

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

**IN THE MATTER OF:**

████████████████████  
████████████████████  
████████████████████

Reg. No.: 14-016966  
Issue No.: 2001  
Case No.: ██████████  
Hearing Date: February 23, 2015  
County: WAYNE-DISTRICT 55  
(HAMTRAMCK)

**ADMINISTRATIVE LAW JUDGE: Eric Feldman**

**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 February 23, 2015, from Detroit, Michigan. Participants on behalf of Claimant included Claimant, ██████████. Participants on behalf of the Department of Human Services (Department or DHS) included ██████████, Eligibility Specialist.

**ISSUE**

Did the Department properly provide Claimant with Medical Assistance (MA) coverage she is eligible to receive from November 1, 2014, ongoing?

**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 is an ongoing recipient of MA benefits. See Exhibit 1, pp. 15-32.
2. Claimant testified that she resides with Child A (her nine-year-old child) and Child B (her fourteen-year-old child).
3. In the year 2014, Claimant testified that she was a tax filer and claimed two tax dependents, Child B and Child C (her eighteen-year-old child).
4. For 2014, Claimant received \$983 in monthly Retirement, Survivors, and Disability Insurance (RSDI) income and also indicated that Child B received \$983 in Social Security benefits as well. See Exhibit 1, pp. 9-10.

5. Claimant received MA – Healthy Michigan Plan (HMP) coverage; however, the Department’s hearing summary indicated that a new budget was processed and Claimant’s MA benefits switched to MA – Group 2 Caretaker (G2C) coverage (deductible) effective November 1, 2014. See Exhibit 1, pp. 1, 8, and 30.
6. On October 15, 2014, the Department sent Claimant a Health Care Coverage Determination Notice (determination notice) notifying her that she was eligible for MA – G2C coverage (with a \$205 monthly deductible) effective November 1, 2014, ongoing. See Exhibit 1, pp. 11-13 and 30.
7. Effective November 1, 2014, Claimant’s MA – HMP coverage closed. See Exhibit 1, p. 30.
8. On November 13, 2014, Claimant filed a hearing request, protesting the Department’s action. See Exhibit 1, pp. 2-5.

### **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.

In this case, the Department’s hearing summary indicated that a new budget was processed and Claimant’s MA benefits switched from MA - HMP coverage to MA - G2C (deductible). See Exhibit 1, pp. 1, 8, and 30. Claimant argued that her MA – G2C coverage provided by the Department was inadequate. Claimant indicated that she preferred the MA – HMP coverage as she is on a fixed income and deductible coverage was inadequate to her.

The goal of the Medicaid program is to ensure that essential health care services are made available to those who otherwise could not afford them. BEM 105 (October 2014), p. 1. Medicaid is also known as Medical Assistance (MA). BEM 105, p. 1.

The Medicaid program is comprised of several sub-programs or categories. BEM 105, p. 1. To receive MA under an Supplemental Security Income (SSI) - related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. BEM 105, p. 1. Medicaid eligibility for children under 19, parents or

caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, Plan First!, and Adult Medical Program is based on Modified Adjusted Gross Income (MAGI) methodology. BEM 105, p. 1.

In general, the terms Group 1 and Group 2 relate to financial eligibility factors. BEM 105, p. 1. For Group 1, 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. The income limit, which varies by category, is for nonmedical needs such as food and shelter. BEM 105, p. 1. Medical expenses are not used when determining eligibility for MAGI-related and SSI-related Group 1 categories. BEM 105, p. 1.

For Group 2, eligibility is possible even when net income exceeds the income limit. BEM 105, p. 1. This is because incurred medical expenses are used when determining eligibility for Group 2 categories. BEM 105, p. 1.

Persons may qualify under more than one MA category. BEM 105, p. 2. Federal law gives them the right to the most beneficial category. BEM 105, p. 2. The most beneficial category is the one that results in eligibility or the least amount of excess income. BEM 105, p. 2. The most beneficial category may change when a client's circumstances change. BEM 105, p. 2. The Department must consider all the MA category options in order for the client's right of choice to be meaningful. BEM 105, p. 2.

HMP is considered a MAGI related category. Modified Adjusted Gross Income (MAGI) Related Eligibility Manual, *Michigan Department of Community Health (DCH)*, May 2014, p. 4.

Available at [http://www.michigan.gov/documents/mdch/MAGI\\_Manual\\_457706\\_7.pdf](http://www.michigan.gov/documents/mdch/MAGI_Manual_457706_7.pdf).

The HMP provides health care coverage for individuals who:

- Are 19-64 years of age
- Have income at or below 133% of the federal poverty level under the 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

Medicaid Provider Manual, *Michigan Department of Community Health*, January 2015, p. 453.

Available at <http://www.mdch.state.mi.us/dch-medicaid/manuals/medicaidprovidermanual.pdf>.

All criteria for MAGI eligibility must be met to be eligible for the Healthy Michigan Plan. Medicaid Provider Manual, p. 453.

During the hearing, Claimant's testimony/evidence appeared to indicate that she is possibly eligible for HMP. Claimant's testimony/evidence indicated the following: (1) she is 43-years-old; (2) she is not enrolled in Medicare; (3) she was not enrolled in other Medicaid programs at the time she had HMP; (4) she is not pregnant at the time of application; and (5) she is a resident of Michigan. See Medicaid Provider Manual, p. 453 and Exhibit 1, p. 30. Moreover, Claimant must have income at or below 133% of the federal poverty level under the MAGI methodology to be eligible for HMP. See Medicaid Provider Manual, p. 453.

Before determining whether Claimant's income is at or below 133% of the federal poverty level, the Department must determine Claimant's household composition. The size of the household will be determined by the principles of tax dependency in the majority of cases. MAGI Related Eligibility Manual, p. 14. In this case, Claimant testified that she was a tax filer and claimed two tax dependents, Child B and Child C, when she filed her taxes in 2014. Therefore, Claimant's household composition is three (Claimant plus Child B and C). MAGI Related Eligibility Manual, p. 14.

The analysis now turns to whether Claimant's income is at or below 133% of the federal poverty level. Because Claimant's HMP benefits closed in 2014, this Administrative Law Judge (ALJ) will review the 2014 Poverty Guidelines. The 2014 Poverty Guidelines for the 48 Contiguous States and the District of Columbia indicated that the poverty guidelines for persons in family/household size of three is \$19,790. 2014 Poverty Guidelines, *U.S. Department of Health & Human Services*, January 24, 2014, p. 1. Available at: <http://aspe.hhs.gov/POVERTY/14poverty.cfm>. However, the poverty guidelines for a household size of three must be multiplied by 1.33 (133%) to obtain the 133% federal poverty level calculation. The result is that Claimant's income must be at or below \$26,320 (\$19,790 multiplied by 1.33) of the federal poverty level for a household size of three.

Then, it must be determined whether Claimant and Child B's income is countable. MAGI is a methodology for how income is counted and how household composition and family size are determined. MAGI Related Eligibility Manual, p. 16. It is based on federal tax rules for determining adjusted gross income. MAGI Related Eligibility Manual, p. 16. Every individual is evaluated for eligibility based on MAGI rules. MAGI Related Eligibility Manual, p. 16. The MAGI rules are aligned with the income rules that will be applied for determination of eligibility for premium tax credits and cost-sharing reductions through exchanges. MAGI Related Eligibility Manual, p. 16. Common sources of income which are countable in a MAGI related determination includes RSDI. See MAGI Related Eligibility Manual, p. 16.

During the hearing, Claimant received \$983 in monthly RSDI income for 2014 and also indicated that Child B received \$983 in Social Security benefits as well. See Exhibit 1, pp. 9-10. The Department was unable to confirm if Child B received such income. Based on Claimant's testimony, it appears that both her and Child B's income is countable. However, a problem arises as how to budget both of their incomes. MAGI-

related MA policy is silent on how to calculate the income. 42 CFR 435.603(h)(2) states that for current beneficiaries eligible under MAGI-related MA policy, the state can elect to use current monthly household income and family size or based on projected annual household income and family size for the remainder of the current calendar year. Also, 42 CFR 435.603(h)(3) states:

In determining current monthly or projected annual household income and family size under paragraphs (h)(1) or (h)(2) of this section, the agency may adopt a reasonable method to include a prorated portion of reasonably predictable future income, to account for a reasonably predictable increase or decrease in future income, or both . . .

Based on the above information, Claimant's 2014 projected annual household income appears to be below the 133% federal poverty level. This ALJ calculated Claimant's projected annual income for a household size of three to be \$23,592 (this is only based on Claimant's testimony and evidence of only Claimant's RSDI verification). This ALJ calculated Claimant and her daughter's total monthly countable income to be \$1,966 (\$983 Claimant's RSDI income plus \$983 Child B's SSA income). Then, this ALJ multiplied the monthly income of \$1,966 by 12 months to obtain an annual income of \$23,592. As such, \$23,592 is the below \$26,320 (133%) of the federal poverty level for a household size of three. However, this ALJ is unable to determine if Claimant is eligible for HMP as this calculation is based on Claimant's SOLQ document and her testimony as to her daughter's income.

The local office and client or Authorized Hearing Representative (AHR) will each present their position to the ALJ, who will determine whether the actions taken by the local office are correct according to fact, law, policy and procedure. BAM 600 (January 2015), p. 35. The ALJ determines the facts based only on evidence introduced at the hearing, draws a conclusion of law, and determines whether DHS policy was appropriately applied. BAM 600, p. 37.

Based on the evidence presented, the Department failed to satisfy its burden of showing that it properly provided Claimant with the most beneficial MA coverage she is eligible to receive from November 1, 2014, ongoing, in accordance with Department policy. See BAM 600, pp. 35-37

First, HMP coverage is more of a beneficial MA category than G2C (deductible) coverage. See BEM 105, pp. 1-4. The Department failed its burden to show why Claimant's HMP benefits closed effective November 1, 2014. Specifically, the Department was unable to provide evidence that Claimant's income fell below 133% of the federal poverty level. The Department was unable to rebut Claimant's testimony that her household size was three for MAGI-related purposes nor dispute Claimant and Child B's income reported during the hearing. As such, the Department will redetermine Claimant's eligibility for the most beneficial MA coverage she is eligible to receive (i.e., HMP eligibility) effective November 1, 2014. This hearing decision does not conclude

that Claimant is eligible for HMP, or any other MA categories because the Department has to redetermine her eligibility.

Second, this ALJ will not address if whether the Department properly calculated Claimant's MA – G2C deductible in the amount of \$205 because the Department failed its burden already to show why Claimant did not meet MA – HMP requirements effective November 1, 2014, ongoing.


### **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 failed to satisfy its burden of showing that it properly provided Claimant with the most beneficial MA coverage she is eligible to receive from November 1, 2014, ongoing, in accordance with Department policy.

Accordingly, the Department's MA 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 Claimant's MA eligibility (including HMP eligibility) for November 1, 2014, ongoing;
2. Provide Claimant with the most beneficial MA coverage she is eligible to receive for November 1, 2014, ongoing and
3. Notify Claimant of its decision.

  
**Eric Feldman**  
Administrative Law Judge  
for Nick Lyon, Interim Director  
Department of Human Services

Date Signed: **2/25/2015**

Date Mailed: **2/25/2015**

EJF / cl

**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 48909-8139

CC: [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]