

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

IN THE MATTER OF:



Reg. No.: 14-014948
Issue No.: HMP
Case No.:
Hearing Date: January 29, 2015
County: LAKE

ADMINISTRATIVE LAW JUDGE: Colleen Lack

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 January 29, 2014, from Lansing, Michigan. Participants on behalf of Claimant included , the Claimant. Participants on behalf of the Department of Human Services (Department) included , Eligibility Specialist.

ISSUE

Did the Department properly deny Claimant's Health Michigan Program (HMP) application due to income in excess of the program limit?

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 August 29, 2014, Claimant applied for HMP for himself and his wife.
2. A Health Care Coverage Supplemental Questionnaire was issued and returned with verifications.
3. On October 1, 2014, a Health Care Coverage Determination Notice was issued indicating the HMP application was denied due to income in excess of the program limit.
4. On October 17, 2014, Claimant filed a request for hearing contesting the Department's action.

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.

Modified adjusted gross income (MAGI) is a methodology for how income is counted and how household composition and family size are determined. Health, Modified Adjusted Gross Income Related Eligibility Manual, May 28, 2014, p. 14. However, the Department follows reasonable compatibility in determining income eligibility for HMP. Attested income will be found not reasonably compatible with income from trusted sources if the difference exceeds 10%. If the income is not reasonable compatible, then the program pends and the individual is required to provide proof of attested income. Health, Modified Adjusted Gross Income Related Eligibility Manual, p. 15.

Additionally, 42 CFR § 435.603(h) states:

(h) *Budget period*—(1) *Applicants and new enrollees*. Financial eligibility for Medicaid for applicants, and other individuals not receiving Medicaid benefits **at the point at which eligibility for Medicaid is being determined, must be based on current monthly household income and family size.** (bold added by ALJ)

For HMP, the income limit for adults age 19-64 is 133% of the federal poverty limit. Michigan Department of Community Health, Modified Adjusted Gross Income Related Eligibility Manual, p. 2. The Health Care Coverage Determination Notice provides a chart of the annual income limits for HMP. For a group size of two individuals age 19-64, the annual income limit is \$20,920.90. The Eligibility Specialist confirmed that this would equate to a monthly income limit of \$1,743.41.

Bridges counts gross wages except as explained in this item or BEM 503 for: Earned Income Tax Credit (EITC), Flexible Benefits, STRIKERS' COUNTABLE EARNINGS, STUDENT EARNINGS DISREGARD, and census workers. BEM 501, 7-1-2014, p. 7.

When prospecting income based on bi-weekly or twice a month payments, multiply by 2. When prospecting income based on weekly pay, multiply by 4. BEM 530, 1-1-2014, p. 3.

In this case, the attested income on the MA application must not have been found to be reasonably compatible as Claimant was required to provide proof of attested income.

A Health Care Coverage Supplemental Questionnaire was returned and verifications were provided to the Department. There were multiple income sources for Claimant and his wife. Based on this information, the Department determined the total monthly earnings were \$2,357. Accordingly, the Department denied the HMP application due to income in excess of the program limit.

Claimant disagrees with the determination and asserted it was not based on MAGI, which should be used to determine MHP eligibility. In the hearing request, Claimant stated they expect their income would not increase for the 2014 tax filing season, and was actually expected to decrease. Claimant submitted 2013 tax return with the hearing request. However, as noted above eligibility must be based on the current monthly household income. The Department properly utilized the current income as reported and verified at the time this determination was made.

Claimant also asserted the annual income was not accurately identified in the denial letter. This ALJ agrees that the annual income listed on the Health Care Coverage Determination Notice, \$ [REDACTED] each for Claimant and his wife, does not appear to be accurate. However, considering the reported income from all sources listed on the Health Care Coverage Supplemental Questionnaire, Claimant and his wife did exceed the income limit for HMP. Listed income sources were: \$ [REDACTED] weekly Dover Baptist Church, \$ [REDACTED] weekly Curry House Assisted Living, \$ [REDACTED] monthly Housecleaning, \$ [REDACTED] bi-weekly Home Network West Michigan, and \$ [REDACTED] bi-weekly Michigan 4-H Foundation. The verifications supported the monthly amounts for these most of these income sources. For example, income verification from Curry House indicates bi-weekly invoices for \$ [REDACTED]

In reviewing the Department's evidence, there may have been a discrepancy in converting the weekly and bi-weekly income to monthly income. The Eligibility Specialist may have been using a different policy provision to convert stable and fluctuating income that is received more often than monthly to a standard monthly amount that utilizes multipliers of 4.3 and 2.15. See BEM 505, 7-1-2014, pp. 7-8. The BEM 530 policy specifically for MA income budgeting directs that multipliers of 4 and 2 be utilized. However, even if the multiplier of 4 and 2 are utilized, the total reported income still exceeds the program limit.

In the hearing request, Claimant also noted that the income from the Michigan 4-H Foundation is intermittent. It is noted that for each of the Income Sources reported on the second page of the Health Care Coverage Supplemental Questionnaire, including the Michigan 4-H Foundation, the start/end/change date was listed as "ongoing". It appears that a note in the client comment section on page 12 of this form indicated the Michigan 4-H Foundation income was inconsistent; however, the copy available to this ALJ is mostly blacked out from what appears to have been an attempt to highlight this information before photocopying. The submitted copies of two August 2014 paychecks from Michigan 4-H foundation show gross earnings of \$ [REDACTED] for the August 14, 2014 check and \$148.90, for the August 28, 2014 check. The Eligibility Specialist confirmed that even if no income from Michigan 4-H foundation is considered, the income from all of the other remaining sources still exceeds the program limit. Upon review, this is true

even when the multipliers of 2 and 4 are utilized for converting the weekly and bi-weekly earnings.

Lastly, Claimant asked about expenses, such as travel being considered. BEM 502, 8-1-2014, pp. 1-9, addresses self-employment income, including self-employment expenses. However, there was no evidence Claimant had reported any self-employment expenses to the Department at the time of this determination. Accordingly, there were no self-employment expenses for the Department to consider for the HMP denial at issue. If he has not already done so, Claimant may wish to reapply and provide current income information, including self-employment expense(s).

Overall, the evidence established that based on the information available at the time the application was processed, Claimant was not eligible for HMP due to income in excess of program limits.

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 acted in accordance with Department policy when it denied Claimant's HMP application due to income in excess or program limits.

DECISION AND ORDER

Accordingly, the Department's decision is **AFFIRMED**.



Colleen Lack
Administrative Law Judge
for Nick Lyon, Interim Director
Department of Human Services

Date Signed: **2/24/2015**

Date Mailed: **2/24/2015**

CL/hj

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:

