



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

SHELLY EDGERTON
DIRECTOR

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Date Mailed: January 23, 2018
MAHS Docket No.: 17-014118
Agency No.: ██████████
Petitioner: ██████████

ADMINISTRATIVE LAW JUDGE: Denise McNulty

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 December 11, 2017, from Detroit, Michigan. The Petitioner represented herself, and was accompanied by ██████████ for support. The Department of Health and Human Services (Department) was represented by ██████████ Hearing Facilitator.

ISSUE

Did the Department properly close Petitioner's Medical Assistance (MA) benefit case?

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 an ongoing MA recipient under the Healthy Michigan Plan (HMP).
2. On September 26, 2017, the Department sent Petitioner a New Hire Client Notice.
3. On October 6, 2017, Petitioner submitted the New Hire Client Notice (first page only) and paycheck stubs. [Exhibit A, pp. 5-9.]
4. The Department did not receive the New Hire Employment Report [Exhibit 1] until after the issuance of the Health Care Coverage Determination Notice on October 9, 2017.

5. On October 9, 2017, the Department sent Petitioner a Health Care Coverage Determination Notice informing her that her MA benefit case was closing effective November 1, 2017, due to countable income exceeding income limit for her group size.
6. On October 20, 2017, Petitioner submitted a request for hearing disputing the Department's actions.

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.

In this case, the Department received a notice that Petitioner was employed. The Department sent Petitioner a New Hire Client Notice on September 26, 2017. Petitioner returned the form on October 6, 2017, indicating she had income, and enclosed paycheck stubs. The paycheck stubs provided by Petitioner covered September 1-17, 2017. Petitioner was paid weekly. [Exhibit A, pp. 7-10.] The Department prospectively estimated Petitioner's income for the month due to not receiving paystubs for the entire month. Prospective income means arriving at a best estimate of the person's income. Prospective income when estimating income to be received in a processing or future month. A best estimate may not be the exact amount of income received. BEM 530 (July 2017), p. 3. As a result, the Department budgeted \$ [REDACTED] monthly income, for MA purposes, when determining Petitioner's continued eligibility for MA benefits.

The Department concluded that Petitioner was not eligible for HMP because her income exceeded the applicable income limit for her group size. HMP uses a Modified Adjusted Gross Income (MAGI) methodology. BEM 137 (October 2016), p. 1. An individual is eligible for HMP if her household's income does not exceed 133% of the Federal Poverty Level (FPL) applicable to the individual's group size. BEM 137, p. 1. An individual's group size for MAGI-related purposes requires consideration of the client's tax filing status. In this case, Petitioner filed taxes and did not claim any dependents. Therefore, for HMP purposes, she has a household size of one. BEM 211 (January 2016), pp. 1-2.

133% of the annual FPL in 2017 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]. To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. BEM 500 (July 2017), 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.

In order to determine income in accordance with MAGI, a client's adjusted gross income (AGI) is added to any tax-exempt foreign income, tax-exempt Social Security benefits, and tax-exempt interest. AGI is found on IRS Tax Form 1040 at line 37, Form 1040 EZ at line 4, and Form 1040A at line 21. Alternatively, it is calculated by taking the "federal taxable wages" for each income earner in the household as shown on the paystub 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 2017 to estimate income for the year. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>.

When averaging the prospective monthly income and multiplying by 52 (the number of checks Petitioner would receive in a year, as she is paid weekly), Petitioner's income exceeds the limit under the HMP program.

Petitioner argued that the pay statements submitted on October 6, 2017, were not reflective of her actual wages. Petitioner stated her hours fluctuate and that her hourly rate changed on October 11, 2017. [Exhibit A, p. 13.] Additionally, she believed she had submitted a form to the Department on October 6, 2017, indicating that her employment was due to change on October 6, 2017. The Department did not receive the information about her employment changing until late October 2017. The Department can only reasonably rely on information that is available. Therefore, the Department properly followed policy when it determined Petitioner exceeded the income limit under the HMP program.

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 Petitioner's MA benefit case. Accordingly, the Department's decision is **AFFIRMED**.

DM/jaf



Denise McNulty

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]

[REDACTED]

[REDACTED]

[REDACTED]

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