



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

SHELLY EDGERTON
DIRECTOR

[REDACTED]

Date Mailed: June 19, 2018
MAHS Docket No.: 18-003370
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Kevin Scully

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; 45 CFR 99.1 to 99.33; and 45 CFR 205.10. After due notice, a telephone hearing was held on May 23, 2018, from Lansing, Michigan. Petitioner was represented by herself. The Department of Health and Human Services was represented by Anthony Couls, Hearing Facilitator.

ISSUE

Did the Department of Health and Human Services (Department) properly determine Petitioner's eligibility for Medical Assistance (MA)?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. On April 10, 2015, the Department received Petitioner's application for Medical Assistance (MA) that was transferred from the Federally Facilitated Marketplace. Exhibit A, pp 15-26.
2. On June 27, 2016, the Department received Petitioner's Redetermination (DHS-1010) where Petitioner reported that he claimed his son as a tax dependent. Exhibit A, pp 27-32.
3. Petitioner reported to the Department on the June 27, 2016, Redetermination form that he plans to file an income tax return jointly with his wife, but that his son is not planning to file a tax return. Exhibit A, pp 16-17.
4. On February 13, 2018, the Department received Petitioner's Health Care Coverage Supplemental Questionnaire (DHS-1004) where he reported having

social security benefits in the gross monthly amount of \$1,498, earned income in the gross monthly amount of \$732, and that his son has monthly income of \$6.12. Exhibit A, pp 33-36.

5. Petitioner and his wife hold cash assets totaling \$4,106.72. Exhibit A, pp 12-14.
6. On March 19, 2018, the Department notified Petitioner that no one in his household was eligible for Medical Assistance (MA) as of April 1, 2018. Exhibit A, pp 7-10.
7. On March 23, 2018, the Department received Petitioner's request for a hearing. Exhibit A, pp 2-3.

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.

Assets means cash, any other personal property and real property. Real property is land and objects affixed to the land such as buildings, trees and fences. Condominiums are real property. Personal property is any item subject to ownership that is not real property. Countable assets cannot exceed the applicable asset limit. An asset is countable if it meets the availability tests and is not excluded. Available means that someone in the asset group has the legal right to use or dispose of the asset. Department of Human Services Bridges Eligibility Manual (BEM) 400 (January 1, 2018), pp 1-7.

Petitioner is a Medicare eligible individual and over 64 years of age. Therefore, Petitioner is not eligible for MA benefits under the HMP program. Department of Health and Human Services Bridges Eligibility Manual (BEM) 137 (April 1, 2018), p 1.

Petitioner is not eligible for "full Medicaid" under the AD-CARE category because his monthly income exceeds \$1,391.67. Department of Health and Human Services Reference Table Manual (RFT) 242 (April 1, 2018), p 1.

Petitioner and his wife have countable cash assets exceeding \$3,000. Therefore, Petitioner is not eligible for MA benefits under the G2S category even if his vehicles are not counted towards his assets. Department of Health and Human Services Bridges Eligibility Manual (BEM) 400 (May 1, 2018), p 7.

MAGI for purposes of Medicaid eligibility is a methodology which state agencies and the federally facilitated marketplace (FFM) must use to determine financial eligibility. It is based on Internal Revenue Service (IRS) rules and relies on federal tax information to determine adjusted gross income. It eliminates asset tests and special deductions or disregards. Every individual is evaluated for eligibility based on MAGI rules. The MAGI rules are aligned with the income rules that will be applied for determination of eligibility for premium tax credits and cost-sharing reductions through exchanges. Department of Health and Human Services Bridges Eligibility Manual (BEM) 500 (January 1, 2016), pp 3-4.

Modified adjusted gross income (MAGI) is a methodology for how income is counted and how household composition and family size are determined. It is based on federal tax rules for determining adjusted gross income. It eliminates asset tests and special deductions or disregards. Every individual is evaluated for eligibility based on MAGI rules. The MAGI rules are aligned with the income rules that will be applied for determination of eligibility for premium tax credits and cost-sharing reductions through exchanges. The 5% disregard is the amount equal to 5% of the Federal Poverty Level for the applicable family size. It is not a flat 5% disregard from the income. The 5% disregard shall be applied to the highest income threshold. The 5% disregard shall be applied only if required to make someone eligible for Medicaid.¹

Household income is the sum of the MAGI-based income of every individual included in the individual's household, minus an amount equivalent to 5 percentage points of the Federal poverty level for the applicable family size. 42 CFR 435.603.

Petitioner and his wife reported filing a joint tax return and claiming their 19-year-old son as a tax dependent. Petitioner's April 10, 2015, application lists an annual household income of \$47,787.20, but it is not clear how this relates to eligibility for MA benefits on April 1, 2018. The income listed on the February 13, 2018, Health Care Coverage Supplemental Questionnaire (DHS-1004) shows a household income of \$2,236.12, which is less than 133% of the federal poverty level for both 2017, and 2018, even before the 5% income disregard is applied.

Petitioner's son is over age 19 and the record evidence supports a finding that he is not a tax filer but is claimed as a tax dependent on Petitioner's income tax return. For an individual who is a tax dependent of someone else, the benefit group consists of the household of the tax filer claiming the individual as a tax dependent unless the individual is not the biological child of the taxpayer claiming them. MAGI Manual, p 13.

¹ Department of Health and Human Services Modified Adjusted Gross Income (MAGI) Related Eligibility Manual, pp 14-15. This manual is available on the internet at http://www.michigan.gov/documents/mdch/MAGI_Manual_457706_7.pdf

The hearing record evidence supports a finding that Petitioner is not eligible for MA benefits under any category.

The hearing record evidence does not establish that Petitioner's wife is not eligible for MA under the HMP category based on the group's countable MAGI income.

The hearing record evidence does not establish that Petitioner's son is not eligible for MA under the HMP category as a non-filer tax dependent of parents, or as a group of one.

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 denied Medical Assistance (MA) benefits for Petitioner's wife and son as of April 1, 2018.

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:

Initiate a determination of eligibility for Medical Assistance (MA) for Petitioner's wife and son as of April 1, 2018, in accordance with policy.

KS/hb



Kevin Scully
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) 763-0155; 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

Jeanenne Broadnax
25637 Ecorse Rd.
Taylor, MI 48180

Wayne County (District 18), DHHS

BSC4 via electronic mail

D. Smith via electronic mail

EQADHShearings via electronic mail

Petitioner

