



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: April 3, 2018  
MAHS Docket No.: 18-000551  
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 14, 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 close the Petitioner's medical assistance for Healthy Michigan Plan (HMP) 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. The Department sent a redetermination DHS 1010 to the Petitioner on November 30, 2017. Exhibit A, p. 5-12.
2. The Petitioner returned the redetermination on December 18, 2017 and provided proof of income. The Petitioner indicated that she had two employers, the [REDACTED] and [REDACTED]. Exhibit A, p. 9.
3. The Petitioner provided pay stubs for earnings for [REDACTED] for November 10, 2017 [REDACTED] November 22, 2017 [REDACTED]; and December 8, 2017 [REDACTED]. The Petitioner is paid biweekly. Exhibit A, p. 13-15.

4. Based the pay stubs submitted, the Department determined monthly income for Fernco, Inc. used by the Department was [REDACTED] which was correct. The Department determined monthly income received for [REDACTED] to be [REDACTED] and incorrectly inputted a check for [REDACTED] for December 8, 2017 instead of [REDACTED]. The Department indicated that the [REDACTED] was inputted incorrectly.
5. The Petitioner provided pay stubs for Fernco, Inc. October 10, 2017 [REDACTED] November 14, 2017 [REDACTED]; November 16, 2017 ([REDACTED] November 22, 2017 [REDACTED] November 29, 2017 [REDACTED] and December 6, 2017 [REDACTED]. The Petitioner is paid weekly. The check for [REDACTED] was not used to determine bi-weekly income. Exhibit A, pps. 16-21.
6. The Department sent a Health Care Coverage Determination Notice on December 21, 2017 closing the Petitioner's HMP effective February 1, 2018 due to the countable income exceeding the income limit for the group size. Exhibit A, p 22-24.
7. The Petitioner requested a timely hearing on January 15, 2018 protesting the closure of her HMP.

### **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 determined that the Petitioner was no longer eligible for HMP due to her income exceeding the annual income limit of [REDACTED]. A redetermination was completed by Petitioner on December 18, 2017 and included pay stubs for her two employers, [REDACTED] and [REDACTED]. A review of the Department's determination of the monthly income from both employers was presented at the hearing. When the pay stubs for the employer Fernco are totaled for the 30 days period, the Department' determination of monthly income of [REDACTED] is correct based upon the four paystubs for November 2017. The Department also determined that the Petitioner's monthly income for Davison Schools was [REDACTED]

During the hearing the pays for November 10, November 22 and December 8 were added and totaled [REDACTED] which was higher than the Department's determination. There was no evidence that the Petitioner's income from these two employers was not expected to continue.

The Department concluded that Petitioner was not eligible for HMP because her income exceeded the applicable income limit for her group size. HMP uses a Modified Adjusted Gross Income (MAGI) methodology. BEM 137 (October 2016), p. 1. An individual is eligible for HMP if her household's income does not exceed 133% of the Federal Poverty Level (FPL) applicable to the individual's group size. BEM 137, p. 1. An individual's group size for MAGI-related purposes requires consideration of the client's tax filing status. In this case, Petitioner filed taxes and did not claim any dependents. Therefore, for HMP purposes, she has a household size of one. BEM 211 (January 2016), pp. 1-2.

133% of the annual FPL in 2017 for a household with one member is \$16,039.80. See <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed \$16,039.80. To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. BEM 500 (July 2017), p. 3. MAGI is based on Internal Revenue Service rules and relies on federal tax information. BEM 500, p. 3. Income is verified via electronic federal data sources in compliance with MAGI methodology. MREM, § 1.

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/>.

When the two monthly income amounts for the employers are added together, the total monthly income is \$ [REDACTED]. When multiplied by 12 months, the total income is [REDACTED] which exceeds the annual income limit of \$16,039.80 for the Healthy Michigan Plan for a group with one person. Even though the Department used a lower monthly income for the Petitioner for the employer Davison Schools, which was incorrect based upon the checks provided, even using the lower amount resulted in the Petitioner's income exceeding the limit. If this higher monthly income amount of [REDACTED] were used the Petitioner's monthly income would have increased by [REDACTED]. Therefore, the Department correctly determined that the Petitioner was no longer income 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 acted in accordance with Department policy when it closed the Petitioner's HMP due to the Petitioner's income exceeding the HMP limit.

**DECISION AND ORDER**

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

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]  
[REDACTED]  
[REDACTED]

[REDACTED]

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

[REDACTED] [REDACTED]  
[REDACTED]