



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: August 15, 2017  
MAHS Docket No.: 17-007282  
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; 42 CFR 438.400 to 438.424; 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], Hearing Liaison.

### **ISSUE**

Did the Department properly close the Petitioner's Health Michigan Plan (HMP) medical assistance (MA) benefits?

### **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 MA.
2. The Department sent the Petitioner a Wage Match Client Notice on [REDACTED], requesting the Petitioner to have her employer complete a verification of employment due [REDACTED]. The Wage Verification was returned by the Petitioner on [REDACTED]. Exhibit C.
3. On [REDACTED], the Department also received a Compensation Report for the period [REDACTED]. Exhibit F.

4. On [REDACTED] the Department issued a Health Care Coverage Determination Notice advising the Petitioner that her HMP benefits would close effective [REDACTED] due to excess income as her income exceeded the HMP limit of \$ [REDACTED] for a household size of one person. Exhibit A.
5. On [REDACTED], the Petitioner provided a pay information for the pay period [REDACTED], with adjusted gross earnings of \$ [REDACTED] Exhibit D.
6. On [REDACTED], the Petitioner provided the Department a Tax Form 8879 showing her adjusted gross income for [REDACTED] was \$ [REDACTED] Exhibit E.
7. The Petitioner was employed as an instructional assistant and is unemployed as of [REDACTED]. The Petitioner has earned \$ [REDACTED] as her hearing request.
8. The Petitioner requested a hearing on [REDACTED], protesting the Department's actions closing her HMP.

### **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) to individuals who are aged (65 or older), blind or disabled under SSI-related categories, (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 (January 2016), p. 1.

HMP is a 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 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.

Petitioner, who is under age [REDACTED] not enrolled in Medicare and not the caretaker of any minor children, is potentially eligible for MA under the HMP. An individual is eligible for HMP if her household's income does not exceed 133% of the FPL applicable to the individual's group size. A determination of group size under the MAGI methodology requires consideration of the client's tax status and dependents. In this case, the evidence showed that Petitioner's household size for MAGI purposes is one. 133% of the annual FPL in [REDACTED] for a household with one member is \$ [REDACTED] <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed \$ [REDACTED].

To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. MAGI is based on Internal Revenue Service rules and relies on federal tax information. BEM 500 (January 2016), p. 3. Income is verified via electronic federal data sources in compliance with MAGI methodology. MREM, § 1. In determining an individual's eligibility for MAGI-related MA, 42 CFR 435.603(h)(2) provides that for current beneficiaries and "for individuals who have been determined financially-eligible for Medicaid using the MAGI-based methods . . . , a State may elect in its State plan to base financial eligibility either on current monthly household income . . . or income based on projected annual household income . . . for the remainder of the current calendar year."

In this case, the Department closed the Petitioner's HMP health care benefits [REDACTED] due to excess income. The Department found the Petitioner's annual income to exceed the HMP limit and determined it was \$ [REDACTED] Exhibit A. The Petitioner provided a verification of employment on [REDACTED], for [REDACTED] indicating that she began work on [REDACTED], and ended work on [REDACTED]. Exhibit B. A Wage Match Client Notice was sent to Petitioner on [REDACTED] indicating quarterly earnings for the first quarter of [REDACTED] for the amount of \$ [REDACTED] Exhibit C. The Wage Match request was due to be returned to the Department by [REDACTED]. The Form 4638 for the wage match was returned by the Petitioner's employer on [REDACTED]. The Petitioner also provided the Department pay stubs on [REDACTED], for [REDACTED]. Exhibit F.

On [REDACTED], with her hearing request, the Petitioner also filed her latest pay for the period for a two week period in the amount of \$ [REDACTED] and year to date pay of \$ [REDACTED] Exhibit D. The Petitioner also provided an IRS form showing her annual gross income for [REDACTED] of \$ [REDACTED] Exhibit E.

The Petitioner testified that going forward, her income would be lower as she is no longer employed as an instructional assistant; and because she is a substitute teacher, her job ended when school closed for the summer. The Petitioner advised the Department on [REDACTED], in her hearing request that her employment ended on [REDACTED]. The wage verification form advised the Department that she was a teacher sub; her hours of work varied as did her rate of pay.

The Department's Health Care Coverage Determination Notice was issued on [REDACTED] [REDACTED]. Based upon the last 30 days of earnings provided by the Petitioner, which were available at the time, the Department made its determination. The Petitioner's monthly income based upon the pay stubs was \$ [REDACTED] for pay dated [REDACTED], \$ [REDACTED] pay dated [REDACTED], and \$ [REDACTED] pay dated [REDACTED], for a total of \$ [REDACTED]. When this figure is annualized (multiplied by 12), the total income is \$ [REDACTED]. Even using the two pays for \$ [REDACTED] and eliminating the pay for \$ [REDACTED] the monthly income is \$ [REDACTED] which when multiplied by 12 totals \$ [REDACTED]. As the annual income limit for HMP is \$ [REDACTED] the Department correctly closed the Petitioner's HMP based on the information it had available at the time. The Department was not advised that the Petitioner's employment was ending until after it took action and thus its decision is correct.

As discussed at the hearing the Petitioner may reapply for medical assistance at any time and must verify that she is no longer employed.

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 medical Assistance due to excess income.

### **DECISION AND ORDER**

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

LF/jaf



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**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

**MDHHS**

[REDACTED]

**Petitioner**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]