



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 20, 2016  
MAHS Docket No.: 16-015634  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE:** C. Adam Purnell

**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 December 13, 2016, from Lansing, Michigan. Petitioner appeared and represented herself. [REDACTED] [REDACTED] Hearing Facilitator, appeared on behalf of the Department of Health and Human Services (Department). [REDACTED] [REDACTED] Eligibility Specialist, testified as a witness for the Department.

The Department offered the following exhibits which were marked and admitted into evidence: [Department's Exhibit 1: Pre-Hearing Conference Letter (page 1), Application (DCH-1426) dated August 31, 2016 (pages 2-10), Bridges Case Comments dated September 7, 2016 (pages 11-12), Health Care Coverage Determination Notice (DHS-1606) dated September 7, 2016 (pages 13-15), Petitioner's 2016 paystubs/earnings (pages 16-17), Bridges Employment Budget-Summary (page 18), Health Care Coverage Determination Notice (DHS-1606) dated October 12, 2016 (pages 19-22)].

Petitioner did not offer any exhibits into evidence.

The record closed at the conclusion of the hearing.

**ISSUE**

Did the Department properly determine that Petitioner was not eligible for Medical Assistance (MA) benefits due to excess income?

### **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 had two jobs during the relevant time period. Petitioner was self-employed as a home care aide and was also employed as a care aide for [REDACTED]. [Hearing Testimony].
2. Petitioner was active for FAP benefits at all times.
3. Petitioner had a MAGI household group of 1 with a MAGI annual income limit of \$15,800.40.
4. On August 31, 2016, Petitioner signed and submitted an application for health care coverage (DCH-1426). The application indicates that Petitioner was employed at [REDACTED] where she earned \$ [REDACTED] per hour and worked 40 hours per week. [Department's Exhibit 1, pp. 2-10].
5. On September 7, 2016, the Department mailed Petitioner a Health Care Coverage Determination Notice (DHS-1606) that indicated Petitioner was eligible for full coverage under the Healthy Michigan Plan (HMP) effective September 1, 2016. [Dept. Exh. 1, pp. 13-15].
6. The Department opened Petitioner's MA case in error. The Department was aware that Petitioner had an open FAP case and that her MA-HMP income was not properly calculated. [Hearing Testimony].
7. Petitioner's total MAGI monthly earned income for September 1, 2016, was \$ [REDACTED] [Dept. Exh. 1, pp. 16-17, 18].
8. On October 12, 2016, the Department mailed Petitioner a Health Care Coverage Determination Notice (DHS-1606) which indicated that Petitioner is not eligible for health care coverage effective November 1, 2016, due to excess income. The Department calculated Petitioner's annual MAGI income as \$ [REDACTED] [Dept. Exh. 1, pp. 20-22].
9. Petitioner requested a hearing to dispute the Department's closure of her health care coverage on October 18, 2016.

### **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).

In the instant matter, Petitioner requested a hearing because the Department denied her health care coverage benefits. The Department contends that Petitioner was not eligible due to excess income, but Petitioner disputed the Department's income calculations.

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.

MA is also referred to as "Medicaid." The Medicaid program comprise several sub-programs or categories. 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. BAM 105, (10-1-2016), p. 1.

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. BAM 105, p. 1. MAGI is a methodology used to determine financial eligibility for Medicaid. It is based on Internal Revenue Service rules and relies on federal tax information. Bridges Program Glossary (BPG), page 40.

Every individual is evaluated for eligibility based on MAGI rules. 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. BEM 500, p. 4.

In general, the terms Group 1 and Group 2 relate to financial eligibility factors. For Group 1, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. The income limit, which varies by category, is for nonmedical needs such as food and shelter. Medical expenses are not used when determining eligibility for MAGI-related and SSI-related Group 1 categories. BAM 105, p. 1.

The Department uses BEM 530 (1-1-2014) to determine a person's income eligibility for SSI-Related MA. The Department determines income eligibility on a calendar month basis and will use one budget to determine income eligibility for multiple months if the circumstances for each of the months are identical. BEM 530, p. 1.

For Group 2 MA budgets, the Department averages income received in one month which is intended to cover several months. Then, the Department divides the income by

the number of months it covers to determine the monthly available income. The average amount is considered available in each of the months. BEM 530, p. 2.

The Healthy Michigan Plan (HMP) provides health care coverage for a category of eligibility authorized under the Patient Protection and Affordable Care Act and Michigan Public Act 107 of 2013 effective April 1, 2014. BEM 137 (10-1-2016), p. 1. HMP is based on Modified Adjusted Gross Income (MAGI) methodology. BEM 137, p. 1.

For HMP, the income limit for adults age 19-64 is 133 percent of the federal poverty limit. Michigan Department of Community Health, Modified Adjusted Gross Income Related Eligibility Manual, May 28, 2014, p. 2. The Health Care Coverage Determination Notice provides a chart of the annual income limits for HMP. For a group size of one individual age 19-64, the annual income limit is \$15,800.40.

When the amount of income changes from month to month, the Department will estimate the amount that will be received/available in the future month. BEM 530, p. 3. The Department will prospect income when estimating income to be received in a processing or future month. When prospecting income, the Department will use the following guidelines:

- Expected hourly wage and hours to be worked, as well as the payday schedule, to estimate earnings. BEM 530, pp. 3-4.
- Paystubs showing year-to-date earnings and frequency of pay. BEM 530, p. 4.
- One paystub is sufficient information if it reflects the hours and wages indicated on the application. BEM 530, p. 4.
- For a pay rate change or increase/decrease in hours worked, the Department uses the new amount (even if not reflected on the paystubs). BEM 530, p. 4.
- The worker should talk to the client to establish best estimate of income. BEM 530, p. 4.

This Administrative Law Judge has carefully considered and weighed the testimony and other evidence in the record. The Department determined that Petitioner was not eligible for HMP because her income exceeded the limit for this program. This was based on verification of Petitioner's earned income through her employment and self-employment. [Dept. Exh. 1, pp. 16-17]. The Department calculated Petitioner's MA earned income by prospecting her future monthly income of \$ [REDACTED] multiplied by 12 months which equals \$ [REDACTED]. Although Petitioner states that the Department failed to properly calculate her income as she no longer worked the second job, the Department included the paystubs in the record. [Dept. Exh. 1, pp. 16-17]. Petitioner did not provide any documentation to show that her income was lower than what the Department calculated. Accordingly, the Department properly determined that Petitioner's MAGI annual income was \$ [REDACTED] using the verification documentation contained in the record. [Dept. Exh. 1, pp. 16-17]. Petitioner's income, at the time this application was processed, exceeded the \$15,800.40 income limit for HMP. The Department properly determined Petitioner's eligibility for MA-HMP based on the

available income information. There was no evidence in the record that Petitioner met the eligibility criteria for any other MA category.

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 determined that Petitioner was in excess of the income limit for MA benefits under the HMP program.

**DECISION AND ORDER**

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

IT IS SO ORDERED.

CAP/mc



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**C. Adam Purnell**  
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]

[REDACTED]

[REDACTED]

**Petitioner**

[REDACTED]