



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: December 27, 2016
MAHS Docket No.: 16-015143
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 November 28, 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 was a member of a tax-filing group, along with her spouse and 3 children.
2. One of Petitioner's children is a special needs child.
3. Petitioner's children were ongoing Medicaid recipients.
4. On [REDACTED], MDHHS determined Petitioner's special need child to be eligible for Medicaid subject to a [REDACTED]/month deductible, in part, based on a 4-person tax-filing group.

5. On [REDACTED], Petitioner requested a hearing to dispute the determination of Medicaid for her special needs child.

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 termination of Medicaid eligibility. Petitioner testified her dispute was limited only to the termination of Medicaid for her son with special needs. MDHHS presented a Health Care Coverage Determination Notice (Exhibit 1, pp. 13-17) dated August 30, 2016. The notice approved Petitioner's child for Medicaid subject to a [REDACTED] monthly 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) and MICHild. The presented notice indicated Petitioner's children were ineligible for these MAGI 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 highest 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.

MDHHS presented Petitioner's spouse's income history (Exhibit 1, p. 4-8). Petitioner's spouse's 2015 income was listed as [REDACTED]. Petitioner's spouse's 2016 income (through September 24, 2016) was [REDACTED].

Dividing Petitioner's spouse's 2016 income by 20 biweekly pay periods results in an average biweekly pay period income of [REDACTED]. Dividing Petitioner's spouse's 2015 income by 26 pay periods results in an average biweekly income of [REDACTED]. For purposes of this decision, the lower and more favorable income for Petitioner's spouse will be accepted as what was relied on by MDHHS. Projecting Petitioner's spouse's biweekly income to a full year would result in an annual income of [REDACTED].

It was not disputed Petitioner and her spouse were members of a 5-person tax-filing group and household. The FPL for a family of 4 persons is \$28,440. An income limit based on 212% of the FPL is \$60,292.80.

Presented evidence strongly suggests Petitioner's child is ineligible for MA benefits due to excess income. Despite evidence of ineligibility, the MDHHS determination of MA benefits cannot be affirmed.

MDHHS presented a MAGI Eligibility Determination (Exhibit 1, p. 12). The document verified the number of persons factored in the MA determination. The document stated that only 4 persons were factored. MDHHS testimony conceded that one of Petitioner's children were wrongly excluded as part of the tax group. Though MDHHS may have ultimately made the proper determination in terminating Medicaid to Petitioner's child, the calculation was erroneous.

It is found MDHHS improperly determined Petitioner's child's MAGI eligibility. MDHHS will be ordered to redetermine Petitioner's child's MAGI eligibility.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS improperly determined Petitioner's child'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) Redetermine Petitioner's child's MA eligibility subject to the finding that Petitioner's tax group is 5 persons; and

(2) Issue any benefits, if any, improperly not issued.

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]