

**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.: 15-001275  
Issue No.: 2001  
Case No.: ██████████  
Hearing Date: March 23, 2015  
County: Macomb-District 12

**ADMINISTRATIVE LAW JUDGE: Zainab Baydoun**

**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 23, 2015, from Detroit, Michigan. Participants on behalf of Claimant included Claimant and her daughter, ██████████. Participants on behalf of the Department of Human Services (Department) included ██████████, Hearings Facilitator.

**ISSUE**

Did the Department properly close Claimant's Medical Assistance (MA) case effective February 1, 2015, on the basis that her income exceeded the 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. Claimant was an ongoing recipient of MA benefits under the Healthy Michigan Plan (HMP).
2. In connection with a redetermination, Claimant's eligibility for MA benefits under the HMP was reviewed.
3. On January 7, 2015, the Department sent Claimant Health Care Coverage Determination Notice informing her that effective February 1, 2015, her MA case would be closed on the basis that she was not under 21, pregnant, or a caretaker

of a minor child, that she was not aged, blind or disabled. The Notice also indicated that Claimant's income of \$23,964 was in excess of the income limit for the HMP. (Exhibit A)

4. On January 20, 2015, Claimant submitted a hearing request disputing the Department's actions.

### **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, Claimant was an ongoing recipient of MA benefits under the Healthy Michigan Plan (HMP). HMP provides health care coverage for individuals who:

- Are age 19-64 years
- Have income at or below 133% of the federal poverty level under the Modified Adjusted Gross Income (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

Michigan Department of Community Health, Medicaid Provider Manual, Healthy Michigan Plan, §1.1, available at <http://www.mdch.state.mi.us/dch-medicaid/manuals/MedicaidProviderManual.pdf>

A determination of a client's income eligibility for HMP under the MAGI methodology requires determination of the client's household size and the applicable income limit for that group size. In this case, Claimant testified that she is a tax filer and has no dependents. Therefore, for MAGI purposes, she has a household size of one.

Michigan Department of Community Health, Modified Adjusted Gross Income (MAGI) Related Eligibility Manual, § 5.2. 133% of the annual federal poverty level for a household with one member is \$15,521 for 2014 and \$15,654.10 for 2015. <http://aspe.hhs.gov/POVERTY/14poverty.cfm>. Therefore, Claimant is income-eligible for HMP if her annual income does not exceed \$15,654.10.

Department policy provides that in determining a client's eligibility for MA, eligibility is determined on a calendar month basis. BEM 105 (January 2014), p. 2. Unless policy specifies otherwise, circumstances that existed, or are expected to exist, during the calendar month being tested are used to determine eligibility for that month. BEM 105, p. 2. Department policy is consistent with federal regulations concerning an applicant's eligibility for MAGI-based MA: 42 CFR 435.603(h)(1) provides that "financial eligibility for Medicaid for applicants . . . must be based on current monthly household income and family size." When determining eligibility for a future month, the Department should assume circumstances as of the processing date will continue unchanged unless it has information that indicates otherwise. BEM 105, p. 2.

In this case, the Department testified that in connection with a redetermination, Claimant's eligibility for MA benefits under the HMP was reviewed. Like an application, a redetermination includes a thorough review of all eligibility factors. BAM 201 (July 2014), p. 1. The Department stated that based on Claimant's annual income of \$23,964 as determined from her 2013 tax return, her income was in excess of the income limit, thereby making her ineligible for HMP benefits effective February 1, 2015. (Exhibit A and Exhibit B). Claimant testified that at the time of her redetermination, her hours at work and earnings had decreased and that she was not earning as much income as she did in 2013.

At the hearing, the Department identified three sources of income available to Claimant and stated that at the time of redetermination, the income amounts were inputted into the MAGI search engine, which determined that Claimant again had excess income because the amount was within 10% of the 2013 tax return income of \$23,964. The Department's explanation with respect to the 10% and with respect to the income information available at the time of the redetermination is inconsistent with the Michigan Department of Community Health, Modified Adjusted Gross Income (MAGI) Related Eligibility Manual, § 7, however.

Although the Department provided the income amounts used at the time of the redetermination, the Department was unable to identify the total amount of Claimant's actual income for the redetermination month. The Department stated that it considered Claimant's earned income of \$75.76 weekly from her employment at [REDACTED], \$457.34 monthly from her employment as an [REDACTED], and pay stubs of \$146.74 paid on December 8, 2014, and \$214.99 paid on December 23, 2014 from her employment at [REDACTED]. A review of the income information provided by the Department and the applicable MA income policy establishes that the Department improperly calculated Claimant's income for MA purposes, as based on the income

amounts identified by the Department, at the time of Claimant's redetermination her income was below the income limit. In addition, Claimant provided more recent paystubs for review at the hearing which reflect a lower amount than those used at the time of the redetermination. (Exhibit 1).

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 because the Department did not calculate Claimant's income based on her circumstance at the time of the redetermination and instead relied on 2013 income information, the Department did not act in accordance with Department policy when it closed Claimant's MA case due to excess income.

### **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. Reinstate Claimant's MA case under the HMP effective February 1, 2015;
2. Provide Claimant with MA coverage under the HMP from February 1, 2015, ongoing; and
3. Notify Claimant in writing of its decision.



**Zainab Baydoun**  
Administrative Law Judge  
for Nick Lyon, Interim Director  
Department of Human Services

Date Signed: **3/31/2015**

Date Mailed: **3/31/2015**

ZB / tlf

**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]