



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: June 13, 2016
MAHS Docket No.: 16-003929
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 12, 2016, from Lansing, Michigan. Petitioner appeared and testified. Family Independence Manager [REDACTED] appeared for the Department and testified. Department's Exhibit A, pages 1 - 34 was admitted into evidence.

ISSUE

Did the Department properly determine Petitioner's Medical Assistance (MA) eligibility on March 9, 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 and her spouse were ongoing recipients of Medical Assistance (MA) benefits under the Health Michigan Plan. Their eligibility was due for redetermination by April 1, 2016.
2. On March 4, 2016, Petitioner submitted a Redetermination (DHS-1010) form along with their 2015 federal tax return documents to include: Form 1040; Schedule B; Schedule E; Schedule F; Form 4136; Form 4562; and Form 8903. The Form 1040 showed an adjusted gross income of \$ [REDACTED]

3. On March 9, 2016, Petitioner was sent a Health Care Coverage Determination Notice (DHS-1606) which stated they were not eligible because they exceeded the income limit.
4. On March 21, 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. 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.

In this case the Department took the dollar values from Petitioner's federal tax return, applied sections of Bridges Eligibility Manual (BEM) 502 Income From Self-Employment and Bridges Eligibility Manual (BEM) 504 Income From Rental/Room and Board and determined that Petitioner had an annual income of \$ [REDACTED] which exceeds the MAGI income limit for a group of two.

The Hearing Summary (DHS-3050) indicates that the Department recalculated Petitioner's MAGI by not allowing "the losses reported for farming income and rental income as per BEM 502 page. 4 a net farming loss of income is not applied to the budget for MA programs and per BEM 504 pg. 4 Bridges will not deduct expenses exceeding the gross rental income from other types of income."

BEM 502 page 3 under Countable Self-Employment Income states:

Note: MAGI related Medicaid uses net income as declared on the federal tax return.

BEM 502 page 4 for Farming Expenses specifies that the section is applicable to Family Independence Program (FIP), Refugee Cash Assistance (RCA), SDA, Child Development and Care (CDC), and Food Assistance Program (FAP). The section is not applicable to Medical Assistance (MA).

Review of Petitioner's Schedule E reports a loss from rental of land. BEM 504 page 2 under Farm Land Rental states "See BEM 502, SELF-EMPLOYMENT EXPENSES, for the types of actual expenses that can be allowed." That is where the note "MAGI related Medicaid uses net income as declared on the federal tax return" is found.

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 March 9, 2016.

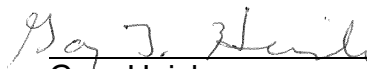
DECISION AND ORDER

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 re-determination and re-determine HMP eligibility from April 1, 2016 ongoing in accordance with Department policy to include issuing current notice of the re-determined eligibility.

GH/nr



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

[REDACTED]

Petitioner

[REDACTED]