



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: October 3, 2016
MAHS Docket No.: 16-011859
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris

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 [REDACTED] from Detroit, Michigan. The Petitioner was represented by herself. The Department of Health and Human Services (Department) was represented by [REDACTED] Assistance Payments Worker, and [REDACTED], Assistance Payments Supervisor, Hearing Facilitator.

ISSUE

Did the Department properly close the Petitioner's Medical Assistance (MA), 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. The Petitioner was an ongoing recipient of HMP health care benefits.
2. The Petitioner completed a redetermination for [REDACTED] and provided the Department two pay stubs from her employment. Exhibit 5 and Exhibit 6.
3. The pay stubs were issued for [REDACTED], with gross taxable wages of \$ [REDACTED] and [REDACTED], with gross taxable wages of \$ [REDACTED] Exhibit 5 and 6.

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 disputes the Department's closure of her MA case. The Department explained that Petitioner was approved for MA under the HMP program; but when her income was recalculated in connection with her redetermination, she was found income-ineligible for HMP coverage; and she was ineligible for MA under any other MA category.

MA is available (i) under Supplemental Security Income (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 HMP coverage. BEM 105 (October 2014), p. 1. The evidence at the hearing established that Petitioner was not 65 years old and not the parent or caretaker of a minor child. There was no evidence presented that she was disabled or blind. Accordingly, the only MA category available to Petitioner was HMP.

HMP is a Modified Adjusted Gross Income (MAGI)-related MA category that 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 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.

In this case, the Department concluded that Petitioner was not eligible for HMP because her income exceeded the applicable income limit. An individual is eligible for HMP if his/her household's income does not exceed 133% of the FPL applicable to the individual's group size. An individual's group size, for MAGI purposes, requires consideration of the client's tax filing status. For HMP purposes, the Petitioner has a household size of one. BEM 211 (October 2016), pp. 1-2. 133% of the annual FPL in 2016 for a household with one member is \$ [REDACTED]. See <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed \$ [REDACTED].

In this case, the Department, after the Petitioner completed a redetermination, determined that the Petitioner was no longer eligible for MA with HMP coverage. The Department determined that the Petitioner's income exceeded the HMP limit of \$ [REDACTED] based upon a household size of one person. Exhibit 7. The Department issued a Health Care Coverage Determination Notice on [REDACTED], closing the MA case effective [REDACTED]. Exhibit 7.

The Department provided as evidence two pay stubs for [REDACTED] which were provided to the Department, but at the time of the redetermination. The pay stubs were in the gross amount of \$ [REDACTED] for [REDACTED] and \$ [REDACTED] for [REDACTED]. The Department used this information to determine whether the Petitioner was eligible for HMP. The Petitioner confirmed that the pay stubs were accurate. Exhibits 5 and 6. Using these pay stubs, the Department determined that the Petitioner's monthly income, which it budgeted to determine her MA eligibility, was \$ [REDACTED]. Exhibit 4. Taking this monthly income and multiplying it times 12 months results in an annual income of \$ [REDACTED]. While the Department determined a higher annual income in denying the Petitioner's HMP coverage, using the correct pay stub amount results in income which exceeds the \$ [REDACTED] to qualify for eligibility for HMP for a household size of one. Exhibit 7.

To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. BEM 500 (January 2016), p. 3. MAGI is based on Internal Revenue Service rules and relies on federal tax information. BEM 500, p. 3. Income is verified via electronic federal data sources in compliance with MAGI methodology. MREM, § 1. If the client's attested income is below the income threshold for eligibility for a MAGI-related MA category but the income reported by the trusted data source is above the income threshold and the difference is greater than 10%, the income is not reasonably compatible and the individual is required to provide proof of attested income. BEM 500, p. 5.

In this case, based on information from the [REDACTED], Health Care Coverage Determination Notice, the income reported by trusted data sources was \$ [REDACTED] which was in excess of the HMP income limit. Therefore, the Department was required to verify Petitioner's income to determine his eligibility for HMP, which it did when it received pay stubs submitted by Petitioner with her redetermination. Using the two pay stubs provided by the Petitioner, resulted in income of \$ [REDACTED] which is also in excess of the \$ [REDACTED] income limit.

At the hearing, the Department indicated that it used the Petitioner's gross income from both checks. However, the Department is required to use the Federal Taxable wages which were reported and show on the pay stub. The "federal taxable wages" for each income earner in the household, as shown on the paystub, should be used or, if not shown on the paystub, by using gross income before taxes reduced by any money the employer takes out for health coverage, child care, or retirement savings. This figure is multiplied by the number of paychecks the client expects in 2016 to estimate income for the year. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>.

Notwithstanding the federal taxable wages were not used in calculating income eligibility, the failure to use this income when determining eligibility does not change the outcome in this case as the difference is only less than \$ [REDACTED] per pay or \$ [REDACTED] per month. Therefore, the Department demonstrated that it complied with Department policy when it closed the Petitioner's HMP.

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 the Petitioner's HMP due to excess income over the income eligibility limit for HMP as discussed above.

Accordingly, the Department's decision is **AFFIRMED**.

LMF/jaf



Lynn M. Ferris

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]

Via email

[REDACTED]