



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: September 7, 2016
MAHS Docket No.: 16-010607
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 31, 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 terminated Petitioner's Medical Assistance (MA) eligibility through Healthy Michigan Plan (HMP).

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 HMP recipient, along with his spouse.
2. Petitioner and his spouse lived with their 3 biological children.
3. Petitioner received employment income of [REDACTED]/week.
4. On May 15, 2016, MDHHS determined Petitioner and his wife were ineligible for HMP benefits due to excess income, and determined Petitioner and his spouse to be eligible for Medicaid subject to a [REDACTED]/month deductible; Petitioner also disputed Food Assistance Program (FAP) eligibility.

5. On July 28, 2016, Petitioner requested a hearing to dispute the determination of MA eligibility.
6. Petitioner verbally withdrew his FAP benefit dispute.

CONCLUSIONS OF LAW

The Food Assistance Program (FAP) [formerly known as the Food Stamp program] is established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 to 2036a and is implemented by the federal regulations contained in 7 CFR 273. MDHHS (formerly known as the Department of Human Services) administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing, in part, to dispute a determination of FAP eligibility. Petitioner testified that since he requested a hearing, MDHHS changed his FAP eligibility. Petitioner testified he was satisfied with the change in FAP benefits and no longer needs a hearing to dispute FAP eligibility. Petitioner's hearing request will be partially dismissed based on Petitioner's withdrawal of his FAP benefit dispute.

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, in part, to dispute MA eligibility. MDHHS testimony indicated Petitioner and his wife were eligible for Medicaid subject to a [REDACTED]/month deductible. Petitioner contended that he and his wife were eligible for Medicaid without a monthly deductible.

The Medicaid program comprise [sic] several sub-programs or categories. BEM 105 (July 2016), p. 1. To receive MA under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. *Id.* Medicaid eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild and Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology. *Id.*

Petitioner and his spouse did not allege to be blind disabled, or aged. Thus, Petitioner and his spouse do not appear to be eligible for SSI-Related MA categories. Two potential MA categories for Petitioner and his spouse are G2C and HMP.

MDHHS presented G2C budgets (see Exhibit 1, pp. 1-2). G2C eligibility is based on guidelines from BEM 536.

To determine G2C eligibility, MDHHS should have begun by calculating Petitioner's pro-rated income. Pro-rated income is calculated by dividing Petitioner's monthly income (██████), subtracting a standard employment income credit (██████), and dividing the difference by the sum of 2.9 and Petitioner's dependents (4). Petitioner's pro-rated income is determined to be ██████.

Petitioner's pro-rated income is multiplied by 2.9 to determine Petitioner's share of his own income. This amount is added to the pro-rated income amount to determine the total net income. Petitioner's net income for purposes of G2C eligibility is found to be ██████.

Deductions are given for insurance premiums, remedial services and ongoing medical expenses. No such expenses were alleged.

The income limit for G2C eligibility for a 2-person group in Petitioner's residential area is ██████ (see RFT 240 (December 2013), p. 1). The amount that net income exceeds the income limit is the amount of deductible. Thus, under G2C, Petitioner is eligible for Medicaid subject to a ██████/month deductible. A functionally identical calculation would apply to Petitioner's spouse.

It is found MDHHS properly determined Petitioner's G2C eligibility. The analysis will proceed to determine Petitioner's HMP eligibility.

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).

MDHHS did not present an HMP budget. Despite the budget's absence, it can be determined if MDHHS properly determined Petitioner and his spouse to be ineligible for HMP benefits based on excess income.

It was not disputed Petitioner was part of a household which included his spouse and 3 minor children. It was not disputed all 5 group members were members of the HMP group.

HMP income limits are based on 133% of the federal poverty level. RFT 246 (April 2014), p. 1. The federal poverty level is \$28,440 for a five-person group. To be income-eligible for HMP benefits, Petitioner's income would have to fall at or below \$37,825.20/year.

It was not disputed that Petitioner's group's only income was [REDACTED]/week from employment. Multiplying Petitioner's weekly income by 52 results in an annual income of [REDACTED]

Petitioner's HMP group's income is substantially less than HMP income limits. Accordingly, it is found MDHHS improperly determined Petitioner and his spouse to be ineligible for MA through the HMP program.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that Petitioner withdrew his dispute concerning FAP benefits. Petitioner's hearing request is **PARTIALLY DISMISSED**.

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS improperly determined Petitioner's MA eligibility. It is ordered that MDHHS begin to perform the following actions within 10 days of the date of mailing of this decision:

- (1) Reinstate Petitioner's HMP eligibility, effective July 2016; and
- (2) Redetermine Petitioner's and his spouse's MA eligibility, effective July 2016, subject to the finding that Petitioner and his spouse are income-eligible to receive HMP benefits.

The actions taken by MDHHS are **REVERSED**.

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]