



Date Mailed: June 10, 2025

Docket No.: 25-011472

Case No.: [REDACTED]

Petitioner: [REDACTED]

[REDACTED]
MI [REDACTED]

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Docket No.: 25-011472

Case No.: [REDACTED]

Petitioner: [REDACTED]

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; 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 telephone conference on May 28, 2025. Petitioner appeared and represented by her mother/Authorized Hearing Representative (AHR) [REDACTED]. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Eileen Kott, Family Independence Manager and Arnesia Woods, Eligibility Specialist.

ISSUE

Did the Department properly determine Petitioner's eligibility for Medical Assistance (MA) 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. Since July 2019, Petitioner has been an ongoing recipient of MA benefits under the Group 2 Aged, Blind, Disabled (G2S) subject to a monthly deductible. (Exhibit A, p. 11)
2. Petitioner receives gross monthly Social Security benefits in the amount of [REDACTED] (Exhibit A, p. 8)
3. The Social Security Administration withholds \$185 from Petitioner's monthly Social Security benefits for Medicare insurance premiums. (Exhibit A, p. 8)
4. Petitioner receives gross monthly Dependency Indemnity Compensation (DIC) benefits in the amount of [REDACTED] from the Department of Veterans Affairs.
5. The Department determined that effective March 1, 2025, Petitioner's monthly deductible would be \$1,309. (Exhibit A, p. 11)

25-011472

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6. On or around March 13, 2025, a hearing was requested on Petitioner's behalf disputing the Department's actions with respect to the MA program. The hearing request also identifies a dispute regarding chore provider services. (Exhibit A, pp. 3-6)
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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 disputed the Department's determination that she was eligible for MA under a deductible based program.

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, (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage, and (iv) to individuals who meet the eligibility criteria for Plan First Medicaid (PF-MA) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105 (October 2023), p. 1; BEM 137 (June 2020), 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 a MAGI-related MA category that provides MA coverage to individuals who (i) are 19 to 64 years of age; (ii) have income under the MAGI methodology at or below 133% of the federal poverty level (FPL); (iii) do not qualify for or are not enrolled in Medicare; (iv) do not qualify for or are not enrolled in other MA programs; (v) are not pregnant at the time of application; and (vi) are residents of the State of Michigan. BEM 137, p. 1; 42 CFR 435.603.

Because Petitioner is enrolled in Medicare, she is not eligible for full coverage MA under the HMP. There was also no evidence that Petitioner was the parent or caretaker of any minor children. Thus, the Department properly concluded that Petitioner was eligible for SSI-related MA, which is MA for individuals who are blind, disabled or over age 65. BEM 105, p. 1. Individuals are eligible for Group 1 coverage, with no deductible, if their income falls below the income limit, and eligible for Group 2 coverage, with a deductible that must be satisfied before MA is activated, when their income exceeds the income limit. BEM 105, p. 1. Ad-Care coverage is a SSI-related Group 1 MA category which must be considered before determining Group 2 MA eligibility. BEM 163 (July 2017), p. 1. Eligibility for Ad-Care is based on the client meeting nonfinancial and financial eligibility criteria. BEM 163, pp. 1-2. The eligibility requirements for Group 2 MA and Group 1 MA Ad-Care are the same, other than income. BEM 166 (April 2017), pp. 1-2.

Income eligibility for the Ad-Care program is dependent on MA fiscal group size and net income which cannot exceed the income limit in RFT 242. BEM 163, p. 2. Petitioner has a MA fiscal group of one. BEM 211 (October 2023), pp. 5-8. Effective April 1, 2024, an MA fiscal group with one member is income-eligible for full-coverage MA under the Ad-Care program if the group's net income is at or below ██████████ which is 100 percent of the Federal Poverty Level, plus the \$20 disregard. RFT 242 (April 2023), p. 1. Thus, the income limit for Ad-Care eligibility is ██████████

The Department is to determine countable income according to SSI-related MA policies in BEM 500 and 530 *except* as explained in the countable RSDI section of BEM 163. The Department will also apply the deductions in BEM 540 (for children) or 541 (for adults) to countable income to determine net income. BEM 163, p. 2.

The Department asserted that Petitioner had excess income for the Ad-Care program. The Department representative testified that it considered Petitioner's unearned income which totaled ██████████ and was based on her receipt of gross monthly Social Security benefits in the amount of ██████████ and a veterans benefit from her father of ██████████. Petitioner's AHR confirmed that the monthly unearned income amounts identified by the Department were correct. Petitioner is eligible for an unearned income general exclusion of \$20. BEM 503 (January 2023), pp. 29-30. Therefore, the Department determined that Petitioner had countable income of ██████████

After further review of Department policy and based on the testimony provided at the hearing, because Petitioner's ██████████ countable income exceeds the net income limit for the Ad-Care program, the Department acted in accordance with Department policy when it determined that Petitioner was ineligible for full coverage MA benefits under the Ad-Care program without a deductible and determined that she would be eligible for MA under the Group 2 Aged Blind Disabled (G2S) program with a monthly deductible.

Additionally, 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. Individuals are eligible for Group 2 MA coverage when net income (countable income minus allowable income deductions) does not exceed the applicable Group 2 MA protected income levels (PIL), which is based on shelter area and fiscal group size. BEM 105, pp. 1-2; BEM 166, pp. 1-2; BEM 544 (January 2020), p. 1; RFT 240 (December 2013), p. 1. The PIL is a set allowance for non-medical need items such as shelter, food and incidental expenses. BEM 544, p. 1. The monthly PIL for an MA group of one living in ██████ County is ██████ per month. RFT 200 (April 2017), pp. 1-2; RFT 240, p. 1. Thus, if Petitioner's net monthly income is in excess of the ██████ she may become eligible for assistance under the deductible program, with the deductible being equal to the amount that her monthly income exceeds ██████ BEM 545, p. 1. To meet a deductible, a MA client must report and verify allowable medical expenses (defined in Exhibit I) that equal or exceed the deductible amount for the calendar month being tested. The group must report expenses by the last day of the third month following the month in which client wants MA coverage. BEM 545, p. 11. The Department is to add periods of MA coverage each time the group meets its deductible. BEM 545, p.11.

The Department determined that effective March 1, 2025, Petitioner was eligible for MA under the G2S category with a monthly deductible of \$1,309. The Department reviewed the SSI-Related Medicaid Income Budget, to determine whether the Department properly calculated the amount of Petitioner's deductible. As referenced above, the Department properly considered unearned income from Social Security and the veterans Dependency Indemnity Compensation benefit in the gross total amount of ██████ and properly applied the \$20 unearned income exclusion.

Petitioner is responsible for monthly Medicare premiums of \$185, which are accurately reflected on the budget as an insurance premium deduction. There was no evidence presented that Petitioner had any additional monthly insurance premiums. The Department properly applied a \$25 COLA deduction, as the month tested was March 2025. The Department is to deduct \$83 for court-appointed guardian and/or conservator expenses paid by a fiscal group member from the remaining income for the fiscal group. This expense must be verified and can include the basic fee, mileage, and other costs of performing guardianship/conservator duties. The budget does not reflect a deduction for court-ordered guardianship expenses. Petitioner's AHR is her legal guardian. There was no evidence that the Department gave Petitioner the opportunity to verify her guardianship or conservator expenses, if any. Thus, the deduction was improperly excluded.

The Department asserted that there were no medical expenses submitted for consideration, which Petitioner's AHR disputed. Petitioner's AHR testified that Petitioner is enrolled in the Services to Enhance Potential (STEP) program and that the agency has submitted medical expenses each month to verify that the deductible has been met.

25-011472

Additionally, the AHR testified that Petitioner has an active adult Home Help Services (HHS) case. Thus, any expenses submitted could be applied to the budget as a medical expense deduction.

Upon review, although the Department properly determined that Petitioner was eligible for MA under the G2S category, the Department failed to establish that it properly calculated the amount of Petitioner's monthly deductible.

Additionally, Petitioner's AHR raised concerns at the hearing regarding only receiving partial payment for home help chore provider services. Petitioner's AHR asserted that Petitioner has an active adult HHS case and that no one could explain why she was only receiving partial payments since June 2024.

As discussed above, Petitioner is eligible for MA under the G2S category subject to a monthly deductible that must be met before MA coverage is activated. Group 2 MA income eligibility exists for the calendar month tested when there is no excess income or the allowable medical expenses (defined in Exhibit 1) equal or exceed the excess income. When personal care services (defined in Exhibit ID) equal or exceeds the group's excess income for the month tested, income eligibility exists for the entire month. Income eligibility may be ongoing unless a change is projected; see Exhibit II in BEM 545. BEM 545 (July 2022), pp. 1-4. Exhibit ID of BEM 545 indicates that allowable medical expenses include amounts the medical group incurs for personal care services. Personal care expenses are incurred monthly regardless of when services are paid for. The list of allowable personal care services is identified in BEM 545, pp. 22-23 and if available, the Department can use the verifications obtained by the Adult Services specialist for the Home Help eligibility determination. Clients with excess income for MA and receiving personal care Home Help Services (HHS) may be eligible for ongoing MA coverage which can be authorized or continued at the client's requested option, provided all conditions outlined in BEM 545 Exhibit II are met, under the personal care option. See BEM 545, at pp. 23-26. The beneficiary's option to pay a portion of his personal care cost works much the same as paying a patient-pay amount to a hospital or long-term care facility. When a client chooses this option, his services specialist subtracts his excess income from the MDHHS payment for personal care services. The client is then responsible for paying his excess income amount directly to his personal care provider. This ensures MA does not pay the beneficiary's liability. BEM 545, pp. 23-26. The Department will advise the client that she is responsible for paying her excess income to the HHS personal care provider and the Department will reduce its payment for personal care services by the amount of the beneficiary's excess income, which becomes her personal care copayment. BEM 545, pp. 23-26.

Additionally, ASM 105 indicates that clients who have a MA deductible and need Home Help personal care services, may become eligible for MA under the Medicaid personal care option. The Department is to discuss this option with the client and coordinate implementation with the client's eligibility specialist. ASM 105 (June 2020), p.1.

25-011472

Conditions of eligibility include that a client meets all MA eligibility factors except income, a Home Help case is open, the client is eligible for personal care services, and the cost of personal care services is more than the MA excess income amount. If all of these conditions have been satisfied, the client has met the MA deductible requirements, and the adult services worker can apply the personal care option in MiAIMS. ASM 105, pp. 1-4.

At the hearing, the Department did not dispute Petitioner's AHR assertion that Petitioner continues to have an open Home Help Services (HHS) case and is eligible for personal care services through the Home Help program. However, because the Department representatives present for the hearing were not involved in Petitioner's HHS case, they had limited information regarding the HHS case and any chore provider payments. Notwithstanding this limitation, the Department representatives present for the hearing provided no evidence regarding whether Petitioner was eligible for the personal care option identified above or whether Petitioner's medical expenses were sufficient to meet her monthly deductible.

In accordance with the above referenced policy, if Petitioner meets the criteria for the personal care option or if the personal care services equal or exceed the amount of Petitioner's deductible, income eligibility will exist for the entire month, and Petitioner is eligible for Medicaid. Upon review, the Department failed to establish that it properly determined Petitioner's MA eligibility, as it failed to present any evidence regarding Petitioner's eligibility for the personal care option. Petitioner is advised that any additional dispute regarding chore provider payments are to be submitted to the adult medical district and are to be addressed by the Department's adult services worker as the present hearing is limited to Petitioner's MA eligibility.

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 did not act in accordance with Department policy when it determined Petitioner's MA eligibility and calculated the amount of her monthly deductible.

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 MA eligibility and recalculate Petitioner's MA deductible effective March 1, 2025, specifically, considering Petitioner's eligibility for the personal care option, coordinating with the adult services worker if necessary;

25-011472

2. Process any remaining medical expenses incurred and apply them towards Petitioner's MA deductible for the applicable months;
3. Provide MA coverage to Petitioner for the months in which her MA deductible was met, in accordance with the above and in accordance with Department policy; and;
4. Notify Petitioner and her AHR of its decision in writing.

Zainab Baydoun
ZAINAB A BAYDOUN
ADMINISTRATIVE LAW JUDGE

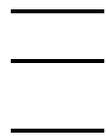
APPEAL RIGHTS: Petitioner may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at courts.michigan.gov. The Michigan Office of Administrative Hearings and Rules (MOAHR) cannot provide legal advice, but assistance may be available through the State Bar of Michigan at <https://rs.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. 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

Documents sent via email are not secure and can be faxed or mailed to avoid any potential risks. Requests MOAHR receives more than 30 days from the mailing date of this Hearing Decision may be considered untimely and dismissed.

25-011472



Via Electronic Mail:

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Interested Parties

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Petitioner

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