



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
MI [REDACTED]

Date Mailed: October 1, 2018  
MAHS Docket No.: 18-008871  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE:** Jeffrey Kemm

**HEARING DECISION**

Following Petitioner's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant MCL 400.9; 42 CFR 431.200 to 431.250; 42 CFR 438.400 to 438.424; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on September 27, 2018, from Lansing, Michigan. [REDACTED] [REDACTED] Petitioner's Spouse, appeared and represented Petitioner. Darlene Shaw, Eligibility Specialist, appeared and represented the Department. Neither party had any additional witnesses.

One exhibit was admitted into evidence during the hearing. An 18-page packet of documents provided by the Department was admitted collectively as the Department's Exhibit A.

**ISSUE**

Did the Department properly determine Petitioner's 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. Petitioner's spouse receives a parsonage allowance of \$ [REDACTED] per month.
2. Petitioner filed an income tax return for tax year 2017 which indicated that Petitioner's household adjusted gross income was \$ [REDACTED]. Petitioner's income tax return showed that \$ [REDACTED] of Petitioner's spouse's parsonage allowance was taxable. Petitioner's income tax return showed that Petitioner earned a net income of \$ [REDACTED] from self-employment.

3. On [REDACTED], 2018, Petitioner applied for MA for Petitioner, Petitioner's spouse, and their child.
4. On August 15, 2018, the Department issued a Health Care Coverage Determination Notice which notified Petitioner that her spouse was eligible for coverage with a \$1,089.00 monthly deductible.
5. The Department did not issue a Health Care Coverage Determination notice for Petitioner, but the Department found Petitioner eligible for the same coverage as her spouse.
6. The Department did not issue a Health Care Coverage Determination notice for Petitioner's child, but the child already had active full-coverage.
7. On August 24, 2018, Petitioner requested a hearing to dispute the deductible coverage.

### **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.

Health care coverage for adults is available through various programs, including the Healthy Michigan Plan. In order for an individual to be eligible for health care coverage under the Healthy Michigan Plan, the individual must be age 19 to 64 and the individual's household income cannot exceed 133% of the Federal Poverty Limit (FPL). BEM 137 (April 1, 2018), p. 1.

The FPL for a household of three in 2018 was \$20,780.00. 83 FR 2642-2644 (January 18, 2018). Thus, the income limit for a household of three for Healthy Michigan Plan was \$27,637.40. Income eligibility is based on modified adjusted gross income (MAGI) for Healthy Michigan. BEM 137 (April 1, 2018), p. 1 and 7 CFR 435.603. MAGI is defined as adjusted gross income increased by (1) excluded foreign income, (2) tax exempt interest, and (3) the amount of social security benefits excluded from gross income. 26 USC 36B(d)(2)(B). Adjusted gross income is that which is commonly used for Federal income taxes, and it is defined as gross income minus deductions for

business expenses, losses on the sale or exchange of property, retirement contributions, and others. 26 USC 62.

Here, the Department did not apply its policies and the applicable law correctly when it determined Petitioner's household income. The Department determined Petitioner's household income exceeded the limit for coverage through the Healthy Michigan Plan, but the Department did not exclude Petitioner's spouse's parsonage income as required. The Department should have excluded all but \$ [REDACTED] of Petitioner's spouse's parsonage because only \$ [REDACTED] was taxable pursuant to the Internal Revenue Code. 26 USC 107. Had the Department only considered \$ [REDACTED] of Petitioner's spouse's parsonage as income, the Department would have determined that Petitioner's income fell below the limit for health care coverage through the Healthy Michigan Plan.

### **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 its policies and the applicable law when it issued its August 15, 2018, Health Care Coverage Determination.

IT IS ORDERED the Department's decision is **REVERSED**.

IT IS FURTHER ORDERED that the Department shall initiate a review of Petitioner's and Petitioner's spouse's eligibility for health care coverage through the Healthy Michigan Plan.

JK/nr



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Jeffrey Kemm  
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**

Lori Duda  
30755 Montpelier Drive  
Madison Heights, MI  
48071

Oakland 2 County DHHS- via electronic mail

BSC4- via electronic mail

M. Best- via electronic mail

EQAD- via electronic mail

**Petitioner**

[REDACTED]  
[REDACTED]  
[REDACTED], MI  
[REDACTED]