

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

IN THE MATTER OF:

[REDACTED]
[REDACTED]
[REDACTED]

Reg. No.: 15-014486
Issue No.: 2001
Case No.: [REDACTED]
Hearing Date: September 28, 2015
County: Wayne-District 19

ADMINISTRATIVE LAW JUDGE: Alice C. Elkin

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 September 28, 2015, from Detroit, Michigan. Participants on behalf of Claimant included Claimant. Participants on behalf of the Department of Health and Human Services (Department) included [REDACTED], Hearing Facilitator.

ISSUE

Did the Department properly close Claimant's Medical Assistance (MA) coverage under the Healthy Michigan Plan (HMP) effective July 1, 2015?

Did the Department properly activate Claimant's March 2015 coverage?

FINDINGS OF FACT

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

1. Pursuant to an April 30, 2015 MA application, Claimant was approved for MA coverage under HMP effective February 1, 2015.
2. The Department's system showed that from February 1, 2015 through April 30, 2015 Claimant had, in addition to HMP coverage, medical insurance coverage under a Health Maintenance Organization (Exhibit B).
3. On June 3, 2015, the Department sent Claimant a Health Care Coverage Determination Notice notifying him that his MA case would close effective July 1, 2015 ongoing because he was not under 21 or over 65, the caretaker of a minor child, pregnant, blind or disabled and because his income was \$46,764.

4. On July 23, 2015, Claimant filed a request for hearing disputing the Department's actions.

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), Department of Health and Human Services Medicaid Provider Manual (MPM), 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.

At the hearing, Claimant clarified that he had requested a hearing because (1) the Department had failed to pay his March 2015 medical bills and (2) his MA case closed effective July 1, 2015

Medical Bills

Claimant was concerned because the Department had failed to pay his March 2015 medical bills. There was no evidence that Claimant submitted medical bills to the Department for payment. Therefore, the issue presented is limited to whether the Department properly provided and activated MA coverage for the period at issue.

The Department's Bridges system showed that Claimant had active MA coverage under the HMP program from February 1, 2015 through June 30, 2015 but also had private medical insurance coverage under a health maintenance organization from February 1, 2015 through April 30, 2015 (Exhibit B). An eligibility printout provided by the Department after the hearing also shows that Claimant had active MA coverage between February 1, 2015 and April 30, 2015, but does not show any other medical insurance coverage (Exhibit E). Therefore, the Department established that Claimant had active MA coverage during the period at issue.

Issues concerning the provider's ability to bill are referred to the Third Party Liability (TPL) Division, which maintains third-party resource information (including claim information such as the health insurance company, policy number, health scope codes and coverage dates); verifies the insurance information; and updates the beneficiary's CHAMPS eligibility information so that the provider can first bill the other insurer, if any,

and, once payment is received, bill Medicaid. BEM 257 (May 2015), pp. 7-8; MPM, Coordination of Benefits, § 1.3. Claims are paid or rejected based on information on the TPL coverage file, not other insurance information in Bridges. BEM 257, p. 8. If Claimant's provider is unable to bill MA, Claimant is advised that he can seek assistance with billing problems by contacting the beneficiary helpline at 1-800-642-3195. BEM 257, p. 8; MPM, Directory Appendix, p. II. However, under the evidence in this case, the Department has established that Claimant had active MA coverage under HMP between February 2015 and April 2015 and therefore has acted in accordance with Department policy.

HMP Eligibility

The Department closed Claimant's MA case under the HMP program effective July 1, 2015 based on excess income.

MA is available (i) to individuals who are aged (65 or older), blind or disabled under SSI-related categories, (ii) to individuals who are under age 19, parents or caretakers of children, or pregnant or recently pregnant women, and (iii) to individuals who meet the eligibility criteria for HMP coverage. BEM 105 (January 2014), p. 1; 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>.

In this case, Claimant confirmed that he was not under age 19 or over age 65, blind, disabled, or the caretaker of a minor child. Therefore, he was only eligible for MA if he satisfied the conditions for HMP eligibility. HMP provides MA coverage to individuals who (i) are 19 to 64 years of age; (ii) have income at or below 133% of the federal poverty level (FPL) under the Modified Adjusted Gross Income (MAGI) methodology; (iii) do not qualify for or are not enrolled in Medicare; (iv) do not qualify for or are not enrolled in other MA programs; (v) are not pregnant at the time of application; and (vi) are residents of the State of Michigan. Department MPM, Healthy Michigan Plan, § 1.1.

The Department testified that Claimant was not income-eligible for HMP coverage. An individual is eligible for HMP if his household's income does not exceed 133% of the FPL applicable to his group size. A determination of group size under the MAGI methodology requires consideration of the client's tax status and tax dependents. In this case, the evidence showed that Claimant was a tax filer with two adult children he claimed as dependents. Therefore, for MAGI purposes, Claimant has a household size of three. Michigan Department of Community Health, Modified Adjusted Gross Income (MAGI) Related Eligibility Manual, § 5.2, *available at* http://www.michigan.gov/documents/mdch/MAGI_Manual_457706_7.pdf. 133% of the annual FPL in 2015 for a household with three members is \$26,719.70. <http://aspe.hhs.gov/POVERTY/15poverty.cfm>. If an individual is within 5% of the FPL for the applicable group size, a disregard is applied, making the person eligible for MA. MAGI Related Eligibility Manual, § 7.2. Therefore, Claimant is income-eligible for HMP

if his annual income does not exceed \$26,719.70, or, with the 5% disregard, if his annual income does not exceed \$27,742.

In this case, the June 3, 2015 Health Care Coverage Determination Notice the Department sent Claimant showed that the Department considered Claimant's annual income of over \$47,000 in determining his eligibility for HMP. The Department presented no evidence to support this calculation. To the contrary, the Department acknowledged in its hearing summary that Claimant was self-employed and that it should have considered his income and expenses as reflected in his federal tax Schedule C. The Schedule C shows that Claimant had total company income of \$63,678 and total expenses of \$43,198, resulting in total profit of \$20,480 (Exhibit C). There was no evidence that the household received any other income. Based on annual income of \$20,480 and a taxpayer group size of 3, Claimant is income eligible for HMP. Therefore, the Department did not act in accordance with Department policy when it closed Claimant's MA case effective July 1, 2015 based on excess income.

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 provided Claimant with active MA coverage for February 2015 through June 2015 but did not act in accordance with Department policy when it closed Claimant's MA case effective July 1, 2015.

DECISION AND ORDER

Accordingly, the Department's June 3, 2015 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. Reinstate Claimant's MA case effective July 1, 2015; and
2. Reprocess Claimant's ongoing HMP eligibility;

3. Provide Claimant with MA coverage he is eligible to receive from July 1, 2015 ongoing; and
4. Timely notify Claimant in writing of its decision.



Alice C. Elkin
Administrative Law Judge
for Nick Lyon, Director
Department of Health and Human Services

Date Signed: **10/8/2015**

Date Mailed: **10/8/2015**

ACE / 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 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: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]