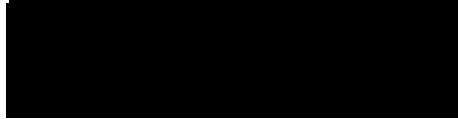



**STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES**


IN THE MATTER OF:



Reg. No.: 14-011138
Issue No.: 2007
Case No.: 
Hearing Date: November 06, 2014
County: Wayne-District 49

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 November 6, 2014, from Detroit, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Human Services (Department) included  Hearing Facilitator.

ISSUE

Did the Department properly determine that Claimant's son was eligible for Medical Assistance (MA) benefits under the Group 2 Under 21 (G2U) program subject to a monthly \$2179 deductible?

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's son  (C) was an ongoing recipient of MA benefits.
2. In connection with an MA redetermination, the Department recalculated C's MA eligibility.
3. On August 16, 2014, the Department sent Claimant a Health Care Coverage Determination Notice advising her that C was eligible for MA subject to a monthly \$2179 deductible.
4. On August 27, 2014, Claimant filed a request for hearing disputing the Department's actions concerning C's MA coverage.

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.

The August 16, 2014, Health Care Coverage Determination Notice sent to Claimant informed her on the first page that C was approved for MA coverage effective September 1, 2014 subject to a \$2179 monthly deductible and on the second page that that C was not eligible for MA because he was not, among other things, under 21 years of age. The evidence at the hearing established that C is the [REDACTED] old minor son of Claimant and lives with Claimant. The Department testified that, contrary to the language on the second page of the Notice, C was approved for MA under the Group 2 Under 21 (G2U) program with a monthly \$2179 deductible. The hearing proceeded to address the calculation of C's monthly deductible.

The Department testified that, in connection with the MA redetermination, it updated Claimant's income and, as a result, C's MA coverage became subject to a \$2179 monthly deductible.

MA eligibility for a child under 19 is based on the modified adjusted gross income (MAGI) methodology. BEM 105 (January 2014), p. 1. A client may be eligible for MA under a Group 1 category, which has no deductible, or under a Group 2 category, which provides for MA with a deductible. BEM 105, p. 1. Before a child's eligibility for Group 2 MA for under 21 (G2U) is considered, the Department must determine if the child is eligible for MA under the under-19 (U19) program, which is a Group 1 MA category. BEM 105 (January 2014), pp. 3-4. To be eligible under a Group 1 MA category, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. BEM 105, p. 1; see also BEM 110 (January 2014), p. 1. MA is available under the U19 program if the group's income for the group is under 160% of the federal poverty level. RFT 246 (April 2014), p. 1.

In order to determine the applicable income limit for U19 eligibility, the client's group size must be determined. Under the MAGI-methodology, the group size is dependent on the tax-filing status of the individual. BEM 211 (January 2014), p. 1. The household

of an individual who is a tax dependent and biological child of the taxpayer claiming him is the same as the household of the tax filer claiming the individual as a tax dependent. Michigan Department of Community Health (MDCH) MAGI Related Eligibility Manual, Ch. 5, § 5.2(c). Therefore, if Claimant claims all three children as tax dependents, C's household size has four members: Claimant and her three children. Consistent with the information as shown on the Health Care Coverage Determination, 160% of the federal poverty limit for a group size of 4 is \$3,180. Therefore, C is eligible for MA coverage without a deductible under U-19 if the group's income, calculated in accordance with MAGI, is no more than \$3,140 monthly.

In this case, the Department concluded that Claimant's son was ineligible for Group 1 MA coverage because of the group's income. In support of its position, the Department presented documentation from the Work Number, a Department-accessible database where employers report clients' employment information, and testified that, based on this information; Claimant had monthly earnings of \$3533. The Department presented an employment-pay details screen from its system showing that the following biweekly pay was input into its system in the calculation of Claimant's gross monthly income: (i) \$1960.88 paid on July 18, 2014; \$1608.98 on August 1, 2014; (iii) \$1621.04 on August 15, 2014; and (iv) \$1679.63 on August 29, 2014. Because the Health Care Coverage Determination Notice concerning the deductible at issue was sent to Claimant on August 16, 2014, it is unlikely that the August 29, 2014 income was considered. Regardless, a review of the biweekly pay Claimant received does not support the Department's calculation of gross monthly earned income of \$3533. It is further noted that a review of the mother's prorated income, which is shown as \$687 on the G2-FIP related MA (child) budget, when considered in light of the fact that Claimant has 3 dependents and therefore has a prorate divisor of 5.9 (2.9 plus the number of dependents), shows that the Department actually used \$4053 as the initial income figure for calculating C's MA eligibility, which is greater than the \$3533 the Department alleges it used. BEM 536 (January 2014), p. 4. Finally, MA eligibility for children under 19 is determined in accordance with MAGI methodology, but the Department failed to satisfy its burden of showing that it applied the modifications, if any, to Claimant's income necessary to calculate C's income eligibility under the MAGI methodology. For all these reasons, the Department has failed to establish that C was not income eligible for full-MA coverage under the U19 program.

Even if the Department properly concluded that C was not income eligible for full-coverage MA coverage under the U19 program, the Department must consider his eligibility under the G2U program using the income calculated in accordance with MAGI methodology. Group 2 eligibility for MA coverage is possible even when net income exceeds the income limit. BEM 105, p. 1. In such cases, the client is eligible for MA coverage with a deductible, with the deductible equal to the amount the net income (countable income minus allowable income deductions) exceeds the applicable Group 2 MA protected income level (PIL). The PIL is based on the client's shelter area (county in which the client resides) and fiscal group size. BEM 132 (July 2013), p. 2; BEM 544 (July 2013), p. 1; RFT 240 (December 2013), p. 1.

In this case, in calculating C's group 2 eligibility, the Department applied the PIL for Wayne County for a group size of two. However, as discussed above, Claimant's MAGI group has four members. As such, the Department should have considered the PIL for a group with four members living in Wayne County. Therefore, in addition to failing to establish that it applied the correct income figure in determining Claimant's pro rata income, the Department did not apply the correct PIL in determining C's deductible.

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 that C was eligible for MA coverage subject to a monthly \$2179 deductible.

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. Recalculate C's eligibility for MA for September 1, 2014 ongoing;
2. Provide C with MA he is eligible to receive from September 1, 2014 ongoing; and
3. Notify Claimant in writing of its decision in a DHS-1606, Health Care Coverage Determination Notice.



Alice C. Elkin
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: **11/14/2014**

Date Mailed: **11/14/2014**

ACE / tif

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:

