

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

IN THE MATTER OF:

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Reg. No.: 15-001304
Issue No.: 2001
Case No.: ██████████
Hearing Date: March 12, 2015
County: WAYNE-DISTRICT 57
(CONNER)

ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris

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 March 12, 2015, from Detroit, Michigan. Participants on behalf of Claimant included the Claimant. The Claimant's attorney, ██████████ ██████████, also appeared on her behalf. Participants on behalf of the Department of Human Services (Department) included ██████████, FIM, and ██████████ ██████████, Assistance Payments Worker, also appeared.

ISSUE

Did the Department properly deny the Claimant's application for Medical Assistance HMP due to excess income?

FINDINGS OF FACT

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

1. The Claimant applied for Medical Assistance on November 10, 2014 and retro medical assistance to August 2014. Exhibits 1 and 2
2. The Department issued a Health Care Determination Notice on December 3, 2014 approving the Claimant for August 2014 through November 31, 2014 and denying the Claimant effective November 1, 2014 as she was not 65 nor was she disabled. The Claimant was ██████ years of age at the time of the application. The Claimant also was married.

3. At the time of the application the Claimant had \$1900 in the joint checking account. The Claimant's spouse received \$2014 in disability benefits from RSDI. Exhibit 4 and 6
4. When the Department initially ran the budget for the application it erroneously did not include any income and thus found that the Claimant was eligible. Exhibit 4
5. The Department determined that the Claimant's annual income was \$25,426.80 and exceeded the HMP eligibility limit for two persons which is \$20,920. Exhibit 6

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, 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 a 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.

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.

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.

Then, it must be determined whether Claimant'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, it was determined that the Claimant's spouse, who was a mandatory group member as her husband, received \$2014 in monthly RSDI income for 2014. See Exhibit 4. Based on Claimant's testimony, it appears that the Department correctly determined the Claimant's monthly gross income and the RSDI is countable. 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 . . .

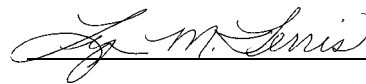
Based on the above information, Claimant's 2014 projected annual household income was determined based upon the monthly amount of \$2014 times 12 months for a total of \$25,426.80. This income is above the annual income limit and was a reasonable method to determine income. The income limit for a group of 2 for the HMP program is \$20,920.90. It also appears that the Department improperly approved the retroactive application for the months of August 2014 through November 31, 2014 as the income was the same and the Claimant was still not qualified as disabled and/or eligible based upon her age of 64. The Department correctly advised the Claimant that if she reapplied in November 2014 or December 2014 she would have been denied based on income. However an individual may apply for benefits at any time.

Based upon the evidence presented, even though the Department's Healthcare Determination Notice did not deny the Claimant's application based upon excess income due to the group's income exceeding the income level of \$20,920 it is determined that the Department's decision denying HMP eligibility for November 2, 2014 ongoing is correct. Also, it is determined that the Claimant would not have been eligible for any retro month eligibility as the Department's Bridges system incorrectly did not recognize or include the group's income for those months. This error is harmless as the Claimant had no medical expenses for August 2014 through October 2014 as she really needed coverage for November 1, 2014. The Claimant may reapply for Medical Assistance when she turns 65 which will allow her to be considered for additional programs based upon her age.

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 the Claimant's application for Medical Assistance under the HMP program.

DECISION AND ORDER

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



Lynn M. Ferris
Administrative Law Judge
for Nick Lyon, Interim Director
Department of Human Services

Date Signed: **4/7/2015**

Date Mailed: **4/7/2015**

LMF / 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]