



**Date Mailed:** October 29, 2025  
**Docket No.:** 25-024195  
**Case No.:** [REDACTED]  
**Petitioner:** [REDACTED]



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এটি একটি গুরুত্বপূর্ণ আইনি ডকুমেন্ট। দয়া করে কেউ দস্তাবেজ অনুবাদ করুন।

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**Docket No.:** 25-024195

**Case No.:** [REDACTED]

**Petitioner:** [REDACTED]

## **DECISION AND ORDER**

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 upon Petitioner's request for a hearing.

After due notice, a telephone hearing was held on October 16, 2025. Attorney, Gregory Kish appeared on behalf of Petitioner. Assistant Attorney General, Kelly Carter appeared on behalf of Respondent, Michigan Department of Health and Human Services. Tracy Distel, Department Specialist appeared as a witness.

**Exhibits:**

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|------------|---|
| Petitioner | 1. Email Correspondence<br>2. BEM 546 pp 11-12<br>3. BPG Glossary p 54<br>4. BPG Glossary p 36<br>5. BEM 546 pp 8-9<br>6. Michigan State Medicaid Plan Supplement 3 |
| Department | A. Hearing Packet<br>B. <i>Larson v DCH</i><br>C. <i>Miller v Olszewski</i><br>D. Amended Proposed Findings of Fact   |

## **ISSUE**

Did Department properly deny Petitioner's request for a Pre-Eligibility Medical Expense offset (PEME)?

## **FINDINGS OF FACT**

The Administrative Law Judge, based upon the competent, material and substantial evidence on the whole record, finds as material fact<sup>1</sup>:

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<sup>1</sup> The parties stipulated to the findings of fact found in Exhibit D.

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1. Petitioner, [REDACTED], submitted his first application for Long-Term Care Medicaid on [REDACTED], 2017.
  2. The Department approved Petitioner's [REDACTED] 2017, Medicaid application and opened Petitioner's first Medicaid case #125003972, with eligibility effective October 1, 2017.
  3. The Department sent Petitioner the first redetermination notice after his first application for Long-Term Care Medicaid on [REDACTED] 2018, with a due date of September 4, 2018.
  4. Petitioner submitted the first annual redetermination to the Department on [REDACTED] 2018, and his Long-Term Care Medicaid continued until 2023.
  5. The Department sent [REDACTED] an annual redetermination notice on August 4, 2023, with a due date of September 1, 2023.
  6. On October 2, 2023, the Department sent [REDACTED] a Health Care Coverage Determination Notice stating that this failure to return the redetermination form would result in closure of his case because the Department was unable to determine his continued eligibility for Long-Term Care Medicaid coverage.
  7. Petitioner's LTC case, [REDACTED], was closed in 2023 when he failed to establish ongoing eligibility in response to a redetermination request.
  8. From November 2023 through January 2025, [REDACTED] Medicaid case was closed.
  9. [REDACTED] submitted his second application for Long-Term Care Medicaid to the Michigan Department of Health and Human Services (the "Department") on [REDACTED], 2025.
  10. The Department approved [REDACTED] second Medicaid application, dated [REDACTED] 2025, and opened a new Long-Term Care Medicaid case with eligibility effective February 1, 2025, with a patient-pay amount of \$1,274 per month.
  11. [REDACTED] has not submitted any additional Medicaid applications since his [REDACTED] 2025, application.
  12. On April 3, 2025, Petitioner requested a Pre-Eligibility Medical Expense (PEME) offset of \$24,255.

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13. The unpaid medical bills [REDACTED] submitted with his PEME patient-pay offset request were for services incurred in the three months prior to his February 27, 2025, Medicaid application.
  14. On May 22, 2025, the Department notified Petitioner that he does not qualify for a PPA offset because the request was not submitted within the first 12 months (1 year) after eligibility for full Medicaid had been established, which would have been in 2018.
  15. [REDACTED] has not had a Medicaid redetermination since February 2025.

### **CONCLUSIONS OF LAW**

The Medical Assistance Program (MA) is established pursuant to Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). It is administered in accordance with state statute, the Social Welfare Act, the Administrative Code, and the State Plan under Title XIX of the Social Security Act Medical Assistance Program. The State Plan states in part:

#### **Reasonable Limits on Amounts for Necessary Medical or Remedial Care not Covered under Medicaid**

Reasonable and necessary medical expenses not covered by Medicaid, incurred in the 3 month period prior to the month of the application are allowable deductions. Expenses incurred prior to this three month period are not allowable deductions.<sup>2</sup>

Medicaid eligibility is a responsibility of the Department of Health and Human Services. Policy covering a PEME offset is contained in the Bridges Eligibility Manual (BEM) 164, and BEM 546.

#### **Patient Pay Offsets**

If an LTC applicant requests an offset of their patient pay to cover old medical bills, see Pre-Eligibility Medical Expense (PEME) in glossary and BEM 546.<sup>3</sup>

MSA will determine whether an offset is allowable.

Pre-Eligibility Medical Expenses (PEME) are unpaid medical expenses incurred in the three months prior to the application for Medicaid.

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<sup>2</sup> State Plan Under Title XIX of the Social Security Act, Supplement 3 to Attachment 2.6-A, 09-03, effective July 1, 2009.

<sup>3</sup> BEM 164, July 1, 2020, p 2.

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The offset of the PPA is only allowed if the money is used to pay the provider(s) for the incurred medical expense and will be terminated if the recipient fails to pay the provider.

Offsets will be applied to the months following an approval. In general, the allowable expenses are the same as allowed for a group 2 deductible case.

In addition, the medical expense(s):

- Must be unpaid, and an obligation still exists to pay.
- The expenses were incurred in the three months prior to the initial approved application for Long Term Care Medicaid.
- Cannot be from a month where Medicaid eligibility existed.
- Cannot be covered by a third-party source (public or private).
- Cannot be from a month in which a divestment penalty has been imposed.
- Cannot have been used previously as a pre-eligibility medical expense to offset a patient-pay amount.
- Can include cost of room and board for Medicaid LTC facilities, remedial care, and other medical expenses recognized by Michigan law but not covered under the Michigan state plan.
- Request for PEME must be made within one year after eligibility for LTC Medicaid has been established and prior to the first Long Term Care Medicaid redetermination following the approved LTC application<sup>4</sup>

The facts in this case are not in dispute. Instead, this case hinges on the interpretation of Medicaid policy and which Medicaid application date triggers the time frames for qualifying medical expenses.

In this case, on [REDACTED] 2017, the first application for Long-Term Care Medicaid was filed. The application was approved with a beginning eligibility date of October 1, 2017. On August 14, 2018, Department sent Petitioner the first redetermination notice with a due date of September 4, 2018. On [REDACTED] 2018, Petitioner submitted the first redetermination.

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<sup>4</sup> BEM 546, October 1, 2025, pp 11-12.

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In 2023, Petitioner's Long-Term Care Medicaid was closed when Petitioner failed to establish ongoing eligibility. On [REDACTED] 2025, Petitioner submitted a second Long-Term Medicaid application. The Department approved the request effective February 1, 2025. On [REDACTED] 2025, Petitioner then submitted the PEME offset application that is at issue in this case. The Department denied the application based on the above policy and further provided that PEME offsets are to be a one-time deduction following the beneficiary's initial eligibility determination.

Petitioner attempts to apply the definition in the Bridges Policy Glossary that defines the term "initial application" as the most recent application used to establish eligibility at the time any currently active assistance program was opened. Petitioner goes on to argue that the policy in BEM 164 and BEM 546 should be applied consistent with this definition, and if so, applied, the [REDACTED], 2025, application would be Petitioner's "initial application" and the eligibility from this application should be considered the "initial eligibility". Consequently, based on this interpretation, the request for PEME offset at issue should be approved.

In appealing the Department's decision, Petitioner bears the burden of proving by a preponderance of the evidence that the Department erred. Moreover, the undersigned Administrative Law Judge is limited to reviewing the Department's decision in light of the information it had at the time it made the decision.

Given the record and applicable policies in this case, the undersigned Administrative Law Judge finds that Petitioner has failed to meet their burden of proof; and Department's decision must, therefore, be affirmed.

The Department correctly determined that PEME expenses must be incurred within three months prior to the "initial approved application" for LTC coverage as stated in BEM 546. The policy intentionally distinguishes "initial approved application" from "initial application" as defined in the glossary. The latter governs general case openings, whereas the former sets a fixed anchor point for pre-eligibility expenses.<sup>5</sup>

Because Petitioner's first approved application for LTC was in 2017, expenses incurred prior to the 2025 reapplication do not fall within the three months of the "initial approved application" and therefore the PEME request was appropriately denied.

## **DECISION AND ORDER**


The Administrative Law Judge, based on the above findings of fact and conclusions of law, decides that Department properly denied PEME offset request.

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<sup>5</sup> "Initial application" is found throughout BAM 110 (Application Filing and Registration), BAM 115 (Application Processing). "Initial application" can also be found in BAM 116, BAM 210, BAM 220, BEM 225, BEM 260, BEM 271, BEM 556, and BEM 617.

**IT IS THEREFORE ORDERED** that:

The Department's decision is **AFFIRMED**.

  
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**COREY A. ARENDT**  
**ADMINISTRATIVE LAW JUDGE**

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**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](http://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://irs.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](mailto: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.

