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

IN THE MATTER OF:

[redacted]

Reg. No.: 14-007607
Issue No.: 2000
Case No.: [redacted]
Hearing Date: October 8, 2014
County: Allegan

ADMINISTRATIVE LAW JUDGE: Landis Y. Lain

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 following Claimant's request for a hearing. After due notice, a telephone hearing was held on October 8, 2014, from Allegan, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of Department of Human Services (Department) included [redacted], Eligibility Specialist and [redacted], Assistance Payments Supervisor, Hearings Facilitator. Department exhibits #1- 16 were admitted as evidence. Claimant exhibits #1-8 were admitted as evidence.

ISSUE

Did the Department properly deny Claimant's application for Medical Assistance (HME)?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. Claimant was receiving Medical Assistance Benefits (HME).

2. On June 25, 2014, Claimant called and reported a job start.

3. The Department caseworker calculated Claimant's income and determined that Claimant had excess income for HME eligibility.

4. On July 7, 2014, the Department caseworker sent Claimant notice that his HME case was denied based upon excess income.

5. On July 14, 2014, Claimant filed a request for a hearing to contest the Department's negative action.

CONCLUSIONS OF LAW

The regulations governing the hearing and appeal process for applicants and recipients of public assistance in Michigan are found in the Michigan Administrative Code, MAC R 400.901-400.951. An opportunity for a hearing shall be granted to an applicant who requests a hearing because his or her claim for assistance has been denied. MAC R 400.903(1). Claimants have the right to contest a Department decision affecting eligibility or benefit levels whenever it is believed that the decision is incorrect. The Department will provide an administrative hearing to review the decision and determine the appropriateness of that decision. BAM 600.

The Medical Assistance (MA) program is established by the Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). The Department of Human Services (formerly known as the Family Independence Agency) administers the MA program pursuant to MCL 400.10, *et seq*., and MCL 400.105.

Claimant applied for Medical Assistance (MA) under the Michigan Health Plan (HMP) as a group of one. He was initially determined eligible to receive HME. Claimant reported a job start on [redacted]. He started work on [redacted] and his first check was received on [redacted], which was not a normal check. He stated that he would be working 20 hours per week at $[redacted] per hour and paid every two weeks. On [redacted], Claimant submitted his first three pay stubs, showing between 36.18 hours and 41 hours. He also provided information that he would be working at [redacted] receiving $[redacted] per month for [redacted].

The Department used Claimant's income to determine an annual gross income of $[redacted] by multiplying his biweekly income by 12 months. The income limit for a group of one to receive Medical Assistance (MA) under the Health Michigan Plan (HMP) is $[redacted] The Claimant does not meet the non-financial criteria for any other category of Medical Assistance (MA). On [redacted], the Department notified the Claimant that it had denied his application for Medical Assistance (MA).

At the hearing, Claimant provided information that he was employed only seasonally and that he did notify the Department of that status. He also stated that he is a musician and works on subcontract at [redacted] only every now and then when they need him to substitute. He provided proof that his last date of employment at [redacted] was [redacted].

MAGI for purposes of Medicaid eligibility is a methodology which state agencies and the federally facilitated marketplace (FFM) must use to determine financial eligibility. It is based on Internal Revenue Service (IRS) rules and relies on federal tax information.

Earned income means income received from another person or organization or from self-employment for duties that were performed for remuneration or profit. BEM 500.

A group's benefits for a month are based, in part, on a prospective income determination. A best estimate of income expected to be received by the group during a specific month is determined and used in the budget computation.

Department caseworkers are directed by policy to:

Get input from the Claimant whenever possible to establish this best estimate amount. The Claimant's understanding of how income is estimated reinforces reporting requirements and makes the Claimant an active partner in the financial determination process. BEM 505, page 1.

Non-averaged income: Use amounts that will be, or are likely to be, received/available in the future month. See **"PROSPECTING INCOME"** below.

Exceptions:

- Do not budget an extra check (example, fifth check for person paid weekly).

  If prospecting income based on bi-weekly or twice a month payments, multiply by 2. If prospecting income based on weekly pay, multiply by 4.

- Base estimate of daily income (example: insurance pays $40 for every day in hospital) on a 30-day month.

When the amount of income from a source changes from month to month, estimate the amount that will be received/available in the future month.

Averaged income: Use the monthly average amount if this month is one of the months used to compute the average.

Prospecting income means arriving at a best estimate of the person's income. Prospect income when you are estimating income to be received in a processing or future month. Your best estimate may not be the exact amount of income received.

Some of the reasons income fluctuates is because:

- The number of hours worked in a month may fluctuate.
- The amount of tips may vary from payday to payday.

Use the following guidelines for prospecting income:

- For fluctuating earned income, use the expected hourly wage and hours to be worked, as well as the payday schedule, to estimate earnings.

- Paystubs showing year-to-date earnings and frequency of pay are usually as good as multiple paystubs to verify income.

- A certain number of paystubs is not required to verify income. If even one paystub reflects the hours and wages indicated on the application, that is sufficient information.

- If a person reports a pay rate change and/or an increase or decrease in the number of hours they usually work, use the new amount even if the change is not reflected on any paystubs.

- If you have an opportunity to talk with the Claimant, that may help establish the best estimate of future income. BEM 503

Annual Household income limits listed on the Health Care Coverage Determination Notice indicates that a one person household between the ages of 19 to 64 is $[redacted] There is no budget attached to the hearing case file. However the Department caseworker testified that she initially combined Claimant's June 13, 2014 check in the amount of $[redacted] plus the June 27, 2014 check in the amount of $[redacted] which equals $[redacted] The caseworker then divided the amount by two and then multiplied it by 2.15 which equal $[redacted] The caseworker then multiplied the amount by 12 which equal $[redacted] in gross income. This amount is in excess of the annual household income limit without adding in the $[redacted] from [redacted]. The Department used the wrong multiple of 2.15 in making the determination.

Medicaid policy dictates that if prospective income is based on biweekly or twice a month payments, multiply by two (not 2.15). Prospecting income means arriving at a best estimate of the person's income. Prospective best income may not be the exact amount of income received. The caseworker can use the monthly average amount if this month is one of the most used to compute the average.

The Department policy in BEM 530 dictates that when counting prospective income the Department is to use the monthly average amount times two. For fluctuating earned income, the Department is to use the expected hourly rate and hours to be worked as well as the payday scheduled to estimate the earnings. Combining Claimant's [redacted] check in the amount of $[redacted] plus the June 27, 2014 check in the amount of $[redacted] equals $[redacted] $[redacted] divided by two = $[redacted] $[redacted] x 2 = $[redacted] $[redacted] x 12 = $[redacted] The Department would then add $[redacted] ($[redacted] times 12) for a total of $[redacted] in gross income, which would still place Claimant over the annual prospective household income limit for the month of Medicaid determination.

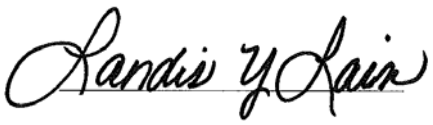
Therefore, the Administrative Law Judge concludes that the Department properly determined that at the time of budget determination that Claimant had excess

prospective income for purposes of Medical Assistance (HMP) benefit eligibility even though the caseworker did not properly calculate the amount. However, since Claimant has been laid off he is entitled to reapply for benefits for all future months for an updated eligibility determination.

DECISION AND ORDER

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, the Department has established by the necessary competent, material and substantial evidence on the record that it was acting in compliance with Department policy when it determined that Claimant had excess prospective income for purposes of Medical Assistance (HME) benefit eligibility and when it proposed to cancel Claimant's Healthy Michigan Program case.

Accordingly, the Department's decision is AFFIRMED.



Landis Y. Lain
Administrative Law Judge
For Maura Corrigan, Director
Department of Human Services

Date Signed: 10/22/14
Date Mailed: 10/22/14

NOTICE: Michigan Administrative Hearing System (MAHS) may order a rehearing or reconsideration on either its own motion or at the request of a party within 30 days of the mailing date of this Decision and Order. MAHS will not order a rehearing or reconsideration on the Department's motion where the final decision cannot be implemented within 90 days of the filing of the original request.

The Claimant may appeal the Decision and Order to Circuit Court within 30 days of the mailing of the Decision and Order or, if a timely request for rehearing was made, within 30 days of the receipt date of the rehearing decision.

Claimant may request a rehearing or reconsideration for the following reasons:

- A rehearing **MAY** be granted if there is newly discovered evidence that could affect the outcome of the original hearing decision.
- A reconsideration **MAY** be granted for any of the following reasons:
- misapplication of manual policy or law in the hearing decision,
- typographical errors, mathematical error , or other obvious errors in the hearing decision that effect the substantial rights of the Claimant;
- the failure of the ALJ to address other relevant issues in the hearing decision

Request must be submitted through the local DHS office or directly to MAHS by mail at

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

LYL/tb

cc: [redacted]