income limit for MSP coverage is 135% of the FPL. Petitioner's countable income of [redacted] per month was 117% of the FPL. Thus, the Department properly determined that Petitioner was eligible for type SLMB MSP coverage.

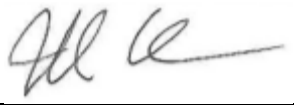
The Department also found Petitioner eligible for limited-coverage Medicaid through Plan First. Coverage through Plan First is limited because it only covers family planning services. The income limit for limited-coverage Medicaid through Plan First is 195% of the FPL. BEM 124 (July 1, 2023), p. 1. Petitioner's total household income was less than the income limit, so the Department properly found Petitioner eligible for limited-coverage Medicaid through Plan First.

For these reasons, the Department properly determined Petitioner's Medicaid eligibility when the Department determined that the best Medicaid coverage that Petitioner was eligible for was Medicaid with a monthly deductible, type SLMB MSP, and limited-coverage Medicaid through Plan First.

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 its policies and the applicable law when it determined Petitioner's Medicaid eligibility.

IT IS ORDERED: the Department's decision is **AFFIRMED**.



JEFFREY KEMM
ADMINISTRATIVE LAW JUDGE

APPEAL RIGHTS: Petitioner may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at courts.michigan.gov. The Michigan Office of Administrative Hearings and Rules (MOAHR) cannot provide legal advice, but assistance may be available through the State Bar of Michigan at https://lrs.michbar.org or Michigan Legal Help at https://michiganlegalhelp.org. A copy of the circuit court appeal should be sent to MOAHR. A circuit court appeal may result in a reversal of the Hearing Decision.

Either party who disagrees with this Hearing Decision may also send a written request for a rehearing and/or reconsideration to MOAHR within 30 days of the mailing date of this Hearing Decision. Requests MOAHR receives more than 30 days from the mailing date of this Hearing Decision may be considered untimely and dismissed. The request should include Petitioner's name, the docket number from page 1 of this Hearing Decision, an explanation of the specific reasons for the request, and any documents supporting the request. The request should be sent to MOAHR

- by email to MOAHR-BSD-Support@michigan.gov, **OR**
- by fax at (517) 763-0155, **OR**
- by mail addressed to
  Michigan Office of Administrative Hearings and Rules
  Rehearing/Reconsideration Request
  P.O. Box 30639
  Lansing Michigan 48909-8139

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Via Electronic Mail:

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Interested Parties
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M. SCHAEFER
EQAD
MOAHR

Via First Class Mail:

Petitioner
[redacted]
[redacted]
[redacted] MI [redacted]