



GRETCHEN WHITMER
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: March 25, 2020
MOAHR Docket No.: 20-001060
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 March 13, 2020, from Detroit, Michigan. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Candace Baker, manager.

ISSUE

The issue is whether MDHHS properly denied Petitioner's application for Medicaid.

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 January 16, 2020, Petitioner applied for Medicaid. Petitioner reported receipt of ongoing employment income. Exhibit A, pp. 10-16.
2. As of January 16, 2020, Petitioner was between the ages of 19-64 years, not disabled, not pregnant, and not a caretaker to minor children.
3. On January 16, 2020, MDHHS denied Medicaid to Petitioner. In determining Petitioner's eligibility for Medicaid under the Healthy Michigan Plan (HMP), MDHHS relied on pays submitted by Petitioner for an application from before January 2020.

4. On an unspecified date, and in response to a request for verification of recent employment income, MDHHS received verification of the following gross pays for Petitioner: \$1,089.64 on January 13, 2020, and \$775.60 on January 27, 2020.
5. On [REDACTED], 2020, Petitioner requested a hearing to dispute the denial of Medicaid.
6. On February 6, 2020, MDHHS reprocessed Petitioner's Medicaid eligibility based on his January 2020 pays. MDHHS again denied Petitioner's Medicaid application, including HMP due to excess income.

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 denial of Medicaid coverage. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice (HCCDN) dated January 16, 2020, stated that Petitioner was ineligible for various Medicaid categories. Exhibit A, pp. 21-24. A consideration of Medicaid categories is needed to determine if Petitioner was properly denied.

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 Medicaid 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.*

Disability is a factor in determining for which Medicaid categories a person may be potentially eligible to receive Medicaid. Petitioner testified that he thought was disabled, but that he also does not let his disability limit him from working. Petitioner further testified that he recently had a hearing with the Social Security Administration (SSA)

and had an expectation that he would be deemed disabled by SSA. In processing Petitioner's Medicaid application, MDHHS deemed Petitioner to not be disabled..

A person meets the disability or blindness factor for a month if he is determined disabled or blind for the month being tested. BEM 260 (January 2020) p. 1. A person is disabled by any of the following:

- Death establishes disability in the month of death
- Eligible for SSI benefits
- Recently eligible for SSI
- Eligible for RSDI benefits
- RSDI eligibility following a previous application denial *Id.*

As of Petitioner's Medicaid application month, he did not meet the circumstances to be considered disabled. Thus, for purposes of qualifying for Medicaid, Petitioner is not disabled.

As of the hearing date, Petitioner was between the ages of 19-64 years, not disabled, not pregnant, and not a caretaker to minor children. Given the evidence, Petitioner is only potentially eligible for Medicaid through HMP as a group size of one. 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.

HMP is based on Modified Adjusted Gross Income (MAGI) methodology. BEM 137 (October 2016), p. 1. Modified adjusted gross income (MAGI) is a methodology for how income is counted and how household composition and family size are determined. MAGIM (May 28, 2014), p. 14. It is based on federal tax rules for determining adjusted gross income. *Id.* It eliminates asset tests and special deductions or disregards. *Id.* Every individual is evaluated for eligibility based on MAGI rules. *Id.*

MAGI-based income means income calculated using the same financial methodologies used to determine modified adjusted gross income as defined in section 36B(d)(2)(B) of the Code.¹ 42 CFR 435.603(e). Financial eligibility for Medicaid for applicants, and other individuals not receiving Medicaid benefits at the point at which eligibility for Medicaid is being determined, must be based on current monthly household income and family size. 42 CFR 435.603(h)(1). In determining current monthly or projected annual household income and family size under paragraphs (h)(1) or (h)(2), 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,

¹ Income exceptions are made for lump-sums which are counted as income only in the month received; scholarships, awards, or fellowship grants used for education purposes and not for living expenses; and various exceptions for American Indians and Alaska native. No known exceptions are applicable to the present case.

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 acknowledged that Petitioner's application for Medicaid was prematurely denied after projecting Petitioner's income was projected from obsolete pay dates. Under the circumstances, Petitioner would be entitled to a reprocessing of his application based on current monthly gross income. MDHHS credibly stated that Petitioner's HMP application was reprocessed and that the result was again denial based on excess income.

In its reprocessing of HMP, MDHHS relied on Petitioner's biweekly gross employment pays of \$1,089.64 dated January 13, 2020, and \$775.60 on January 27, 2020. Exhibit A, pp. 21-22. MDHHS properly added the pays to convert the biweekly pays to a monthly amount of \$1,865.24. Exhibit A, p. 31. Multiplying the monthly income by 12 results in a projected annual gross income of \$22,382.88.

MAGI can be defined as a household's adjusted gross income with any tax-exempt interest income and certain deductions added back.² Common deductions and disregards which should be factored in determining a person's adjusted gross income include alimony payments, unreimbursed business expenses, Health Savings Account (e.g., 401k) payments, and student loan interest.³ There was no evidence of applicable deductions. Given the evidence, Petitioner's gross income of \$22,382.88 will be accepted as the group's countable income for HMP.

HMP income limits are based on 133% of the federal poverty level. RFT 246 (April 2014), p. 1. The 2019 federal poverty level is \$12,760 for a one-person group.⁴ For Petitioner to be eligible for HMP, countable income would have to fall at or below \$16,970.80

Based on the evidence, Petitioner's income exceeds HMP limits. Thus, MDHHS properly determined Petitioner to be ineligible for HMP due to excess income. With Petitioner not eligible for Medicaid under any other categories, MDHHS properly denied Petitioner's application for Medicaid. Petitioner is encouraged to reapply for Medicaid if or when his income reduces or ends.

² <https://www.investopedia.com/terms/a/agi.asp>

³ *Id.*

⁴ <https://aspe.hhs.gov/poverty-guidelines>

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly denied Petitioner's Medicaid application dated January 16, 2020. The actions taken by MDHHS are **AFFIRMED**.

CG/cg



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

Via Email:

MDHHS-Washtenaw-20-Hearings
D. Smith
EQAD
BSC4- Hearing Decisions
MOAHR

Petitioner – Via First-Class Mail:

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