



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: August 26, 2016
MAHS Docket No.: 16-009970
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

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 August 22, 2016, from Detroit, Michigan. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by [REDACTED], hearing facilitator.

ISSUE

The issue is whether MDHHS properly determined Medical Assistance (MA) eligibility for Petitioner's children.

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's children were ongoing Medicaid recipients.
2. Petitioner's household included her two biological children and her spouse (Petitioner's children's stepfather).
3. Petitioner's and her husband's adjusted gross income was [REDACTED].
4. Petitioner's two children each received [REDACTED]/month in child support and [REDACTED] in RSDI.

5. Petitioner received monthly RSDI benefits of [REDACTED].
6. On [REDACTED], MDHHS determined Petitioner's children were eligible to receive Medicaid subject to a [REDACTED]/month deductible, effective August 2016.
7. On [REDACTED], Petitioner requested a hearing to dispute the determination of Medicaid.

CONCLUSIONS OF LAW

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. MDHHS (formerly known as the Family Independence Agency) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing to dispute a determination of MA for her two children. MDHHS presented a Health Care Coverage Determination Notice (Exhibit 1, pp. 1-3) dated [REDACTED]. Petitioner's children were approved for Medicaid, subject to a [REDACTED]/month deductible. Petitioner contended her children should have been eligible for Medicaid without a deductible.

The presented notice listed various denial reasons for various Medicaid categories. The most relevant listed categories were Medicaid for children under the age of 19 years (U19), MIChild, and Other Healthy Kids (OHK). The presented notice indicated Petitioner's children were ineligible for these categories due to excess income.

MAGI for purposes of Medicaid eligibility is a methodology which state agencies and the federally facilitated marketplace (FFM) must use to determine financial eligibility. BEM 500 (January 2016), p. 4. It is based on Internal Revenue Service (IRS) rules and relies on federal tax information to determine adjusted gross income. *Id.*, pp. 3-4. It eliminates asset tests and special deductions or disregards. *Id.*, p. 4. Every individual is evaluated for eligibility based on MAGI rules. *Id.* 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. *Id.* MAGI policies are found in the Medicaid Provider Manual and Modified Adjusted Gross Income Related Eligibility Manual (MAGIM).

Under Age 19 (U-19/HKE) is a MAGI-related Group 1 MA category. BEM 131 (June 2015), p. 2. U-19 Medicaid is available to children under the age of 19 whose household income does not exceed the Federal Poverty Level (FPL). *Id.* There are different MAGI

U-19 categories which are defined by the household income. *Id.* The MAGI U-19 income limits for Low Income Families (LIF), Other Healthy Kids (OHK) and the Healthy Kids Expansion (HKE) are:

- MAGI U-19 LIF 0-54 percent of the FPL for children aged 0-19.
- MAGI U-19 OHK 54-143 Percent of the FPL for children aged 0-19
- MAGI U-19 HKE 143-160 percent of the FPL for children aged 0-6
- MAGI U-19 HKE 109-160 percent of the FPL for children aged 6-19. *Id.*

MiChild is a MAGI-related Medicaid Expansion program for children who are under 19 years of age and who have no other health coverage. BEM 130 (July 2016), p. 1. MiChild income eligibility for children 1 through 18 years of age ranges from 160-212% of the FPL [federal poverty limit]. *Id.*

Based on MDHHS policy, the most generous income limit for which Petitioner's children could receive Medicaid through a MAGI-related category is through MiChild. Though a budget was not presented, sufficient evidence was presented to determine if MDHHS properly denied MiChild eligibility to Petitioner's children.

Petitioner's household included her two children and her husband who is her children's stepfather. Petitioner testified that her children are not dependents because their biological father claims them as dependents. Petitioner testimony conceded her children were not tax filers.

[For purposes of MAGI-related eligibility,] the household for a non-tax filer who is not claimed as a tax dependent, consists of:

- Individual
- Individual's spouse
- The individual's natural, adopted and step children under the age of 19 or under the age of 21 if a full time student.
- If the individual is under the age of 19 (or under 21 if a full time student), the group consists of individual's natural, adopted and step parents and natural, adoptive and step siblings under the age of 19 (or under 21 if a full time student). MAGIM (May 28, 2014), p. 12.

Petitioner contended her children's stepfather (and his income) should not be factored in the MA determination. As noted above, stepfathers are part of the group for children under 19; siblings and biological parents are also included. Thus, Petitioner's group for purposes of MAGI-related eligibility includes all 4 household members.

The FPL for a family of 4 persons is [REDACTED]. An income limit based on 212% of the FPL is [REDACTED].

It was not disputed Petitioner's and her husband's verified adjusted gross income for 2015 was [REDACTED]. Thus, Petitioner's children are not income-eligible to receive MiChild. It can be deduced that Petitioner's children would also not be eligible to receive G2U or HKE, which have identical income calculations but lower income limits.

Though Petitioner's children are not eligible under a MAGI category, they may be eligible for Group 2 Medicaid for being under 21 years old (G2U). G2U is a non-MAGI Medicaid category for persons under 21 years of age (see BEM 105 (January 2016), p. 4.)

Income eligibility [for G2U] exists when net income does not exceed the Group 2 needs in BEM 544. BEM 132 (January 2015), p. 2. [MDHHS is to] apply the Medicaid policies in BEM 500, 530 and 536 to determine net income. *Id.* Notable differences from the MAGI calculation are inclusion of child support income, inclusion of the children's RSDI income, and exclusion of the stepfather and his income from the group.

The calculation begins with determining each member's pro-rated income. The calculation begins by determining each group member's monthly income. Each of Petitioner's children received [REDACTED] in child support and [REDACTED] in RSDI benefits. MDHHS applies a [REDACTED] deduction for child support income; thus, each child's countable income is [REDACTED]. Each child's pro-rated income is calculated by dividing the countable income [REDACTED] by the sum of 2.9 and any dependents. Neither of Petitioner's children have dependents. Each of Petitioner's children's pro-rated income is found to be [REDACTED] (dropping cents).

Petitioner's pro-rated income is calculated in the same method. Petitioner received [REDACTED] in RSDI benefits. Petitioner has 4 dependents (herself, spouse, and 2 children). Thus, Petitioner's pro-rated income is calculated by dividing [REDACTED] by 6.9. Petitioner's pro-rated income is found to be [REDACTED] (dropping cents).

The pro-rated income of Petitioner and each child is multiplied by 2.9 to respectively determine the mother and children's share of the mother's income ([REDACTED]) and the children's share of each child's own income ([REDACTED]). These amount are added together to determine a total net income of [REDACTED].

Deductions are given for insurance premiums, remedial services and ongoing medical expenses. There was no evidence of countable expenses.

The income limit for G2C eligibility for a 2-person group in Petitioner's area is [REDACTED] (see RFT 240 (December 2013), p. 1). The amount that Petitioner's children's net income exceeds the income limit is the amount of deductible. Petitioner's children's deductible is calculated to be [REDACTED], the same amount as calculated by MDHHS.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Petitioner's children's MA eligibility as Medicaid subject to a [REDACTED]/month deductible. The actions taken by MDHHS are **AFFIRMED**.

CG/hw



Christian Gardocki
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]

[REDACTED]

Petitioner

[REDACTED]