



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: September 23, 2016
MAHS Docket No.: 16-011510
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 September 15, 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 close Petitioner's Medicaid (MA) case effective September 1, 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 MA benefits under the Transitional MA (TMA) program.
2. On July 8, 2016, Petitioner submitted a completed redetermination to the Department (Exhibit B).
3. The Department processed the redetermination and on July 27, 2016 sent Petitioner a Health Care Coverage Determination Notice notifying her that effective September 1, 2016, she was no longer eligible for MA coverage (Exhibit A).

4. On August 8, 2016, the Department received Petitioner's request for hearing disputing the closure of her MA case.

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.

Petitioner disputed the closure of her MA case. The Department explained that Petitioner received MA coverage under the TMA program from July 1, 2016 through August 31, 2016. TMA is available for up to twelve months following a client's ineligibility for MA under the Low-Income Family (LIF) program due to excess employment income. BEM 111 (April 2015), p. 1. Because Petitioner received MA coverage under the TMA program for over twelve months, she was no longer eligible for MA coverage under that program.

Before a client's MA case closes, an ex parte review must be conducted to determine whether a client is eligible for MA under any other category. BEM 111, p. 2. MA is available (i) under SSI-related categories to individuals who are aged (65 or older), blind or disabled, (ii) to individuals who are under age 19, parents or caretakers of children, or pregnant or recently pregnant women, and (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage. BEM 105 (July 2016), p. 1; BEM 137 (January 2016), p. 1. 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 evidence at the hearing established that Petitioner was not over age 65, and there was no evidence presented that she was disabled or blind. Therefore, Petitioner was not eligible for MA under an SSI-related category. There was no evidence that she was pregnant or recently pregnant, but the evidence established that she cared for her ■■■ year old child who lives in the home with her. Because the child is under ■■■ years old,

Petitioner is eligible for MA as a parent under the LIF program, if she does not exceed the income limit for eligibility. BEM 110 (January 2014), p.1; BEM 131 (June 2015), p. 1. Because there was no evidence that Petitioner was a Medicare recipient and because she is between age 19 and 64, she is also eligible for MA under the HMP program if she meets the income eligibility standard. If she exceeds the income limit for LIF or HMP, she is not eligible for MA coverage subject to a deductible under a Group 2 Caretaker/Relative (G2C) program because her child is over age 18 and, as indicated in the redetermination Petitioner submitted to the Department, not engaged in a full-time program to complete high school. See BEM 135 (October 2015), pp. 1, 3.

Income eligibility for MA under the LIF and HMP programs is based on the MAGI methodology. BEM 137, p. 1; BEM 110, p. 1. An adult with a dependent child and income under 54% of the FPL for her group size is LIF eligible. BEM 110, p. 1. An adult with income under 133% of the FPL for her group size is HMP eligible.

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 was a tax filer and claimed her daughter as a dependent. Therefore, for MAGI purposes, she has a household size of two. BEM 211 (January 2016), pp. 1-2. 54% of the annual FPL in 2016 for a household with two members is [REDACTED]. 133% of the annual FPL in 2016 for a household with two members is [REDACTED]. <https://aspe.hhs.gov/poverty-guidelines>. The Department has not clearly identified whether income eligibility for current MA beneficiaries is to be based on current monthly or projected annual household income. 42 CFR 435.603(h)(2). If based on currently monthly income, monthly income cannot exceed [REDACTED] to be income-eligible for LIF or exceed [REDACTED] to be income-eligible for HMP.

In this case, both Petitioner and her daughter had earned income. Petitioner submitted paystubs showing that she earned [REDACTED] in gross income on [REDACTED] and [REDACTED] in gross income on [REDACTED] (Exhibit C) and her daughter earned [REDACTED] on [REDACTED] and [REDACTED] on [REDACTED] (Exhibit D).

In determining Petitioner's income, the Department must consider her household income, which means the sum of (i) her MAGI income **plus** (ii) the MAGI income of all other individuals who are taken into account in determining her family size **and** who are expected to be required to file a tax return for the taxable year. 26 USC § 36B(d)(2)(A); 42 CFR 435.603(d)(2)(ii). An unmarried tax dependent is required to file a federal tax return if she earns more than [REDACTED]. See IRS Publication 929.

Based on her paystubs, Petitioner has monthly income of [REDACTED]. Because there are no adjustments required, her MAGI-based income is [REDACTED]. Therefore, while she exceeds the income limit for LIF eligibility, if only her income is considered, she is eligible for HMP coverage. Even though Petitioner indicated in her redetermination that her daughter planned to file a tax return, her daughter's income is considered in calculating Petitioner's MA household income only if the daughter is *required* to file a

federal tax return for the 2016 taxable year. Petitioner's daughter's monthly income based on the paystubs provided was [REDACTED]. The paystubs showed, consistent with Petitioner's testimony, that her daughter had recently started working at the employer at the time her paystubs were submitted, with year to date earnings (when the [REDACTED] pay is removed) of [REDACTED]. When the daughter's monthly income of [REDACTED] is multiplied by the seven months between June 2016 and December 2016 and added to the [REDACTED] earned before June 2016, her income for 2016 is just over [REDACTED]. Because Petitioner's daughter is anticipated to earn more than [REDACTED] for 2016, she would be expected to file a federal tax return for 2016.

Because Petitioner's daughter is expected to file a tax return, her monthly MAGI-income would be included in determining Petitioner's MA eligibility. When Petitioner's daughter's [REDACTED] monthly income is added to Petitioner's [REDACTED] monthly income, Petitioner's household's monthly income totals [REDACTED]. Because Petitioner's household MAGI-income of [REDACTED] exceeds the [REDACTED] monthly income limit for HMP eligibility, Petitioner was not eligible for any MA categories. Therefore, the Department acted in accordance with Department policy when it closed Petitioner's MA case.

Petitioner is advised that she may reapply for MA if her income, or other circumstances, change.

DECISION AND ORDER

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 closed Petitioner's MA case.

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

DHHS

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Petitioner

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Via Email:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]