



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 25, 2018  
MAHS Docket No.: 18-001620  
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 April 18, 2018, from Detroit, Michigan. The Petitioner was represented by herself. The Department of Health and Human Services (Department) was represented by [REDACTED], Assistance Payments Supervisor.

**ISSUE**

Did the Department properly deny the Petitioner's application for Medical Assistance for Healthy Michigan Plan?

**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 applied for Medical Assistance and the application was reviewed for the Health Michigan Plan (HMP). The date of the application was not presented and is unknown.
2. The Department issued a Health Care Coverage Determination Notice on January 23, 2018 approving the Petitioner for full coverage MA for the months of January 2018 and February 2018 and denied the application thereafter for HMP due to income exceeding the HMP income limit effective March 1, 2018. Exhibit A.
3. At the hearing the Petitioner presented her W-2 Wage and Tax Statement which indicated earnings for 2017 of [REDACTED] Petitioner Exhibit 1.

4. At the time of application, the Petitioner provided the Department proof of wages and submitted pay stubs for her employment for pay date December 8, 2017 for [REDACTED] and pay date December 22, 2017 for [REDACTED] Exhibit B.
5. Based upon the income reported received for December 2017 based upon pay stubs from employment the Department determined that the Petitioner's monthly income for MA budgeting was [REDACTED]
6. The HMP income limit applicable to the Petitioner at the time of the Department's denial was [REDACTED] Exhibit A.
7. The Petitioner requested a timely hearing on February 5, 2018 protesting the denial of her MA application.

### **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 Petitioner requested a hearing asserting that the Department incorrectly determined her monthly income and thereby improperly denied the Petitioner's application for HMP. Part of the basis for the Petitioner's appeal was based in part due to the Department's Hearing Summary which incorrectly stated that it determined the Petitioner's monthly income for HMP to be \$[REDACTED]. This income is the income the Department used for determination of Food Assistance eligibility, not for medical assistance determination of eligibility, as the income is calculated differently for each program. A review of the evidence discloses that the Department determined correctly that for MA income, the Petitioner's monthly earned income totaled [REDACTED] which is the sum of the two pay stubs provided by the Petitioner for the month of December 2017. Exhibit B. The Petitioner is a single person MA group of one member and is in the age group for this program and is not disabled.

The Department denied the Petitioner's application for HMP after processing Petitioner's pay stubs and determined that Petitioner had excess income and thus was

ineligible for HMP MA coverage. MA eligibility is determined for the month of application. In this case no application month was given but based upon the Department's actions, it is presumed the application was made sometime in January 2018 and the last thirty days of income (December 2017) was used.

MA is available (i) to individuals who are aged (65 or older), blind or disabled under SSI-related categories, (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 Healthy Michigan Plan (HMP) coverage. BEM 105 (October 2016), p. 1.

HMP is a MAGI-related MA category that 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 Modified Adjusted Gross Income (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; and (vi) are residents of the State of Michigan. BEM 137 (October 2016), p. 1. Retro MA coverage is available back to the first day of the third calendar month prior to the current or most recent application for MA applicants. BAM 115 (January 2017), pp. 11-14.

Petitioner, who is under age [REDACTED] a [REDACTED], not disabled, and not the caretaker of any minor children is potentially eligible for MA under the HMP. An individual is eligible for HMP if their household's income does not exceed 133% of the FPL applicable to the individual's group size. 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 for MAGI purposes is one. 133% of the annual FPL in 2016 for a household with one member is [REDACTED] <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed [REDACTED] and thus, monthly income cannot exceed [REDACTED], as an applicant of MA benefits.

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)(1) provides that "[f]inancial eligibility for Medicaid for applicants, and other individuals not receiving Medicaid benefits at the point at which eligibility for Medicaid is being determined, must be based on current monthly household income and family size."

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. 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 [REDACTED]. 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. 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 averaging the pay statements provided by Petitioner's employer and multiplying by 26 pay periods in a year, Petitioner's income exceeds the limit under the HMP program. The Petitioner is paid biweekly and the Department correctly determined by adding the two pay stubs together that the Petitioner's monthly income was [REDACTED] and the average bi weekly income was [REDACTED] which when multiplied by 26 results in annual income of [REDACTED]. The Department denied the application because it correctly determined that the Petitioner's income exceeded the HMP limit of \$16,039.80. Based upon the information provided at the hearing it is determined that the Department properly followed its policy when it determined that Petitioner's income exceeded the income limit under the HMP program.

Petitioner argued that the pay statements submitted are not reflective of her actual wages. Petitioner stated her hours fluctuate based upon the needs of her employer. At the hearing, Petitioner provided her W-2 Wage Statement which indicated that her pay for 2017 tax year was [REDACTED] under the annual HMP limit. The Petitioner also testified that she started employment sometime in August 2017. The W-2 wage earnings information was not provided to the Department at the time of the application or prior to the issuance of the Department's Health Care Notice and does not per se show that her income is at times significantly less than the pay stubs provided by the Petitioner. However, Petitioner did not provide that information to the Department prior to the January 23, 2018 Health Care Coverage Determination Notice. Petitioner could have submitted additional pay information (pay stubs) to the Department but did not do so. The Department can only reasonably rely on information that is available. Therefore, the Department properly followed policy when it determined Petitioner exceeded the income limit under the HMP program.

The Petitioner may reapply for Medical Assistance should her situation and earnings change so as to qualify Petitioner for MA benefits.

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 denied the Petitioner's application for Medical Assistance based upon HMP due to excess income.

**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]  
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[REDACTED] [REDACTED]  
[REDACTED]