



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: February 5, 2018  
MAHS Docket No.: 17-015436  
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 January 11, 2018, from Detroit, Michigan. The Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by [REDACTED], Family Independence Manager, and [REDACTED], Assistance Payment Worker.

**ISSUE**

Did the Department properly deny Medical Assistance (MA) for Petitioner's minor child under the MICHild program 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's minor child, Child A, was an ongoing recipient of MICHild MA benefits.
2. The Department mailed a redetermination dated August 4, 2017 to Petitioner. Petitioner returned the completed redetermination to the Department on September 1, 2017 along with her check stubs as requested (Exhibit A, p. 14).
3. The Department then mailed a Health Care Coverage Determination Notice dated October 6, 2017 to Petitioner and informed her that the countable income exceeded the income limit for her group size under the MICHild program (Exhibit A, p. 9).

4. Instead, the Department indicated that Child A qualified for Group 2 Under 21 (G2U) MA benefits with a deductible of [REDACTED].
5. On November 27, 2017, Petitioner submitted a hearing request to dispute the Department's action as to Child A's MA benefits.

### **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 submitted a hearing request to dispute the Department's actions as to denial of MA benefits for Child A under the MICHild program. Petitioner's hearing request only addressed Child A's MA benefits.

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.

G2U is a non-MAGI MA category. 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.

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's group size consisted of 2 persons, which included herself and Child A who she claims on her taxes. As such, 100% of the 2017 FPL for the two person group is \$16,240.00. 212% of the annual FPL for a household with two members is \$34,428.80 ( $\$16,240.00 \times 2.12$ ). Therefore, to be income eligible for MAGI-related MA programs, Petitioner's annual income for a group size of 2 cannot exceed \$34,428.80.

At the hearing, the Department used Petitioner's earnings from August 2017 in its determination of eligibility. Petitioner's August 2017 income was input into the Bridges system and her monthly income totaled [REDACTED]. When the countable monthly income of [REDACTED] is multiplied by 12, the result is annual income of [REDACTED]. Therefore, Child A did qualify for MA benefits under the MICHild program as the household's current countable income did not exceed the income limit for a group size of 2.

However, the Department testified that in connection with the Affordable Care Act, for MAGI related MA benefits, Petitioner's August 2017 earnings were input in the "cloud" from the information contained in the Bridges system and the income was converted. As a result, the MAGI Eligibility Determination calculated Petitioner's monthly income as [REDACTED]. When the countable monthly income of [REDACTED] is multiplied by 12, the result is annual income of [REDACTED]. Therefore, based on the MAGI converted income, the Department concluded that Child A did not qualify for MA benefits under the MICHild program as the household's countable income exceeded the income limit for a group size of 2. Instead, the Department found that Child A qualified for MA benefits under the G2U program with a deductible of [REDACTED]. The Department acknowledged, however, that it could not assess how MAGI converted Petitioner's income to [REDACTED].

The Petitioner testified that she only received income from her job and she did not anticipate any drastic changes in her future income. Aside from Petitioner's receipt of child support on a sporadic basis, Petitioner had no other unearned income. However, the Department further acknowledged that child support was not to be considered within Petitioner's countable monthly income.

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 under the MICHild program.


**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 under a program more beneficial to Child A than G2U, provide Child A with MA coverage that he is eligible to receive from November 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]  
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