

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 15-005994
Issue No.: 2001
Case No.: [REDACTED]
Hearing Date: May 27, 2015
County: DHHS SPECIAL
PROCESSING OFFICE

ADMINISTRATIVE LAW JUDGE: Gary Heisler

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; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on May 27, 2015, from Lansing, Michigan. Participants on behalf of Claimant included himself and his authorized hearing representative, [REDACTED] of L & S Associates. Participants on behalf of the Department of Health and Human Services (Department) included Hearing Facilitator [REDACTED].

ISSUE

Did the Department properly deny Claimant's September 3, 2014, Medical Assistance application?

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 September 3, 2014, L&S Associates submitted a Medical Assistance application on Claimant's behalf. The application only requested Medical Assistance for Claimant. However, the application clearly indicates that Claimant's two children are tax dependents of Claimant. Claimant's 2013 tax returns were also submitted with the application.
2. On February 19, 2015, the Department issued all required notices of Claimant's Medical Assistance eligibility determination.
3. On April 1, 2015, L & S Associates submitted a hearing request.

CONCLUSIONS OF LAW

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), Department of Health and Human Services Reference Tables Manual (RFT), and Department of Health and 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 Department of Human Services) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

The February 19, 2015 Benefit Notice (DHS-176) issued to L & S Associates states the September 3, 2014 Medical Assistance application is denied because Claimant's income exceeds the \$██████ HMP income limit for a group of one. The Department argues that Claimant is not eligible as a parent care taker because his two children already have Medical Assistance coverage under another benefit group. The authorized hearing representative argues that under Modified Adjusted Gross Income (MAGI) rules, Claimant is a group of three because his two children are his tax dependents.

Bridges Eligibility Manual (BEM) 105 Medicaid Overview (2014) states:

DEPARTMENT POLICY

MA Only

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. Medicaid is also known as Medical Assistance (MA).

The Medicaid program is comprised of several sub-programs or categories. To receive MA under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled.

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.

GROUP 1 AND GROUP 2

In general, the terms Group 1 and Group 2 relate to financial eligibility factors. For Group 1, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. The income limit, which varies by category, is for nonmedical needs such as food and shelter. Medical expenses are not used when determining eligibility for MAGI-related and SSI-related Group 1 categories.

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

Bridges Eligibility Manual (BEM) 211 MA Group Composition (2015) states:

DEPARTMENT POLICY

MAGI-Related

Group composition for MAGI-related categories follows tax filer and tax dependent rules. Refer to the MAGI manual for more information regarding group composition and tax rules.

SSI-Related MA, Group 2 Pregnant Women, Group 2 Persons Under Age 21, Group 2 Caretaker Relative

Use fiscal groups and, for SSI-related MA, Group 2 Persons Under Age 21 and Group 2 Caretaker Relative, asset groups to determine the financial eligibility of a person who requests Medicaid and meets all the nonfinancial eligibility factors for an Medicaid category.

The Modified Adjusted Gross Income (MAGI) Related Eligibility Manual states:

CHAPTER 5-HOUSEHOLD COMPOSITION

5.1 FAMILY SIZE

The size of the household will be determined by the principles of tax dependency in the majority of cases. Parents, children and siblings are included in the same household. Parents and stepparents are treated the same. Individual family members may be eligible under different categories.

5.2 TAX FILERS AND NON- TAX FILERS

a. The household for a tax filer, who is not claimed as a tax dependent, consists of:

- Individual
- Individual's spouse
- Tax dependents

5.4 HOUSEHOLD COMPOSITION EXAMPLES

Bob and Mary are married. Mary is the mother of Jane, age 22. Jane attends college in Ohio. Bob is the tax filer and claims Mary and Jane as tax dependents.

- Tax rules apply to all.
- Group is 3 for all individuals.

The Department's position appears to be rooted in a theory that Claimant cannot have a benefit group that includes his children because they are not physically in his household. Claimant could not be eligible under the parent care taker category for that reason. Claimant's authorized hearing representative is not asserting that his children are physical members of his household. The assertion is that the children are counted as members of Claimant's household based on their status as Claimant's tax dependents under MAGI household composition policy, cited above. The example included above does not completely parallel Claimant's situation. However, the example does show that being a physical member of a household IS NOT a requirement for inclusion in the household of a tax filer.

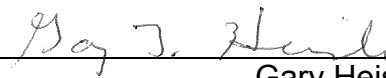
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it denied Claimant's September 3, 2014, Medical Assistance application.

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. Re-register Claimant's September 3, 2014 Medical Assistance application and process it in accordance with Department policy, including The Modified Adjusted Gross Income (MAGI) Related Eligibility Manual.
2. Issue a current notice of eligibility upon reprocessing the application.



Gary Heisler
Administrative Law Judge
for Nick Lyon, Director
Department of Health and Human Services

Date Signed: **6/26/2015**

Date Mailed: **6/26/2015**

GFH / 

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 copy of the claim or application for appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Hearing Decision from 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:

