



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
Christopher Seppanen  
Executive Director

SHELLY EDGERTON  
DIRECTOR

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Date Mailed: February 10, 2017  
MAHS Docket No.: 16-018052  
Agency No.: ██████████  
Petitioner: ██████████

**ADMINISTRATIVE LAW JUDGE: Eric J. Feldman**

**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 January 17, 2017, from Detroit, Michigan. The Petitioner was present at the proceeding and represented herself. The Department of Health and Human Services (Department) was represented by ██████████, Case Manager.

**ISSUE**

Did the Department properly deny Petitioner's eligibility for the Healthy Michigan Plan (HMP) – Medical Assistance (MA) coverage effective October 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. In October 2016, Petitioner applied for MA benefits.
2. Petitioner is 59-years-old, her household size is one, and her tax composition is one.
3. Petitioner receives ██████████ in biweekly unemployment compensation, which equates to a monthly benefit amount of ██████████ in unemployment compensation. Exhibit A, p. 4.

4. On November 17, 2016, the Department sent Petitioner a Health Care Coverage Determination Notice (determination notice) notifying her that she was not eligible for HMP benefits effective October 1, 2016, due to excess income. Exhibit A, pp. 5-7.
5. On November 28, 2016, Petitioner filed a hearing request, protesting the Department's action. Exhibit A, p. 2.

### **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.

MA is available (i) under Supplemental Security Income (SSI)-related categories to individuals who are aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled or (ii) for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild and HMP based on the Modified Adjusted Gross Income (MAGI) methodology. BEM 105 (October 2016), p. 1. The evidence at the hearing established that the most beneficial MA category available to Petitioner was HMP.

The Healthy Michigan Plan (HMP) is based on Modified Adjusted Gross Income (MAGI) methodology. BEM 137 (October 2016), p. 1. The Healthy Michigan Plan 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, p. 1.

The Healthy Michigan Plan (HMP) provides health care coverage for individuals who:

- Are 19-64 years of age
- Do not qualify for or are not enrolled in Medicare
- Do not qualify for or are not enrolled in other Medicaid programs
- Are not pregnant at the time of application
- Meet Michigan residency requirements

- Meet Medicaid citizenship requirements
- Have income at or below 133 percent Federal Poverty Level (FPL) Cost Sharing.

BEM 137, p. 1.

Before determining whether Petitioner's income is at or below 133% of the FPL, the Department must first determine Petitioner's household composition. The size of the household will be determined by the principles of tax dependency in the majority of cases. MAGI Related Eligibility Manual, *Michigan Department of Community Health (DCH)*, May 2014, p. 14. Available at [http://michigan.gov/documents/mdch/MAGI\\_Manual\\_457706\\_7.pdf](http://michigan.gov/documents/mdch/MAGI_Manual_457706_7.pdf).

In this case, the Department properly determined Petitioner's household composition was one.

The analysis now turns to whether Petitioner's income was at or below 133% of the FPL. The 2016 Poverty Guidelines indicated that the poverty guidelines for persons in family/household size of one is \$11,880. 2016 Poverty Guidelines, *U.S. Department of Health & Human Services*, April 25, 2016, p. 1. Available at: <https://aspe.hhs.gov/computations-2016-poverty-guidelines>. However, the poverty guidelines for a household size of one must be multiplied by 1.33 (133%) to obtain the 133% FPL calculation. The result is that Petitioner's annual income must be at or below \$15,800.40 (\$11,880 multiplied by 1.33) of the FPL for a household size of one. For monthly eligibility, the income must be at or below \$1,316.70 for a household size of one (\$15,800.40 divided by 12 months).

Then, it must be determined whether Petitioner's income is countable. In this case, Petitioner received unemployment compensation/benefits, which is a countable source of income for MAGI related determinations. MAGI Related Eligibility Manual, p. 16.

Next, the undersigned Administrative Law Judge (ALJ) will review the income the Department used to make its determination that her income exceeded the limits. It was not disputed that Petitioner receives ██████ in biweekly unemployment compensation, which equates to a monthly benefit amount of ██████ unemployment compensation. Exhibit A, p. 4. Based on this information and evidence, the undersigned ALJ finds that Petitioner's monthly income for MAGI-related purposes is ██████

Medicaid eligibility is determined on a calendar month basis. BEM 105, p. 2. Unless policy specifies otherwise, circumstances that existed, or are expected to exist, during the calendar month being tested are used to determine eligibility for that month. BEM 105, p. 2. When determining eligibility for a future month, assume circumstances as of the processing date will continue unchanged unless you have information that indicates otherwise. BEM 105, p. 2.

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. 3. It is based on Internal Revenue Service (IRS) rules and relies on federal tax information to determine adjusted gross income. BEM 500, pp. 3-4. It eliminates asset tests and special deductions or disregards. BEM 500, p. 4. Every individual is evaluated for eligibility based on MAGI rules. BEM 500, p. 4. 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.

Additionally, federal law provides further guidance in the determination of an individual's financial eligibility for MAGI related categories. Specifically, in determining an individual's financial eligibility for a budget period, 42 CFR 435.603(h)(1) states for applicants and new enrollees (Petitioner was a new applicant in this instance):

Financial eligibility for Medicaid for applicants, and other individuals not receiving Medicaid benefits at the point at which eligibility for Medicaid is being determined, must be based on current monthly household income and family size.

Also, 42 CFR 435.603(h)(3) states:

In determining current monthly or projected annual household income and family size under paragraphs (h)(1) or (h)(2) of this section, the agency may adopt a reasonable method to include a prorated portion of reasonably predictable future income, to account for a reasonably predictable increase or decrease in future income, or both . . .


Based on the foregoing information and evidence, the undersigned ALJ finds that the Department properly determined that Petitioner was not eligible for HMP benefits effective October 1, 2016, ongoing. The evidence established that Petitioner's monthly income was [REDACTED] Exhibit A, p. 4. Petitioner's monthly income of [REDACTED] exceeds the monthly eligibility of [REDACTED] for HMP purposes. Furthermore, if the undersigned ALJ takes Petitioner monthly income amount of [REDACTED] and multiplies it by 12 months, the result is an annual income of [REDACTED]. Petitioner's annual income would also exceed the annual HMP income limit of [REDACTED] for a household size of one. As such, the Department acted in accordance in Department policy when it determined that Petitioner was not eligible for HMP benefits effective October 1, 2016, due to excess income. See BEM 105, p. 2; BEM 137, p. 1; BEM 500, pp. 3-4; 42 CFR 435.603(h)(1) to (3) for applicants and new enrollees; and MAGI Related Eligibility Manual, pp. 1-51.

### **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 determined that Petitioner was not eligible for HMP – MA benefits effective October 1, 2016, due to excess income.

Accordingly, the Department's HMP/MA decision is **AFFIRMED**.

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**Eric J. Feldman**  
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

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