



RICK SNYDER
GOVERNOR

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

SHELLY EDGERTON
DIRECTOR



Date Mailed: September 26, 2016
MAHS Docket No.: 16-009966
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: C. Adam Purnell

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 September 13, 2016, from Lansing, Michigan. Petitioner appeared and represented himself. [REDACTED], Backup Hearing Facilitator, represented the Department of Health and Human Services (Department).

The Department offered the following exhibits which were admitted into evidence: **Exhibit 1:** Redetermination dated June 13, 2016 (pages 1-6); **Exhibit 2:** The Work Number (pages 1-6); **Exhibit 3:** Bridges Employment Budget (pages 1-2); **Exhibit 4:** Health Care Coverage Determination Notice dated July 8, 2016 (pages 1-4).

Petitioner offered the following exhibit that was admitted into evidence: **Exhibit A:** Blue Cross/Blue Shield Card, Medical Treatment Records and List of Prescription Medications (pages 1-6).

The record closed at the conclusion of the hearing.

ISSUE

Did the Department properly determine Petitioner's eligibility for Medical Assistance (MA) benefits under the Healthy Michigan Plan (HMP)?

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 was active for MA-HMP benefits with a MAGI group size of 2.
2. In June, 2016, the Department received Petitioner's redetermination form, which, among other things, indicated that he had received income from employment. [Exhibit 1, p. 4].
3. The Department received verification through the Work Number that Petitioner was working at the [REDACTED] and earned \$ [REDACTED] during the month of June, 2016. [Exh. 2, p. 3].
4. Based on the projected income, Petitioner earned \$ [REDACTED] annually for the year 2016. [Exh. 3].
5. On July 8, 2016, the Department mailed Petitioner a Health Care Coverage Determination Notice which determined that effective August 1, 2016, Petitioner was not eligible due to excess income. [Exh. 4].
6. On July 18, 2016, Petitioner requested a hearing to dispute the closure of his HMP case.

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.

Individuals are eligible for MA coverage under the Healthy Michigan Plan (HMP) if they: (1) are age 19-64 years; (2) have income at or below 133% of the federal poverty level;¹ (3) do not qualify for or are not enrolled in Medicare; (4) do not qualify for or are not enrolled in other Medicaid programs; (5) are not pregnant at the time of application; and (5) are residents of the State of Michigan. BEM 137 (1-1-2016), p. 1.

¹ Eligibility for the Healthy Michigan Plan is determined through the Modified Adjusted Gross Income methodology.

In the instant matter, Petitioner requested a hearing because the Department closed his MA (HMP) case due to excess income. The Department contends that Petitioner's income had changed following a redetermination, which exceeded the limit for HMP eligibility.

Eligibility for HMP is determined through the Modified Adjusted Gross Income (MAGI) methodology, coordinated through the Department. 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. BEM 500 (1-1-2016), pp. 3-4.

All criteria for the MAGI eligibility must be met to be eligible for the HMP. 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. BEM 500, p. 4.

Every individual is evaluated for HMP 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. BEM 500, p. 4.

In order to be income eligible for HMP, the income limit for adults age 19-64 is 133 percent of the federal poverty limit. See Michigan Department of Community Health, Modified Adjusted Gross Income Related Eligibility Manual, May 28, 2014, p. 2. The Health Care Coverage Determination Notice provides a chart of the annual income limits for HMP. For a group size of two individual between the ages of 19-64, the annual income limit is \$ [REDACTED]. See also Federal Register, Vol. 80, No. 14, January 22, 2015, pp. 3236-3237.

To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. BEM 500 (1-1-2016), p. 3. MAGI is based on Internal Revenue Service rules and relies on federal tax information. BEM 500, p. 3. Income is verified via electronic federal data sources in compliance with MAGI methodology. MREM, § 1. If the client's attested income is below the income threshold for eligibility for a MAGI-related MA category but the income reported by the trusted data source is above the income threshold and the difference is greater than 10%, the income is not reasonably compatible and the individual is required to provide proof of attested income. BEM 500, p. 5.

For an MA recipient, the Department prepares a future month budget at redetermination and when a change occurs that may affect eligibility or a post-eligibility patient pay amount (PPA). BEM 530 (1-1-2014), p. 1. BEM 500 at page 2, requires that the Department use only countable and available income. Countable income is income remaining after applying MA policy in BEM 500. Available means income which is received or can reasonably be anticipated. Available income includes amounts

garnished from income, joint income, and income received on behalf of a person by his/her representative. BEM 500, p. 2.

Policy requires the Department budget non-averaged income for the month in which it was/will be received/available. BEM 500, p. 2. When budgeting non-averaged income, the Department will use amounts that will be, or are likely to be, received/available in the future month. This is known as "prospecting income." Prospecting income means arriving at a best estimate of the person's income. Prospect income when you are estimating income to be received in a processing or future month. BEM 500, p. 3. When the amount of income from a source changes from month to month, estimate the amount that will be received/available in the future month. BEM 500, p. 3.

This Administrative Law Judge has carefully considered and weighed the testimony and other evidence in the record. Here, the Department determined that Petitioner was not eligible for HMP because his income exceeded the limit for this program. This was based on verification of Petitioner's earned income through The Work Number, which indicated that he was employed at the [REDACTED]. [Dept. Exh. 2, pp. 1-6]. Based on these verifications, Petitioner's monthly income increased to \$ [REDACTED] [Dept. Exh. 2, pp. 1-6]. This number projected annually is \$ [REDACTED] [Dept. Exh. 3]. This amount was based on Petitioner's current income and prospective income calculations at the time of redetermination. Petitioner did not dispute the numbers; rather, he argued that he had a disability. The instant hearing was not a disability hearing and that issue was not relevant to the Department's decision to close his HMP case. Because Petitioner's projected or prospective annual income of \$ [REDACTED] exceeded 133% of the FPL, which is \$ [REDACTED] he is not income eligible for HMP benefits. There was no evidence in the record that Petitioner met the eligibility criteria for any other MA category.

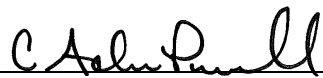
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it determined that Petitioner was not eligible for HMP benefits.

DECISION AND ORDER

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

IT IS SO ORDERED.

CP/las



C. Adam Purnell
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]