



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: March 20, 2018

MAHS Docket No.: 18-000184

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 March 1, 2018, from Detroit, Michigan. The Petitioner was represented by herself. The Department of Health and Human Services (Department) was represented by [REDACTED], Eligibility Specialist.

**ISSUE**

Did the Department properly determine the Petitioner Medical Assistance deductibles?

**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 and her MA group consisting of herself, her husband and four minor children are ongoing recipients of Medical Assistance benefits with a spenddown.
2. The spenddown amount for Petitioner and her husband was determined to be [REDACTED] and for her children, [REDACTED]
3. No MA budgets were presented to demonstrate how the spenddown for Petitioner and her children were determined.
4. The Department determined that Petitioner's spouse is employed and has income of [REDACTED] weekly; total earned income of [REDACTED] per month. Exhibit C
5. The Petitioner and her spouse are not disabled.

6. The Petitioner requested a timely hearing on January 3, 2018 protesting 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, the Department failed to present sufficient evidence to establish that the MA spend downs for Petitioner and her spouse and her children were correctly determined. The Department did not provide any MA budgets at the hearing or present the income used for determining the spend down as shown on the MA Income Edg for each member of the MA group. Therefore, the Department did not meet its burden to demonstrate that the deductibles were correct.

Based upon the information provided, the Department is required to determine medical assistance so that each eligible individual receives the best available medical assistance based upon their eligibility factors. Therefore, a review as to whether the Petitioner and her spouse are eligible for HMP will be determined.

Petitioner and her spouse are both under age [REDACTED] not enrolled in Medicare and are potentially eligible for MA under the Healthy Michigan Plan (HMP). An individual is eligible for HMP if the Petitioner's household's income does not exceed 133% of the FPL applicable to the individual's group size. RFT 246 (April 2014), p.1. 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 was four persons.

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 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/>.

A review of the pay stubs presented at the hearing indicates that the Petitioner’s husband’s employer deducts does not deduct a medical premium expense or retirement income contribution. Adjusted gross taxable income 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 received in 2015 to estimate income for the year. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>. There were [REDACTED] weekly pay periods in 2017 so the total weekly income must be multiplied by the number of weekly pay periods and deducted from the annual income amount.

In this case the pay stubs indicate that Petitioner’s spouse is paid weekly, and the weekly gross income is [REDACTED]. There are no deductions for medical premiums or retirement contributions. Thus, when the weekly income is multiplied by 52 weeks the total gross income is \$ [REDACTED]. The HMP limit for a group of 6 persons for 2017 is [REDACTED] and thus the Petitioner and her spouse are not eligible for HMP due to the fact that the gross income is in excess of the HMP limit.

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 properly determined in accordance with Department policy that Petitioner and her spouse were not eligible for HMP.

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 failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined the MA deductibles for Petitioner, her spouse and her children.

**DECISION AND ORDER**

Accordingly, the Department's decision is:

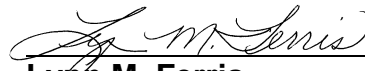
**AFFIRMED IN PART** with respect to the fact that the Petitioner and her spouse are not eligible for HMP; and

**REVERSED IN PART** with respect to the determination of the MA deductibles for the Petitioner, her spouse and her children.

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. The Department shall redetermine the MA deductible for the Petitioner, her spouse and her children.
2. The Department shall provide Petitioner a written notice of its determination of the deductibles for all MA group members.

LF/tm



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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

DHHS

[REDACTED]  
[REDACTED]  
[REDACTED]  
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