



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: December 20, 2016  
MAHS Docket No.: 16-015633  
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 December 13, 2016, from Lansing, Michigan. Petitioner appeared and represented himself. [REDACTED] [REDACTED] Hearing Facilitator, and [REDACTED] [REDACTED] Eligibility Specialist, appeared on behalf of the Department of Health and Human Services (Department).

The Department offered the following exhibits which were marked and admitted into evidence: [**Department's Exhibit 1:** Assistance Application dated September 23, 2016 (pages 1-10), Petitioner's paycheck stubs (page 11-19), Bridges Budget-Summary (pages 20-21), Bridges Support Expenses-Details (pages 22-23), Health Care Coverage Determination Notice dated October 7, 2016 (pages 24-26)].

Petitioner did not offer any exhibits into evidence.

The record closed at the conclusion of the hearing.

### **ISSUE**

Did the Department properly deny Petitioner's application for Medical Assistance (MA) or "Medicaid" due to excess income?

### **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 submitted an online application for health care coverage on September 23, 2016. [Department's Exhibit 1, pp. 1-10].
2. Petitioner had a household size of one. [Dept. Exh. 1, pp. 2-6].
3. Petitioner, at the time he applied, had two jobs. [Dept. Exh. 1, pp. 11-19].
4. During the month of application, Petitioner had earned \$ [REDACTED] from one of his employers ([REDACTED]) and \$ [REDACTED] from his second employer ([REDACTED]) for the year to date. [Dept. Exh. 1, pp. 11-19].
5. By September, Petitioner had earned \$ [REDACTED] in annual income from employment. [Dept. Exh. 1, pp. 11-19].
6. On October 7, 2016, the Department mailed Petitioner a Health Care Coverage Determination Notice (DHS-1606), which indicated that Petitioner was not eligible for MA. [Dept. Exh. 1, pp. 24-26].
7. Petitioner requested a hearing to dispute the Department's denial on October 17, 2016.

### **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.

The Healthy Michigan Plan (HMP) provides health care coverage for a category of eligibility authorized under the Patient Protection and Affordable Care Act and Michigan Public Act 107 of 2013 effective April 1, 2014. BEM 137 (10-1-2016), p. 1. HMP is based on Modified Adjusted Gross Income (MAGI) methodology. BEM 137, p. 1.

For HMP, the income limit for adults age 19-64 is 133 percent of the federal poverty limit. 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 one individual age 19-64, the annual income limit is \$15,800.40. [Dept. Exh. 1, p. 25].

The Department determined that Petitioner was not eligible for HMP because his income exceeded the limit for this program. Petitioner did not challenge the Department's calculations but said that he had recently had a raise and did not understand why his medical and prescription costs were not included in the calculation.

Modified Adjusted Gross Income (MAGI) is a methodology used to determine financial eligibility for Medicaid. It is based on Internal Revenue Service rules and relies on federal tax information. Bridges Program Glossary (BPG), page 40.

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.

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.

The Department, using the MAGI methodology, determined that Petitioner was excess income for MA-HMP benefits. This was based on verification of Petitioner's earned income through the paystubs from his employment with [REDACTED] and [REDACTED] [Dept. Exh. 1, pp. 11-19]. Petitioner's earned income from his employment as shown by the paycheck stubs dated September 30, 2016, from [REDACTED] was \$ [REDACTED] for the year to date. [Dept. Exh. 1, p. 15]. The record also contained a paystub from Petitioner's second employer, [REDACTED], which indicated that on September 9, 2016, Petitioner's year to date income was \$ [REDACTED] [Dept. Exh. 1, p. 19]. Petitioner's total annual income from 2016 at the time of application was approximately \$ [REDACTED]. Although the Health Care Coverage Determination Notice (DHS-1606) did not specifically indicate that Petitioner was excess income, the DHS-1606 did indicate that the income limit was \$15,800.40. [Dept. Exh. 1, p. 25]. Petitioner's annual income of \$ [REDACTED] as of September, had already exceeded the \$15,800.40 limit for MA-HMP eligibility. This amount appears to be based on Petitioner's current income at the time of this application.

This Administrative Law Judge finds that the Department properly determined Petitioner's eligibility for MA based on the available income information. Petitioner's income, at the time this application was processed, exceeded the income limit for MA-HMP. 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 denied Petitioner's application for MA-HMP based on excess income.

**DECISION AND ORDER**

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

**IT IS SO ORDERED.**

CAP/mc



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**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]

**Petitioner**

[REDACTED]