



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: May 25, 2016  
MAHS Docket No.: 16-003576  
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 3, 2016, from Lansing, Michigan. Petitioner appeared and testified. Hearing Facilitator [REDACTED] appeared for the Department and testified. Department's Exhibit A, pages 1 – 22 was admitted into evidence.

### **ISSUE**

Did the Department properly determine Petitioner's Medical Assistance (MA) eligibility on February 17, 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 was an ongoing recipient of Medical Assistance (MA) benefits under the Healthy Michigan Plan. Petitioner is self-employed.
2. On February 17, 2016, Petitioner was sent a Health Care Coverage Determination Notice (DHS-1606) which stated Petitioner was not eligible for Medical Assistance (MA) from March 1, 2016 ongoing. The notice also stated that Petitioner's annual income was \$ [REDACTED] and that she was not eligible for the Healthy Michigan Plan because her income exceeds the income limit.
3. On March 10, 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.

The Department has the initial burden of going forward with evidence to show that their eligibility determination is correct. In this case the Department entered Petitioner's reported gross, self-employed earned income data into the BRIDGES computer program and BRIDGES issued a Health Care Coverage Determination Notice (DHS-1606) stating Petitioner was not eligible because her annual income was \$30,960 and that exceeds the income limit for the Healthy Michigan Plan.

42 CFR 435.603 provides:

§ 435.603 Application of modified adjusted gross income (MAGI).

(a) Basis, scope, and implementation.

(1) This section implements section 1902(e)(14) of the Act.

(2) Effective January 1, 2014, the agency must apply the financial methodologies set forth in this section in determining the financial eligibility of all individuals for Medicaid, except for individuals identified in paragraph (j) of this section and as provided in paragraph (a)(3) of this section.

(3) In the case of determining ongoing eligibility for beneficiaries determined eligible for Medicaid coverage to begin on or before December 31, 2013, application of the financial methodologies set forth in this section will not be applied until March 31, 2014 or the next regularly-scheduled renewal of eligibility for such individual under § 435.916 of this part, whichever is later.

(c) *Basic rule.* Except as specified in paragraph (i) and (j) of this section, the agency must determine financial eligibility for Medicaid based on "household income" as defined in paragraph (d) of this section.

(d) Household income—(1) General rule.

Except as provided in paragraphs (d)(2) and (d)(3) of this section, household income is the sum of the MAGI-based income, as defined in paragraph (e) of this section, of every individual included in the individual's household, minus an

amount equivalent to 5 percentage points of the Federal poverty level for the applicable family size.

(e) *MAGI-based income*. For the purposes of this section, MAGI-based income means income calculated using the same financial methodologies used to determine modified adjusted gross income as defined in section 36B(d)(2)(B) of the Code.

Income eligibility for the Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology. Bridges Eligibility Manual (BEM) 137 Healthy Michigan Plan (1/1/2016) In accordance with the Modified Adjusted Gross Income Related Eligibility Manual (May 28, 2014):

Modified adjusted gross income (MAGI) is a methodology for how income is counted and how household composition and family size are determined. It is based on federal tax rules for determining adjusted gross income. It eliminates asset tests and special deductions or disregards.

The Department submitted a MAGI Eligibility Determination printout (Department's Exhibit A page 5). The printout lists a monthly income amount for Petitioner. However, the printout also shows that her "MAGI Income Total Amount (Annually)" is \$0.00.

The Department representative testified that this eligibility determination is incorrect because no form of verification for Petitioner's self-employment expenses were requested or used in calculating her annual income. This is just one of many hearings conducted by this Administrative Law Judge where the Department has calculated a gross income amount and substituted that gross income amount for an applicant or recipient's MAGI.

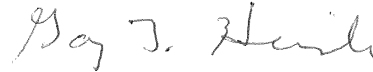
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department did not act in accordance with Department policy when it determined Petitioner's Medical Assistance (MA) eligibility on February 17, 2016.

### **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) and determine her ongoing eligibility in accordance with Department policy.



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


**Petitioner**

[REDACTED]