



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

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██████████  
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Date Mailed: January 22, 2018  
MAHS Docket No.: 17-015716  
Agency No.: ██████████  
Petitioner: ██████████

**ADMINISTRATIVE LAW JUDGE: Laura Gibson**

**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 17, 2018, from Detroit, Michigan. Petitioner was present and represented himself. The Department of Health and Human Services (Department) was represented by ██████████, Hearings Facilitator.

**ISSUE**

Did the Department properly determine Petitioner's Medical Assistance (MA) eligibility?

**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.
2. Petitioner receives income of ██████ a week from a business that he owns.
3. Petitioner receives ██████ in monthly ██████, ██████, ██████ (██████) benefits.
4. Petitioner's wife receives ██████ in monthly RSDI benefits.
5. Petitioner and his wife receive no other earned or unearned income other than the ██████ weekly from Petitioner's business, and RSDI benefits.

6. On October 24, 2017, the Department sent Petitioner a Health Care Coverage Determination Notice, indicating that he and his wife were eligible for MA benefits subject to a [REDACTED] monthly deductible, effective December 1, 2017, ongoing.
7. On November 29, 2017, Petitioner submitted a request for a 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, Petitioner disputes the Department's calculation of his deductible amount. The Department determined that Petitioner and his wife were eligible for MA benefits subject to a [REDACTED] monthly deductible, based on Petitioner's income.

No budget was presented to show how the Department arrived at the conclusion that Petitioner was subject to a [REDACTED] monthly deductible for MA coverage. However, the Department presented the documents used in determining Petitioner's monthly income.

In determining eligibility for SSI-related MA, the Department considers an individual's countable income. BEM 530 (July 2017), p. 2. Countable income includes both earned and unearned income. BEM 500 (July 2017), pp. 3-4.

In this case, the Department testified that it considered Petitioner's IRS Form 1120, U.S. Corporation Income Tax Return, to determine Petitioner's earned income. The IRS Form 1120 reflects that [REDACTED] was paid as compensation of [REDACTED], and [REDACTED] paid in salaries and wages for the year. The Department considered both the [REDACTED] and the [REDACTED] to be income received by Petitioner. Petitioner testified that he did receive [REDACTED] as compensation; he receives approximately [REDACTED] per week in compensation from his business. However, the [REDACTED] in salary and wages was paid to Petitioner's four employees over the course of the year, and Petitioner did not receive any of that income.

The Department also presented an Unearned Income Budget showing that Petitioner was receiving [REDACTED] benefits in the amount of [REDACTED] at the relevant time, and [REDACTED] per month in "other unearned." The Department did not know what that sum represented. Petitioner denied receiving either earned or unearned income in the amount of [REDACTED] per month.

Based on the evidence presented, the Department did not correctly calculate Petitioner's monthly countable income. Because Petitioner's monthly income was not properly calculated, it follows that Petitioner's MA eligibility was not properly calculated. Thus, the Department did not act in accordance with policy when it calculated Petitioner's MA eligibility.

### **DECISION AND ORDER**

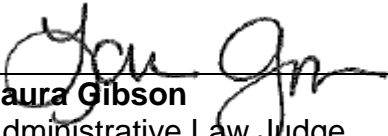
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department did not act in accordance with Department policy when it calculated Petitioner's MA eligibility.

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. Redetermine Petitioner and his wife's MA eligibility, effective December 1, 2017, ongoing;
2. Provide Petitioner and his wife with the MA coverage they are eligible to receive from December 1, 2017, ongoing; and
3. Notify Petitioner in writing of its decision.

LG/tlf

  
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**Laura Gibson**  
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

**Via Email:**

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**Petitioner – Via First-Class Mail:**

[REDACTED]  
[REDACTED]  
[REDACTED]