



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
Christopher Seppanen
Executive Director

SHELLY EDGERTON
DIRECTOR

[REDACTED]

Date Mailed: May 16, 2016
MAHS Docket No.: 16-002738
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Kevin Scully

HEARING DECISION

Following Petitioner'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 11, 2016, from Lansing, Michigan. Participants on behalf of Petitioner included [REDACTED] and his wife [REDACTED] [REDACTED] (Family Independence Manager) represented the Department of Health and Human Services (Department).

ISSUE

Did the Department of Health and Human Services (Department) properly close the Petitioner's 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. The Petitioner was an ongoing Medical Assistance (MA) recipient.
2. On December 4, 2015, the Department received the Petitioner's completed Redetermination (DHS-1010) form. Exhibit A, pp 1 – 4.
3. On January 19, 2016, the Department notified the Petitioner that it would close his wife's Medical Assistance (MA) benefits as of March 1, 2016. Exhibit A, pp 16 – 17.
4. On February 17, 2016, the Department notified the Petitioner that it would close his Medical Assistance (MA) effective March 1, 2016. Exhibit A, pp 18 – 19.

5. The Petitioner receives monthly earned income from employment in the gross monthly amount of \$ [REDACTED] which was based on paychecks of \$ [REDACTED] received on February 26, 2016, and \$ [REDACTED] received on February 12, 2016. Exhibit A, pp 7 – 11.
6. The Petitioner's wife receives monthly earned income from employment in the gross monthly amount of \$ [REDACTED] which was based on paychecks of \$ [REDACTED] received on November 18, 2015, and \$ [REDACTED] received on November 4, 2015. Exhibit A, pp 10.
7. On February 26, 2016, the Department received the Petitioner's request for a hearing protesting the closure of his Medical Assistance (MA) benefits. Exhibit A, pp 24 – 25.

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.

All earned and unearned income available is countable unless excluded by policy. Earned income means income received from another person or organization or from self-employment for duties that were performed for compensation or profit. Unearned income means all income that is not earned, including but not limited to funds received from the Family Independence Program (FIP), State Disability Assistance (SDA), Child Development and Care (CDC), Medicaid (MA), Social Security Benefits (RSDI/SSI), Veterans Administration (VA), Unemployment Compensation Benefits (UCB), Adult Medical Program (AMA), alimony, and child support payments. The amount counted may be more than the client actually receives because the gross amount is used prior to any deductions. Department of Human Services Bridges Eligibility Manual (BEM) 500 (January 1, 2016).

All income is converted to a standard monthly amount. If the client is paid weekly, the Department multiplies the average weekly amount by 4.3. If the client is paid every other week, the Department multiplies the average bi-weekly amount by 2.15. Department of Human Services Bridges Eligibility Manual (BEM) 505 (July 1, 2014), pp 7-8.

The income limit to participate in the Healthy Michigan Plan (HMP) is 133% of the federal poverty level. Department of Health and Human Services Reference Table Manual (RFT) 246 (April 1, 2014), p 1.

Modified adjusted gross income (MAGI) is a methodology for how income is counted and how household composition and family size are determined. It is based on federal tax rules for determining adjusted gross income. It eliminates asset tests and special deductions or disregards. Every individual is evaluated for eligibility based on MAGI rules. 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. 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.¹

Household income is the sum of the MAGI-based income of every individual included in the individual's household, minus an amount equivalent to 5 percentage points of the Federal poverty level for the applicable family size. 42 CFR 435.603.

The Petitioner was an ongoing MA recipient under the Healthy Michigan Plan (HMP) when the Department initiated a routine review of his eligibility to receive continuing benefits. On December 4, 2015, the Department received the Petitioner's completed Redetermination (DHS-1010) form. The Department determined the Petitioner's prospective monthly income for March of 2016 based on the paychecks he received in February. The Petitioner received two paychecks in the gross amounts of \$ [REDACTED] and \$ [REDACTED]. Multiplying the average of these bi-weekly paychecks by the 2.15 conversion factor results in a \$ [REDACTED] monthly income. The Department determined the Petitioner's wife received monthly income for March of 2016 based on the paychecks she received in November. The Petitioner's wife received two paychecks in the gross amount of \$ [REDACTED]. Multiplying this by the 2.15 conversion factor results in a \$ [REDACTED] monthly income.

The monthly federal poverty level for a group of one is \$ [REDACTED] and 133% of this amount is \$ [REDACTED]. The monthly federal poverty level for a group of two is \$ [REDACTED] and 133% of this amount is \$ [REDACTED].

The evidence on the record suggests that the Petitioner and his wife were each denied MA benefits separately as groups of one, although their individual incomes are less than 133% of the federal poverty level for a group of one. As a married couple, the Petitioner and his wife are required to be in the same benefit group by the MAGI Related Eligibility Manual and as a group of two, their combined income exceeds 133% of the federal poverty level even after the 5% disregard is considered.

¹ Department of Health and Human Services Modified Adjusted Gross Income (MAGI) Related Eligibility Manual, pp 14-15. This manual is available on the internet at http://www.michigan.gov/documents/mdch/MAGI_Manual_457706_7.pdf

This Administrative Law Judge finds no basis for the Department issuing separate denials of MA benefits for the Petitioner and his wife.

However, it is the Petitioner's burden of establishing his eligibility to receive benefits. This Administrative Law Judge finds that the Petitioner and his wife are not eligible for MA benefits under the HMP category because the gross income of their household exceeds 133% of the federal poverty level for a group of two, and the 5% disregard does not make them eligible for these benefits.

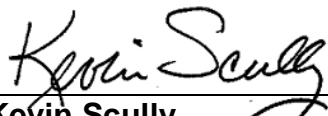
The Petitioner also failed to establish that they are eligible for MA benefits under another category.

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 closed the Petitioner's Medical Assistance (MA) benefits.

DECISION AND ORDER

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

KS/las



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

NOTICE OF APPEAL: A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Order if the request is received by MAHS within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088; 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

DHHS

[REDACTED]

[REDACTED]

Petitioner

[REDACTED]