

**STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES**

IN THE MATTER OF:

[REDACTED]

Reg. No.: 14-001316
Issue No.: 2001
Case No.: [REDACTED]
Hearing Date: JUNE 12, 2014
County: WAYNE-DISTRICT 18

ADMINISTRATIVE LAW JUDGE: Alice C. Elkin

HEARING DECISION

Following Claimant'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. After due notice, a telephone hearing was held on June 12, 2014, from Detroit, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Human Services (Department) included [REDACTED], Medical Contact Worker.

ISSUE

Did the Department properly deny Claimant's application 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. On March 7, 2014, Claimant received a one-time-only pre-retirement annuity payment from Pacific Life Insurance of \$1,861.98.
2. On March 29, 2014, Claimant applied for MA.
3. Claimant has a household size of one.
4. Claimant receives gross monthly Retirement Survivors and Disability Insurance (RSDI) income of \$1606 and gross monthly pension benefits of \$464.64.
5. On April 7, 2014, Claimant submitted a Health Care Coverage Supplemental Questionnaire in connection with his MA application, identifying his income and alleging that he was disabled.

6. On April 16, 2014, the Department sent Claimant a Health Care Coverage Determination Notice notifying him that he was denied MA because the value of his assets was higher than the \$2000 limit for the program and because his income of \$24,840 exceeded the \$15,521.10 limit for his household size.

CONCLUSIONS OF LAW

Department policies are contained in the Department of Human Services Bridges Administrative Manual (BAM), Department of Human Services Bridges Eligibility Manual (BEM), Department of Human Services Reference Tables Manual (RFT), and Department of 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 Family Independence Agency) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

Additionally, at the hearing, the Department explained that Claimant was denied MA coverage under disability-related programs because he had excess assets and he was denied coverage under the Healthy Michigan Plan (HMP) because he had excess income.

Denial of HMP Coverage

According to the April 16, 2014 Health Care Coverage Determination Notice the Department sent Claimant, Claimant had annual income of \$24,840, which exceeded the \$15,521 annual limit for a household size of one.

The Department testified that the income limit identified on the Notice applied for HMP eligibility. HMP provides health care coverage for individuals who:

- Are age 19-64 years
- Have income at or below 133% of the federal poverty level under the Modified Adjusted Gross Income (MAGI) methodology
- Do not qualify for or are not enrolled in Medicare
- Do not qualify for or are not enrolled in other Medicaid programs
- Are not pregnant at the time of application
- Are residents of the State of Michigan

http://www.michigan.gov/mdch/0,4612,7-132-2943_66797-325160--,00.html. For 2014, 133% of the federal poverty level is \$15,521.10. <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Eligibility/Downloads/2014-Federal-Poverty-level-charts.pdf>.

A review of the record in this case shows that the annual income figure calculated for Claimant, \$24, 840, is based on his gross monthly RSDI income of \$1606 and pension income of \$464.64. However, the calculation of HMP eligibility is dependent on calculation of an applicant's *MAGI*. The Department failed to establish that Claimant's \$24,840 annual income figure was his also his *MAGI*. Therefore, the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it denied Claimant HMP eligibility.

Denial of SSI-related MA

While asset eligibility is not required for HMP coverage, it is required for disability-based MA, referred to as SSI-related MA under Department policy. BEM 105 (January 2014), p. 1; BEM 166 (July 2013), pp. 1, 2.

For SSI-related MA, the asset limit is \$2000 for an unmarried individual. BEM 400, p. 7; BEM 211 (January 2014), p. 4. At the hearing, the Department testified that it concluded that the value of Claimant's assets exceeded the applicable MA limit based on the value of his checking and savings accounts and his annuity payment.

Checking and savings accounts are assets. BEM 400, p. 14. The value of an account is the amount of cash in the account. BEM 400, p. 16. In this case, Claimant provided a checking account statement covering the period between February 21, 2014 and March 19, 2014. Department policy provides that asset eligibility exists when the asset group's countable assets are less than, or equal to, the applicable asset limit at least one day during the month being tested. BEM 400, p. 4. For the period covered, the lowest balance for his checking and savings account was on February 21, 2014, when it was \$862.72.

The Department testified that it in calculating Claimant's asset eligibility, it also added the \$1861.98 annuity payment deposited into Claimant's checking account on March 7, 2014 to the value of the funds in Claimant's checking and savings accounts. For SSI-related MA, lump sums are *income* in the month received (with exceptions not applicable in the current case). BEM 400 (February 2014), p. 14. Because the annuity payment is income, not an asset, the Department did not act in accordance with Department policy when it included the annuity payment in the calculation of the value of Claimant's assets.

Because the value of Claimant's assets did not exceed the \$2000 limit for SSI-related MA, the Department did not act in accordance with Department policy when it denied Claimant eligibility for SSI-related MA due to excess assets.

DECISION AND ORDER

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. Reinstate and reprocess Claimant's March 29, 2014 MA application;
2. Provide Claimant with MA coverage he is eligible to receive from the date of application; and
3. Notify Claimant in writing of its decision in accordance with Department policy.



Alice C. Elkin

Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: **6/23/2014**

Date Mailed: **6/25/2014**

ACE / tlf

NOTICE OF APPEAL: A party may appeal this Hearing Decision in the circuit court in the county in which he/she resides, or the circuit court in Ingham County, within 30 days of the receipt date.

A party may request a rehearing or reconsideration of this Hearing Decision from the Michigan Administrative Hearing System (MAHS) within 30 days of the mailing date of this Hearing Decision, or MAHS may order a rehearing or reconsideration on its own motion.

MAHS may grant a party's Request for Rehearing or Reconsideration when one of the following exists:

- Newly discovered evidence that existed at the time of the original hearing that could affect the outcome of the original hearing decision;
- Misapplication of manual policy or law in the hearing decision which led to a wrong conclusion;
- Typographical, mathematical or other obvious error in the hearing decision that affects the rights of the client;

- Failure of the ALJ to address in the hearing decision relevant issues raised in the hearing request.

The party requesting a rehearing or reconsideration must specify all reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration. A request must be *received* in MAHS within 30 days of the date this Hearing Decision is mailed.

A written request may be faxed or mailed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088 and be labeled as follows:

Attention: MAHS Rehearing/Reconsideration Request

If submitted by mail, the written request must be addressed as follows:

Michigan Administrative Hearings
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-07322

cc:

