



RICK SNYDER
GOVERNOR

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

SHELLY EDGERTON
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: January 19, 2018
MAHS Docket No.: 17-015060
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Michael Crews

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 20, 2017, from Detroit, Michigan. The Petitioner appeared and represented himself. The Department of Health and Human Services (Department) was represented by [REDACTED], Eligibility Specialist and Hearing Facilitator.

ISSUE

Did the Department properly deny Petitioner's 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 Department mailed a redetermination dated October 4, 2017 to Petitioner regarding eligibility for MA benefits.
2. On November 1, 2017, the Department received Petitioner's MA redetermination and Petitioner reported six bank accounts with a total of \$ [REDACTED] in assets, two vehicles, employment and self-employment income for himself, employment income for his spouse, [REDACTED], and Supplemental Security Income for his adult son, [REDACTED]. (Exhibit A, pp. 10-22).
3. Petitioner failed to include the start and stop of income for his daughter, [REDACTED] but he reported the stop of his employment and the start of his new

employment (Exhibit A, p. 2). The Department mailed a second verification checklist (VCL) dated November 7, 2017 and requested the last 30 days of check stubs or earnings for Petitioner's daughter, [REDACTED] [REDACTED]. The requested verifications were due to the Department by November 17, 2017 (Exhibit A, pp. 23-24).

4. The Department also mailed a Health Care Coverage Determination Notice (notice) dated November 7, 2017 to Petitioner and informed him that [REDACTED] and his minor child, Child A, were not eligible for medical coverage effective December 2017 (Exhibit A, pp. 25-29).
5. However, the Department mailed a VCL dated November 15, 2017 to Petitioner and requested the last 30 days of check stubs or earnings statements for [REDACTED] [REDACTED] again. The requested verifications were due to the Department by November 27, 2017 (Exhibit A, p. 30). The Department advised Petitioner that [REDACTED] would qualify as a separate MA group because she was [REDACTED] years old and had no income and, as such, verification of her income was required. (Exhibit A, p. 2).
6. The Department mailed a second notice dated November 15, 2017 to Petitioner and informed him that minor Child A was still not eligible for medical coverage effective December 1, 2017, because Petitioner's countable assets was higher than the limit allowed.
7. [REDACTED] was determined to be a separate group due to his receipt of SSI.
8. On November 20, 2017, Petitioner submitted a hearing request and disputed the Department's action regarding the denial of MA benefits for Child A and [REDACTED] [REDACTED] as of November 7, 2017.

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, Petitioner requested a hearing to dispute the November 7, 2017 notice which denied his application for MA benefits for Child A. Although Petitioner's hearing request concerned his daughter, [REDACTED], and minor Child A's MA benefits, at the hearing, he clarified that he was concerned about Child A's MA only. [REDACTED] was eligible for MA benefits at the time of the hearing per the Health Care Coverage Determination Notice dated November 16, 2017.

MA eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MIChild, Flint Water Group and Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology. BEM 105 (April 2017), p. 1. Persons may qualify under more than one MA category. Federal law gives them the right to the most beneficial category. The most beneficial category is the one that results in eligibility, the least amount of excess income or the lowest cost share. BEM 105, p. 2.

A client must meet financial eligibility for MAGI-related MA programs, but there is no asset test. For a child under age 19, MAGI-related MA programs require that the household income under the MAGI income test does not exceed 212% of the federal poverty level (FPL) based on group size. A determination of group size under the MAGI methodology requires consideration of the client's tax status and dependents. To determine financial eligibility, 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 (July 2017), p. 3-4. Income is verified via electronic federal data sources in compliance with MAGI methodology. MREM, § 1.

Group 2 Pregnant Women (G2P); Group 2 Under 21 (G2U); and Group 2 Caretaker Relative (G2C, G2S) are non-MAGI MA categories. (BEM 105, p. 4. MA under G2U is available to a person who is under age 21 and meets the eligibility factors. BEM 132 (January 2015), p. 1. Assets must be considered in determining eligibility for G2U. Assets mean: 1) cash; 2) personal property; and 3) real property. BEM 400 (July 2017), p. 6. Asset eligibility exists when the asset group's countable assets are less than, or equal to, the applicable asset limit at least one day during the month being tested. BEM 400, p. 6 For G2U, the asset limit is \$3,000. BEM 400, p. 7.

At the hearing, the Department testified that it determined Petitioner's group size to consist of 3 persons, which included Petitioner, his wife, and Child A. The Department did not include Petitioner's daughter [REDACTED], as she was [REDACTED] old and could qualify for MA benefits as a separate group. Further, Petitioner's adult son, [REDACTED], was not included as he was a separate group based on his receipt of SSI.

However, as stated above, Petitioner's group size for determining eligibility for MAGI-related MA policies is based on the Petitioner's tax status and dependents. Petitioner testified that he and his wife filed taxes jointly and claimed their three children as dependents. As such, Petitioner's group size for MAGI-related MA policies is 5. As

such, 100% of the 2017 FPL for the five person group is [REDACTED] 212% of the annual FPL in 2017 for a household with five members is [REDACTED]. Therefore, to be income eligible for MAGI-related MA programs, Petitioner's annual income for a group size of five cannot exceed [REDACTED].

The Department initially used Petitioner's current countable monthly income, along with his wife, which totaled [REDACTED] (Exhibit A, p. 44). When the countable monthly income of [REDACTED] is multiplied by [REDACTED] the result is annual income [REDACTED]. Therefore, Child A did not qualify for an MA program as the household's current countable income exceeded the income limit for a group size of 5. However, the Department then performed an override in the system so that it would consider Child A's eligibility for MA under a G2U program by using Petitioner's annual projected income from the consolidated inquiry, which totaled [REDACTED] as of November 7, 2017. At that point, Child A qualified for the G2U program based on income, but Child A was denied again under G2U based on assets. Petitioner's cash assets in his checking accounts were in excess of [REDACTED] which exceeds the G2U [REDACTED] asset limit (Exhibit A, p. 43).

However, because Petitioner's employment at [REDACTED] began in September 2017, the Department was required to consider his income from this employer for the remaining months of 2017.

Petitioner reapplied for MA benefits on December 7, 2017 and [REDACTED] advised Petitioner to provide proof of lower assets. Petitioner provided new proofs to Ms. [REDACTED] prior to the hearing and she informed Petitioner that the new proofs could be used for his new application. Because this application was after Petitioner's hearing request, it was not before the ALJ for resolution. Petitioner is advised that he may request a hearing in accordance with Department policy if he disputes the Department's decision on the application.

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 did not act in accordance with policy when it denied MA benefits for Child A as set forth in the November 7, 2017 redetermination.

DECISION AND ORDER

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

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Reprocess the redetermination to determine Child A's eligibility under MAGI-related MA programs;
2. If Child A is eligible for MA coverage, provide Child A with MA coverage that he is eligible to receive from December 1, 2017 ongoing; and
3. Notify Petitioner in writing of the Department's decision.



MC/tm

Michael Crews
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]
[REDACTED]

[REDACTED] [REDACTED]