

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 15-004088  
Issue No.: 2001  
Case No.: [REDACTED]  
Hearing Date: May 07, 2015  
County: Jackson

**ADMINISTRATIVE LAW JUDGE:** Kevin Scully

**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, telephone hearing was held on May 07, 2015, from Lansing, Michigan. Participants on behalf of Claimant included his authorized hearing representative [REDACTED] of [REDACTED]. Participants on behalf of the Department included [REDACTED] and [REDACTED] as hearing facilitators.

**ISSUE**

Did the Department of Health and Human Services (Department) properly deny the Claimant's application for Medical Assistance (MA) benefits?

**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 October 7, 2014, the Department received the Claimant's application for Medical Assistance (MA).
2. The Claimant provided the Department with verification that he received earned income from employment of \$ [REDACTED] on October 17, 2014, and \$ [REDACTED] on October 31, 2014.
3. On March 19, 2015, the Department denied the Claimant's application for Medical Assistance (MA).
4. On March 16, 2015, the Department received the Claimant's request for a hearing protesting the denial of his application for assistance.

## **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 Family Independence Agency and the Department of Human Services) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

MA-only eligibility is determined on a calendar month basis. 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. When determining eligibility for a future month, assume circumstances as of the processing date will continue unchanged unless you have information that indicates otherwise. Department of Health and Human Services Bridges Eligibility Manual (BEM) 105 (October 1, 2014), p 2.

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.

The following are common sources of income which are countable in a MAGI related determination:

- Wages/Salary
- Self-Employment
- RSDI
- Pensions
- Unemployment Benefits
- Spousal Support.<sup>1</sup>

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<sup>1</sup> Modified Adjusted Gross Income (MAGI) Related Eligibility Manual, p 14.

The 5% disregard is the amount equal to 5% of the Federal Poverty Level for the applicable family size. It is not a flat 5% disregard from the income. The 5% disregard shall be applied to the highest income threshold. The 5% disregard shall be applied only if required to make someone eligible for Medicaid.<sup>2</sup>

On October 7, 2014, the Department received the Claimant's application for Medical Assistance (MA). The Claimant reported to the Department that he was employed at rate of \$█ per hour and expected to work 40 hours per week. Based on this information, the Department prospected that the Claimant would receive earned income in the gross yearly amount of \$█. This income would exceed the annual income limit to participate in the Healthy Michigan Plan (HMP).

However, the Claimant also provided the Department with verification that in October, he received actual earned income in the gross monthly amount of \$█. Department manuals governing eligibility for Modified Adjusted Gross Income (MAGI) based benefits allow for a 5% disregard of income where required to make someone eligible for Medicaid. The 2014 monthly federal poverty limit for Medicaid for a group of one is \$█ and the income limit to receive HMP benefits is 133% of that income level. Department of Health and Human Services Reference Table Manual (RFT) 246 (April 1, 2014), p 1. The Claimant's income for October is less than the 133% of the monthly federal poverty level (█) in 2014 after his actual income is reduced by 5% of the federal poverty level for a group of one.

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 did not act in accordance with Department policy when it denied the Claimant's Medical Assistance (MA) application based on excess income.

### **DECISION AND ORDER**

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. Initiate a determination of the Claimant's eligibility for Medical Assistance (MA) as of October 1, 2014.
2. Provide the Claimant with a Notice of Case Action (DHS-1605) describing the Department's revised eligibility determination.

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<sup>2</sup> Modified Adjusted Gross Income (MAGI) Related Eligibility Manual, p 15.

3. Issue the Claimant any retroactive benefits he may be eligible to receive, if any.



Kevin Scully  
Administrative Law Judge  
for Nick Lyon, Director  
Department of Health and Human Services

Date Signed: **5/13/2015**

Date Mailed: **5/13/2015**

KS/las

**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:

