



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: June 20, 2016  
MAHS Docket No.: 16-004594  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE:** Gary Heisler

### **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; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on May 19, 2016, from Lansing, Michigan. Petitioner appeared and testified. Assistance Payments Worker [REDACTED] appeared for the Department and testified. Department's Exhibit A, pages 1-15 was admitted into evidence.

### **ISSUE**

Did the Department properly determine Petitioner's Medical Assistance (MA) eligibility on March 18, 2016?

### **FINDINGS OF FACT**

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

1. Petitioner and [REDACTED] her spouse, were ongoing recipients Medical Assistance (MA) benefits under the Healthy Michigan Plan.
2. On February 22, 2016, John began employment.
3. On March 7, 2016, Petitioner was sent a New Hire Client Notice (DHS-4635) requesting verification of [REDACTED] earned income.
4. On March 17, 2016, the requested verification was submitted to the Department. The New Hire Client Notice (DHS-4635) stated that [REDACTED] was expected to work 40

hours per week at an hourly rate of \$ [REDACTED]. Two of [REDACTED] pay stubs were also submitted showing gross earnings of \$ [REDACTED] on one and \$ [REDACTED] on the other.

5. On March 18, 2016, Petitioner was sent a Health Care Coverage Determination Notice (DHS-1606) which stated neither Petitioner nor [REDACTED] were eligible for Medical Assistance (MA) as of April 1, 2016. The notice stated that their income exceeded program limits; that the income used in determining Petitioner's was \$ [REDACTED] and the income used in determining [REDACTED] eligibility was \$ [REDACTED].
6. On March 29, 2016, Petitioner 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.

In this case the Department has calculated that [REDACTED] will make an annual gross income of \$ [REDACTED]. There is no explanation of how that figure was derived. The closest guesstimate would be using the average of his two weekly paychecks ([REDACTED]) then multiply by 52 [REDACTED]. But that is \$ [REDACTED] more than the \$ [REDACTED] on the Health Care Coverage Determination Notice (DHS-1606).

More importantly is the fact that Petitioner and [REDACTED] were recipients of Health Michigan Plan benefits which is a MAGI related MA category. Eligibility for MAGI related MA categories requires comparison of MAGI to the requisite percentages of the poverty level.

Bridges Eligibility Manual (BEM) 105 Medicaid Overview provides:

#### **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 comprise 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, MICHild and Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology.

## **MONTHLY DETERMINATIONS**

Medicaid 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.

Bridges Eligibility Manual (BEM) 137 Healthy Michigan Plan states:

### **DEPARTMENT POLICY**

#### **MA Only**

The Healthy Michigan Plan (HMP) is based on Modified Adjusted Gross Income (MAGI) methodology.

#### **Income**

Modified adjusted gross income must be at or below 133 percent of the Federal Poverty Level (FPL).

Bridges Eligibility Manual (BEM) 500 Income Overview provides:

#### **Modified Adjusted Gross Income (MAGI)**

MAGI for purposes of Medicaid eligibility is a methodology which state agencies and the federally facilitated marketplace (FFM) must use to determine financial eligibility. It is based on Internal Revenue Service (IRS) rules and relies on federal tax information to determine 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 Department has not provided any explanation or authority to substitute a gross income calculation for MAGI in determining eligibility for the Healthy Michigan Plan. 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 determined Petitioner's Medical Assistance (MA) eligibility on March 18, 2016.


**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 Petitioner's Medical Assistance (MA) from April 1, 2016 and re-determine MA eligibility in accordance with Department policy including issuance of a current MA eligibility determination.

GH/nr

  
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Gary Heisler  
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]

Petitioner

[REDACTED]