



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: December 20, 2016  
MAHS Docket No.: 16-016451

[REDACTED]  
[REDACTED]

**ADMINISTRATIVE LAW JUDGE: Vicki Armstrong**

### **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 - 273.18; 42 CFR 431.200 - 431.250; 45 CFR 99.1 - 99.33; and 45 CFR 205.10; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on December 1, 2016, from Lansing, Michigan. Petitioner personally appeared and testified. Petitioner submitted [REDACTED] exhibits which were admitted into evidence.

The Department of Health and Human Services (Department) was represented by Family Independence Specialist [REDACTED] [REDACTED] testified on behalf of the Department. The Department submitted [REDACTED] exhibits which were admitted into evidence. The record was closed at the conclusion of the hearing.

### **ISSUE**

Did the Department properly close Petitioner's Medical Assistance (MA) benefits based on excess income?

### **FINDINGS OF FACT**

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

1. Petitioner was an ongoing recipient of MA benefits under the Healthy Michigan Plan (HMP).
2. On September 12, 2016, Petitioner submitted a Semi-Annual Contact Report reporting receipt of [REDACTED] [REDACTED] of [REDACTED] a month beginning August, 2016. [Dept. Exh. 9-11].

3. Petitioner is unmarried and lives alone.
4. On October 12, 2016, the Department sent Petitioner a Health Care Coverage Determination Notice notifying her that her MA case would close effective November 1, 2016 because she was not income eligible. [Dept. Exh. 5-8].
5. On October 25, 2016, Petitioner filed a request for hearing disputing the Department's actions concerning her MA 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.

MA is available (i) under SSI-related categories to individuals who are aged (65 or older), blind or disabled, (ii) to individuals who are under age 19, parents or caretakers of children, or pregnant or recently pregnant women, and (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage. BEM 105 (October 2014), p. 1; MPM, Healthy Michigan Plan, § 1.1.

At the hearing, the Department explained that Petitioner had been receiving MA under the HMP plan. HMP provides MA coverage to individuals who (i) are 19 to 64 years of age; (ii) have income at or below 133% of the federal poverty level (FPL) under the Modified Adjusted Gross Income (MAGI) methodology; (iii) do not qualify for or are not enrolled in Medicare; (iv) do not qualify for or are not enrolled in other MA programs; (v) are not pregnant at the time of application; and (vi) are residents of the State of Michigan. MPM, Healthy Michigan Plan, § 1.1.

The Department explained that when it processed Petitioner's Semi-Annual Contact Report using her updated RSDI, Petitioner was no longer income-eligible for HMP because she was over the income limit. An individual is eligible for HMP if her household's income does not exceed 133% of the FPL applicable to the individual's group size. A determination of group size under the MAGI methodology requires consideration of the client's tax status and dependents. In this case, the evidence showed that Petitioner lived alone and did not have a tax dependent.

Therefore, for MAGI purposes, Petitioner has a household size of one. MREM, § 5.2. 133% of the annual Federal Poverty Level (FPL) in 2016 for a household with one member is \$15,800.40. <http://aspe.hhs.gov/POVERTY/16poverty.cfm>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed [REDACTED]

In determining an individual's eligibility for MAGI-related MA, 42 CFR 435.603(h)(2) provides that for current beneficiaries and "for individuals who have been determined financially-eligible for Medicaid using the MAGI-based methods . . . , a State may elect in its State plan to base financial eligibility either on current monthly household income . . . or income based on projected annual household income . . . **for the remainder of the current calendar year.**" (Emphasis added).

Effective January 1, 2014, when determining financial eligibility of current beneficiaries for MAGI-related MA, **the State of Michigan has elected to base eligibility on projected annual household income and family size for the remaining months of the current calendar year.** (Emphasis added). The State has also elected to use reasonable methods to include a prorated portion of a reasonably predictable increase in future income and/or family size and to account for a reasonably predictable decrease in future income and/or family size. (See Medicaid State Plan Amendment TN No:MI-13-0110-MM3 [https://www.michigan.gov/documents/mdch/SPA\\_13\\_0110\\_MM3\\_MAGI-Based\\_Income\\_Meth\\_446554\\_7.pdf](https://www.michigan.gov/documents/mdch/SPA_13_0110_MM3_MAGI-Based_Income_Meth_446554_7.pdf) and [http://www.michigan.gov/mdhhs/0,5885,7-339-73970\\_5080-108153--,00.html](http://www.michigan.gov/mdhhs/0,5885,7-339-73970_5080-108153--,00.html)).

Therefore, because the Department calculated Petitioner's \$[REDACTED] projected annual income based on a 12 month projection and not based on her projected annual income **for the remaining months of the current calendar year**, the Department did not act in accordance with Department policy when it determined that Petitioner had excess income for HMP eligibility.

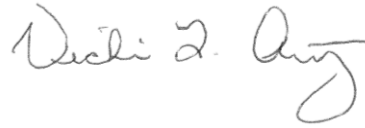
### **DECISION AND ORDER**

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, finds the Department erred in closing Petitioner's MA program benefits.

Accordingly, the Department's determination is **REVERSED**.

THE DEPARTMENT IS ORDERED TO INITIATE THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE THE ORDER WAS ISSUED:

1. Redetermine Petitioner's MA eligibility for HMP based on the calendar year.
2. Issue an updated Health Care Coverage Determination Notice once the Redetermination is completed.



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**Vicki Armstrong**  
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

