



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.: 17-015742  
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 himself. The Department of Health and Human Services (Department) was represented by [REDACTED], Hearing Facilitator.

**ISSUE**

Did the Department properly deny Petitioner's application for Medical Assistance (MA) benefits under the Healthy Michigan Plan (HMP) effective December 1, 2017 for 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 received MA benefits upon his release from prison in April 2017.
2. Petitioner is [REDACTED] years old and is the only household member.
3. The Department mailed a New Hire Client Notice dated October 18, 2017 to Petitioner regarding his employment through Forge Industrial Staffing (Exhibit A, p. 1).
4. The New Hire Client Notice was returned to the Department on October 25, 2017.

5. Based on the income provided in October 2017 pursuant to a work number inquiry, the Department determined Petitioner's eligibility for MA benefits.
6. The Department mailed a Health Care Coverage Determination Notice (notice) dated November 14, 2017 and informed Petitioner that he was not eligible for MA benefits under HMP because his income exceeded the income limit for his household size (Exhibit A, p. 5).
7. On November 27, 2017, Petitioner submitted a hearing request to dispute the Department's action.

### **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 14, 2017 notice which closed his MA benefits under the HMP program effective December 1, 2017 because he was found to be ineligible due to his income.

MA is available (i) under SSI-related categories to individuals who are aged (65 or older), blind or disabled, (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 HMP coverage. BEM 105 (April 2017), p. 1. Petitioner is 48 years old and there was no evidence presented at the hearing that he was the parent or caretaker of a minor child or that he was disabled or blind. Accordingly, the only MA category available to Petitioner was HMP.

MA eligibility for HMP is based on Modified Adjusted Gross Income (MAGI) methodology. BEM 105, p. 1. HMP 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 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; (vi) are residents of the State of Michigan; and (vii) meet MA citizenship requirements. BEM 137 (October 2016), p. 1.

In this case, the Department concluded that Petitioner was not eligible for HMP because his income exceeded the applicable income limit. An individual is eligible for HMP if his household's income does not exceed 133% of the FPL applicable to the individual's group size. An individual's group size for MAGI purposes requires consideration of the client's tax filing status. In this case, Petitioner, for HMP purposes, had a household size of one. BEM 211 (January 2016), pp. 1-2. 100% of the 2017 FPL for one person is [REDACTED]. As such, 133% of the annual FPL in 2017 for a household with one member is [REDACTED] ([REDACTED].00x1.33). 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. 3-4. MAGI is based on Internal Revenue Service rules and relies on federal tax information. BEM 500, p. 3-4. Income is verified via electronic federal data sources in compliance with MAGI methodology. BEM 500, p. 14; MAGI Related Eligibility Manual (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 used Petitioner's October 2017 income as set forth in the Work Number Inquiry (Exhibit A, p. 6). Even though Petitioner worked at assignments through a temporary staffing agency and had fluctuating monthly income, the Department testified that its system calculated Petitioner's annual income to be [REDACTED] based on income earned in October 2017, which is in excess of the [REDACTED] limit for HMP eligibility. Petitioner disputed that his annual income was [REDACTED]. Petitioner testified that when he received the Notice of Case Action, which stated that his MA case would be closed effective December 1, 2017, he submitted his paystubs of November 21, 2017 and November 28, 2017 to the Department as evidence that his pay decreased so that the Department could review the decision to close his MA case. Petitioner had earnings of [REDACTED] for November 21, 2017 and [REDACTED] for November 28, 2017.

Effective January 1, 2014, when determining financial eligibility of current beneficiaries for MAGI-related MA, the State of Michigan has elected to base eligibility on projected annual household income and family size for the remaining months of the current calendar year. The State has also elected to use reasonable methods to include a prorated portion of a reasonably predictable increase in future income and/or family size and to account for a reasonably predictable decrease in future income and/or family

size. (See Medicaid State Plan Amendment TN No: MI-13-0110-MM3 [https://www.michigan.gov/documents/mdch/SPA\\_13\\_0110\\_MM3\\_MAGI-Based\\_Income\\_Meth\\_446554\\_7.pdf](https://www.michigan.gov/documents/mdch/SPA_13_0110_MM3_MAGI-Based_Income_Meth_446554_7.pdf) and [http://www.michigan.gov/mdhhs/0,5885,7-339-73970\\_5080-108153--,00.html](http://www.michigan.gov/mdhhs/0,5885,7-339-73970_5080-108153--,00.html)).

Therefore, because the Department calculated Petitioner's [REDACTED] projected annual income based on a 12-month projection and not based on his projected annual income for the remaining months of the current calendar year and the Department did not consider projected decreases in Petitioner's income, the Department did not act in accordance with Department policy when it determined that Petitioner had excess income for HMP eligibility.

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 Department policy when it closed Petitioner's case effective December 1, 2017 due to excess income.


### **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 Petitioner's eligibility under MAGI-related and non-MAGI related MA programs for December 1, 2017 ongoing;
2. If Petitioner is eligible for MA coverage, provide Petitioner 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]  
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