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GOVERNOR

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

ORLENE HAWKS
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: February 28, 2020
MOAHR Docket No.: 20-000412
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Ellen McLemore

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 February 26, 2020, from Detroit, Michigan. Petitioner was present with her husband, [REDACTED]. The Department of Health and Human Services (Department) was represented by Kelly Teed, Hearing Facilitator.

ISSUE

Did the Department properly close Petitioner's Medical Assistance (MA) benefit case?

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 September 13, 2019, Petitioner submitted an application for MA benefits (Exhibit A, pp. 5-10).
2. On September 27, 2019, Petitioner completed an interview related to her MA benefit case (Exhibit A, pp. 11-12).
3. On September 27, 2019, the Department sent Petitioner a Verification Checklist (VCL) requesting verification of her husband's income (Exhibit A, pp. 16-17).
4. On September 27, 2019, the Department sent Petitioner a Verification of Employment for her husband's income at [REDACTED] (Exhibit A, pp. 18-21).

5. On September 27, 2019, the Department sent Petitioner a Verification of Employment for her husband's income at [REDACTED] (Exhibit A, pp. 22-25).
6. On December 30, 2019, the Department sent Petitioner a Health Care Coverage Determination Notice informing her that her MA benefit case was closing effective February 1, 2020 (Exhibit A, pp. 26-29).
7. On [REDACTED], 2020, Petitioner submitted a request for hearing disputing the Department's actions.

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, Petitioner submitted an application for MA benefits on September 1, 2019. Petitioner indicated that she was the only member of the household and that she did not have any income. As a result, Petitioner was automatically approved for MA benefits under the Health Michigan Plan (HMP) program. However, on September 27, 2019, an interview was conducted with Petitioner and she stated that she was living with her husband who had income from employment. In the interview, Petitioner stated she did not have any information about her husband's employment or income. The Department retrieved Petitioner's husband's Wage Match showing he had income from [REDACTED] in the second quarter of 2019 (Exhibit A, p. 14). The Department also received New Hire information for Petitioner's husband showing he was working at [REDACTED] (Exhibit A, p. 15). The Department determined that Petitioner was not eligible for MA benefits and closed her MA benefit case.

The Department concluded that Petitioner was not eligible for HMP because her household 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. An individual is eligible for HMP if her household's income does not exceed 133% of the Federal Poverty Level (FPL) applicable to the individual's group size. BEM 137, p. 1. An individual's group size for MAGI-related purposes requires consideration of the client's tax filing status. In this case, Petitioner was married and did not claim any

dependents. Therefore, for HMP purposes, Petitioner has a household size of two. BEM 211 (January 2016), pp. 1-2.

133% of the annual FPL in 2019 for a household with two members is \$22,490.30. See <https://aspe.hhs.gov/poverty-guidelines>. The monthly income limit for a group size of two is \$1,874.19. Therefore, to be income eligible for HMP, Petitioner's income cannot exceed \$22,490.30 annually or \$1,874.19 monthly. 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, 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. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>. For MAGI MA benefits, if an individual receives RSDI benefits and is a tax filer, all RSDI income is countable. BEM 503 (January 2019), p. 29.

Effective January 1, 2014, when determining eligibility for new applicants of MAGI-related MA, the State of Michigan has elected to base financial eligibility on current monthly income and family size. See:

http://www.michigan.gov/documents/mdch/SPA_13_0110_MM3_MAGI-Based_Income_Meth_446554_7.pdf.

The Department testified based on the insufficient information provided by Petitioner regarding her husband's income, it was unclear as to where he was working and the amount of his earnings. As a result, the Department sent Petitioner a VCL and a Verification of Employment form for both [REDACTED] and [REDACTED]. However, the Department stated that Petitioner did not submit any verification of her husband's employment. As a result, the Department utilized the only income information it had for Petitioner's husband, which was the Wage Match from [REDACTED]. Per the Wage Match, Petitioner's husband had \$9,091.70 in earnings in the second quarter of 2019. The Department divided the figure by three and determined his monthly income was \$3,030 (Exhibit A, p. 30). As a result, Petitioner's household income exceeded the income limit for her group size and the Department closed her MA benefit case.

At the hearing, Petitioner's husband testified that he has not worked at [REDACTED] in six months. Petitioner's husband stated that at the time of Petitioner's MA application, he was working at [REDACTED]. Petitioner stated that she submitted verification of her

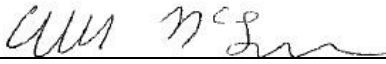
husband's employment. However, Petitioner could not recall when she submitted the verification.

Petitioner's testimony was too vague to be considered credible. Petitioner did not provide proper verification of her husband's income from employment. As a result, the Department utilized the only information available to determine Petitioner's eligibility. Based on the information available, Petitioner's household income exceeded the income limit for her group size. Therefore, the Department acted in accordance with policy when it closed Petitioner's MA benefit case.

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 acted in accordance with Department policy when it closed Petitioner's MA benefit case. Accordingly, the Department's decision is **AFFIRMED**.

EM/cg



Ellen McLemore
Administrative Law Judge
for Robert Gordon, Director
Department of Health and Human Services

