



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

ORLENE HAWKS  
DIRECTOR

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Date Mailed: February 7, 2019  
MAHS Docket No.: 18-012814  
Agency No.: ██████████  
Petitioner: ██████████

**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, telephone hearing was held on January 15, 2019, from Lansing, Michigan. Petitioner represented himself. The Department was represented by Valarie Foley.

**ISSUE**

Did the Department of Health and Human Services (Department) properly determined eligibility for Medical Assistance (MA) benefits?

**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 ██████████ ██████████ 2018, the Department received Petitioner's Redetermination (DHS-1010) form. Exhibit A, pp 53-60.
2. Respondent reported that the household receives a total gross monthly income of ██████████ on his September 27, 2018, Redetermination (DHS-1010). Exhibit A, p 57.
3. On November 13, 2018, the Department received Petitioner's Federally Facilitated Marketplace Application Transfer. Exhibit A, pp 5-24.
4. Respondent reported an annual adjusted gross income of ██████████ and a tax group of 7 with the IRS on his 2016 federal income tax return. Exhibit A, p 25.

5. On November 21, 2018, the Department received Petitioner's request for a hearing protesting the denial of Medical Assistance (MA) benefits. 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.

Eligibility for MA benefits under the MICHild category for children 1 through 18 years of age ranges from 160-212 % of the federal poverty level. Department of Health and Human Services Bridges Eligibility Manual (BEM) 130 (July 1, 2016), p 1.

The income limit to participate in the Healthy Michigan Plan (HMP) is 133% of the federal poverty level. Department of Health and Human Services Reference Table Manual (RFT) 246 (April 1, 2014), p 1.

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.<sup>1</sup>

Petitioner's children were ongoing MA recipients when the Department closed those benefits based on the income Petitioner reported on a Redetermination (DHS-1010) form received by the Department on September 27, 2018. Petitioner reapplied for MA and his children were approved for MA under the G2U category with a large monthly deductible. Petitioner then requested a hearing protesting the denial of full MA benefits.

Petitioner applied for MA benefits and offered a 2016 federal tax return as verification of his household income. This federal tax return is not sufficient evidence of his current level of countable income to establish eligibility for ongoing MA benefits.

Petitioner had reported his household income on September 27, 2018, and his self-attested income level is the best information available in the hearing record to determine eligibility for MA benefits. The income Petitioner reported is █████ of the federal poverty level for a group of seven.

Petitioner and his children are not eligible for any MAGI based category of MA based on the household income Petitioner reported to the Department. Self-attestation is acceptable for most eligibility factors. MAGI Manual, p 24.

Petitioner and his family are potentially eligible for MA benefits with a large monthly deductible, but due to their income, they are not eligible for full MA benefits based on their MAGI income.

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 determined eligibility for Medical Assistance (MA) for Petitioner's household.

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<sup>1</sup> 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](http://www.michigan.gov/documents/mdch/MAGI_Manual_457706_7.pdf)

**DECISION AND ORDER**

Accordingly, the Department's decision is AFFIRMED.

KS/dh



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**Kevin Scully**  
Administrative Law Judge  
for Robert Gordon, 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**

Susan Noel  
26355 Michigan Ave.  
Inkster, MI 48141

Wayne County (District 19), DHHS

BSC4 via electronic mail

EQAD via electronic mail

D. Smith via electronic mail

**Petitioner**

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