



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ORLENE HAWKS
DIRECTOR

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Date Mailed: September 10, 2019
MOAHR Docket No.: 19-008154
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

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 September 5, 2019, from [REDACTED] Michigan. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Silvester Williams, manager, and Tonya Singletary, specialist.

ISSUE

The issue is whether MDHHS properly determined Petitioner's Medicaid (MA) eligibility.

FINDINGS OF FACT

The administrative law judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. As of June 2019, Petitioner was an ongoing recipient of full Medicaid.
2. As of June 2019, Petitioner was unmarried, disabled, not a recipient of Medicare, not pregnant, and not a caretaker to minor children.
3. As of June 2019, Petitioner received \$2,016 in Retirement, Survivors and Disability Insurance (RSDI) income.
4. On June 19, 2019, MDHHS determined Petitioner to be eligible for Medicaid subject to a \$1,588/month deductible beginning July 2019.

5. On July 25, 2019, Petitioner requested a hearing to dispute the determination of Medicaid beginning July 2019. Exhibit A, pp. 5-6.

CONCLUSIONS OF LAW

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. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing to dispute a determination that she was eligible for Medicaid subject to a deductible. A Health Care Coverage Determination Notice (HCCDN) dated June 19, 2019, stated that Petitioner was eligible for Medicaid subject to a \$1,588/month deductible beginning July 2019. Exhibit A, pp. 29-32.

Medicaid is also known as Medical Assistance (MA). BEM 105 (April 2017), p. 1. The Medicaid program includes several sub-programs or categories. *Id.* To receive MA under a Supplemental Security Income (SSI)-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. *Id.* Medicaid eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild and Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology. *Id.*

Persons may qualify under more than one MA category. *Id.*, p. 2. Federal law gives them the right to the most beneficial category. *Id.* The most beneficial category is the one that results in eligibility, the least amount of excess income or the lowest cost share. *Id.*

MA categories are also split into categories of Group 1 and Group 2. *Id.*, p. 1. For Group 1, a group's net income must be at or below a certain income level for eligibility. *Id.*

As of the hearing date, Petitioner was disabled and/or aged, not pregnant, not a Medicare recipient, and not a caretaker to minor children. As a non-Medicare recipient, Petitioner is potentially eligible for Medicaid under the MAGI-Related category of Healthy Michigan Plan. The HCCDN stated that Petitioner was ineligible for HMP due to excess income.

HMP is a health care program administered by the Michigan Department of Community Health, Medical Services Administration. The program is authorized under the

Affordable Care Act of 2010 as codified under 1902(a)(10)(A)(i)(VIII) of the Social Security Act and in compliance with the Michigan Public Act 107 of 2013.

For individuals who have been determined financially-eligible for MA using the MAGI-based methods set forth in this section, a State may elect in its State plan to base financial eligibility either on current monthly household income and family size or income based on projected annual household income and family size for the remainder of the current calendar year. 42 CFR 435.603 (h)(2). In determining current monthly or projected annual household income and family size under paragraphs (h)(1) or (h)(2) of this section, the agency may adopt a reasonable method to include a prorated portion of reasonably predictable future income, to account for a reasonably predictable increase or decrease in future income, or both, as evidenced by a signed contract for employment, a clear history of predictable fluctuations in income, or other clear indicia of such future changes in income. 42 CFR 435.603 (h)(3).

MDHHS determined Petitioner's HMP eligibility based on a group size of one person. Presumably, MDHHS correctly determined Petitioner's group size as Petitioner is unmarried and without minor children.¹

For MAGI-related MA, all RSDI income is countable for adults not claimed as tax dependents. BEM 503 (April 2019), p. 29. It was not disputed that Petitioner received \$2,016/month in RSDI. Multiplying Petitioner's monthly income by 12 results in a countable annual income of \$24,192.

HMP income limits are based on 133% of the federal poverty level. RFT 246 (April 2014), p. 1. The 2019 federal poverty level is \$12,490 for a one-person group.² For Petitioner to be eligible for HMP, countable income would have to fall at or below \$16,040. Petitioner's group's income exceeds the income limit for HMP. Thus, MDHHS properly denied full Medicaid to Petitioner under HMP.

As of the disputed benefit month, Petitioner was disabled. As a disabled individual, Petitioner is potentially eligible to receive Medicaid under the SSI-Related category of AD-Care. BEM 163 outlines the procedures for determining income eligibility under AD-Care.

Determining AD-Care income eligibility begins with factoring a client's income. As of the disputed benefit month, Petitioner received \$2,061/month in RSDI.

MDHHS gives AD-Care budget credits for employment income, guardianship and/or conservator expenses. Cost of living adjustments (COLA) are applicable for the benefit months of January through March only. BEM 503 (January 2019), p. 29. No relevant expenses were alleged.

¹ BEM 212 details how to determine group size for MAGI-Related MA.

² <https://aspe.hhs.gov/2019-poverty-guidelines>

AD-care income limits are 100% of the Federal Poverty Level + \$20. RFT 242 (April 2019), p. 1. The income limit for a one-person AD-Care group is \$1,061/month. *Id.* Petitioner's countable income exceeds the AD-Care income limit. Thus, Petitioner is not eligible for Medicaid through AD-Care. Petitioner's Group 1 ineligibility does not preclude Medicaid eligibility under a Group 2 category.

For Group 2 categories, eligibility is possible even when net income exceeds the income limit for a Group 1 category; this is possible because incurred medical expenses are used when determining eligibility. *Id.* Group 2 categories are considered a limited benefit because a deductible is possible. *Id.* For aged/disabled persons, G2S is the applicable Group 2 Medicaid category.

Clients with a deductible may receive Medicaid if sufficient allowable medical expenses are incurred. BEM 545 (April 2018), p. 11. Each calendar month is a separate deductible period. *Id.* The fiscal group's monthly excess income is called the deductible amount. *Id.* Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. *Id.*

For G2S, a client's gross RSDI is counted. Thus, Petitioner's countable income for purposes of G2S is \$2,061.

MDHHS' hearing packet included documents verifying Petitioner's housing insurance, auto insurance, utilities, and rental expense obligations. Exhibit A, pp. 14-22. Such expenses do not factor into a Medicaid determination. The G2S budget allows a \$20 disregard for unearned income and various earned income disregards. The G2S budget also factors ongoing medical expenses (which are applied toward a deductible), insurance premiums, guardianship expenses, and remedial services. No countable expenses were alleged.

A client's deductible is calculated by subtracting the protected income level (PIL) from the net income. A PIL is a standard allowance for non-medical need items such as shelter, food and incidental expenses. The PIL for Petitioner's shelter area and group size is \$408. RFT 240 (December 2013), p. 1.

Subtracting the PIL and \$20 disregard from Petitioner's countable income results in a monthly deductible of \$1,588; the same deductible was calculated by MDHHS. Exhibit A, p. 28. Thus, MDHHS properly determined Petitioner's Medicaid eligibility.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Petitioner to be eligible for Medicaid subject to a \$1,588/month deductible beginning July 2019. The actions taken by MDHHS are **AFFIRMED**.

CG/jaf



Christian Gardocki

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 Office of Administrative Hearings and Rules (MOAHR).

A party may request a rehearing or reconsideration of this Order if the request is received by MOAHR 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. MOAHR will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MOAHR. If submitted by fax, the written request must be faxed to (517) 763-0155; Attention: MOAHR Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Office of Administrative Hearings and Rules
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-8139

DHHS (via electronic mail)

Linda Gooden
MDHHS-Oakland-6303-Hearings

BSC4
D Smith
EQAD

Petitioner (via first class mail)

[REDACTED]
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