



RICK SNYDER
GOVERNOR

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

MIKE ZIMMER
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: April 11, 2016
MAHS Docket No.: 16-001416
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Alice C. Elkin

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 March 30, 2016, from Detroit, Michigan. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by [REDACTED], Hearing Facilitator.

ISSUE

Did the Department properly determine that Petitioner was eligible for Medicaid (MA) subject to a monthly \$1321 deductible?

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 an ongoing recipient of MA under the Healthy Michigan Program (HMP).
2. Petitioner lives with her husband and two minor children in Wayne County.
3. Petitioner is [REDACTED] years old and is not a Medicare recipient.
4. The only income received by Petitioner's household is Petitioner's husband's earned income.

5. In connection with an MA redetermination, Petitioner submitted two current paystubs for her husband: (i) a paystub dated January 15, 2016 in the gross amount of \$1423.08 and (ii) a paystub dated December 31, 2015 in the gross amount of \$1423.08 (Exhibit A, pp. 5-6).
6. The Department processed Petitioner's redetermination for MA eligibility and notified her that, effective March 1, 2016, she was eligible for MA subject to a monthly \$1321 deductible.
7. On February 12, 2016, the Department received Petitioner's written request for hearing disputing her MA coverage.

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 Modified Adjusted Gross Income Related Eligibility Manual (MREM), 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.

Petitioner requested a hearing to dispute the Department's finding that she was eligible for MA coverage subject to a \$1321 monthly deductible. The Department explained that Petitioner had been receiving full-coverage MA under HMP, but, after her redetermination was processed, the Department concluded that Petitioner was no longer eligible for HMP but was eligible for MA coverage under the Group 2 Caretaker (G2C) program subject to a \$1321 monthly deductible.

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. BEM 137 (January 2016), p. 1.

The Department explained that when it processed Petitioner's redetermination using her husband's updated employment income, Petitioner was no longer income-eligible for HMP. 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, Petitioner testified that she and her husband filed federal taxes jointly and claimed their two minor children as dependents. Therefore, for MAGI purposes, she has a household size of four. BEM 211 (January 2016), pp. 1-2. 133% of the annual FPL in 2016 for a household with four members is \$32,319. <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed \$32,319.

In connection with her redetermination, Petitioner submitted her husband's paystubs showing gross income of \$1423.08 paid on December 31, 2015 and gross income of \$1423.08 paid on January 15, 2016 (Exhibit A, pp. 5-6). Based on verified income, Petitioner's husband's monthly income was \$2846. When Petitioner's monthly \$2846 income is multiplied by 12, the result is annual income of \$34,153.92. Petitioner's annual income of \$34,153.92 is greater than the \$32,319 income limit for HMP eligibility for Petitioner's household size. However, if an individual's group's income is within 5% of the FPL for the applicable group size, a disregard is applied, making the person eligible for MA. MREM, § 7.2. 5% of the FPL for a four-person group is \$1215. Petitioner's household's annual income of \$34,153.92 less \$1215 is \$32,938.92. Because \$32,938.92 remains over the HMP income limit of \$32,319, Petitioner is not income-eligible for HMP even when the 5% disregard is applied. Therefore, the Department properly closed Petitioner's MA case under the HMP program.

Although Petitioner was not eligible for HMP coverage, the Department, in accordance with Department policy, reviewed Petitioner's circumstances and determined that, because she was the parent of a dependent child in her home, she was eligible for MA coverage under the G2C program. See BEM 105 (January 2016), p. 2; BAM 220 (January 2016), pp. 17-19; BAM 210 (January 2016), p. 1; BEM 135 (October 2015), p. 1.

G2C is a Group 2 MA program. Under Group 2 MA categories, eligibility for MA coverage is possible even when net income exceeds the income limit for full MA coverage. BEM 105 (October 2014), p. 1. In such cases, the client is eligible for MA coverage with a deductible, with the deductible equal to the amount the individual's net income (countable income minus allowable income deductions) exceeds the applicable Group 2 MA protected income level (PIL), which is based on the client's shelter area (county in which the client resides) and fiscal group size. BEM 135, p. 2; BEM 544 (July 2013), p. 1; RFT 240 (December 2013), p. 1.

For purposes of Group 2 MA eligibility, Petitioner, who is married, has an MA fiscal group size of two. BEM 211 (January 2015), p. 8. Because she lives in Wayne County, her PIL is \$500. RFT 200 (December 2013); RFT 240, p. 1. Thus, if her household's

net income, calculated in accordance with BEM 536 (January 2014), pp. 1-7, exceeds \$500, Petitioner is eligible for MA assistance under the deductible program, with the deductible equal to the amount that her monthly income exceeds \$500.

The Department presented a copy of the G2-FIP related MA net income budget showing the calculation of Petitioner's monthly deductible (Exhibit A, p. 7). The budget shows that Petitioner's husband's prorated income is \$467. An adult's prorated income is determined by dividing monthly budgetable income, calculated in accordance with BEM 536 (January 2014), pp. 1-4, by the adult's applicable prorate divisor, which is the sum of 2.9 and the number of dependents living with the adult. BEM 536, p. 4.

For purposes of determining an adult's eligibility for Group 2 MA, only the income for the adult and her spouse, if any, is considered. BEM 211, p. 5. Petitioner confirmed that her household's sole income was her husband's employment income. As discussed above, Petitioner's husband earns \$2846 monthly. Under BEM 536, this income is reduced by \$90 to arrive at net individual income of \$2756. BEM 536, p. 4. For purposes of determining the prorate divisor, dependent means the adult's spouse and unmarried children under age 18. BEM 536, p. 4. In this case, Petitioner is married and she and her husband live with their two minor children. Therefore, Petitioner has three dependents, and her prorate divisor is 2.9 plus three, or 5.9. Petitioner's husband's prorated income is \$2756 divided by 5.9, or \$467 as shown on the budget.

For MA purposes, the fiscal *group's* net income for an adult where there is a spouse in the fiscal group and the spouse is the only party with income is 3.9 times the spouse's prorated share of the spouse's income. Petitioner's husband's prorated income of \$467 multiplied by 3.9 results in net income for Petitioner's fiscal group of \$1821.

Net income is reduced by allowable needs deductions for health insurance premiums (which includes Medicare premiums paid by the household) or remedial services for individuals in adult foster care home or home for the aged. BEM 544, pp. 1-2. There were no remedial services applicable to Petitioner's case. In her redetermination, Petitioner indicated that her husband had other medical insurance coverage effective January 1, 2016 but she does not indicate that the household's expenses have changed (Exhibit B, p. 4). For MA redeterminations, verifications are due the same date as the redetermination/review interview, or if an interview is not required, the date the packet is due. BAM 210 (January 2016), p. 14. At the hearing, Petitioner admitted she had not submitted any verification of the insurance premiums with her redetermination. A deduction for insurance premiums is not evident from a review of the submitted paystubs, and there was no indication that there were expenses incurred for the insurance coverage. Because none of the documentation submitted with the redetermination evidenced Petitioner's husband's responsibility for insurance premiums, the Department acted in accordance with policy when those expenses were not considered as allowable needs deductions. Petitioner is advised that verification of those expenses can affect the deductible calculation for future months.

Because Petitioner's group's net income of \$1821 exceeds the applicable \$500 PIL by \$1321, the Department acted in accordance with Department policy when it determined that Petitioner was eligible for MA coverage subject to a monthly \$1321 deductible.

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 eligible for MA subject to a monthly \$1321 deductible.

DECISION AND ORDER

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



ACE/tlf

Alice C. Elkin

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

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