

**STATE OF MICHIGAN  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**IN THE MATTER OF:**

[REDACTED]  
[REDACTED] MI [REDACTED]

MAHS Reg. No.: 15-019293  
Issue No.: 2001  
Agency Case No.: [REDACTED]  
Hearing Date: January 7, 2016  
County: WAYNE-DISTRICT 31

**ADMINISTRATIVE LAW JUDGE: Eric Feldman**

**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; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on January 7, 2016, from Detroit, Michigan. The Petitioner was represented by [REDACTED] (Petitioner). The Department of Health and Human Services (Department) was represented by Natalie Anderson, Eligibility Specialist; and Corlette Brown, Hearings Facilitator.

**ISSUE**

Did the Department properly close Petitioner's Medical Assistance (MA) – Healthy Michigan Plan (HMP) benefits effective November 1, 2015?

**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 was an ongoing recipient of MA.
2. On September 18, 2015, the Department indicated that Petitioner submitted a New Hire Notice and a check stub. See Exhibit A, p. 1 (Hearing Summary).
3. Petitioner's check stub stated the following: (i) pay date of September 5, 2015; (ii) gross earnings of \$963.94; (iii) overtime earnings of \$238.50; (iv) gross total earnings of \$1,202.44; and (v) net income of \$941.47. See Exhibit A, p. 4.

4. On October 1, 2015, Petitioner submitted his MA redetermination, in which he reported his household size was one and that he plans to file a federal income tax return next year. See Exhibit A, pp. 1 and 10-14.
5. On October 5, 2015, the Department sent Petitioner a Health Care Coverage Determination Notice (determination notice) notifying him that he was not eligible for MA benefits effective November 1, 2015 because he was not under 21, pregnant, a caretaker of a minor child in his home, he is not over 65 (aged), blind, or disabled. See Exhibit A, p. 8. The determination notice also indicated that his annual income was calculated to be \$24,984, which exceeded the income limit of a household size of one for HMP, which was \$15,654.10. See Exhibit A, pp. 8-9.
6. On [REDACTED] Petitioner filed a hearing request, protesting the Department's action. See 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.

Petitioner sought to be income eligible for HMP because he argued that the Department miscalculated his annual income.

HMP is considered a Modified Adjusted Gross Income (MAGI) related category. MAGI Related Eligibility Manual, *Michigan Department of Community Health (DCH)*, May 2014, p. 4.

Available at [http://michigan.gov/documents/mdch/MAGI\\_Manual\\_457706\\_7.pdf](http://michigan.gov/documents/mdch/MAGI_Manual_457706_7.pdf).

The HMP provides health care coverage for individuals who:

- Are 19-64 years of age
- Have income at or below 133% of the federal poverty level under the MAGI methodology
- Do not qualify for or are not enrolled in Medicare

- Do not qualify for or are not enrolled in other Medicaid programs
- Are not pregnant at the time of application
- Are residents of the State of Michigan

Medicaid Provider Manual, *Michigan Department of Community Health*, October 2015, p. 462. Available at <http://www.mdch.state.mi.us/dch-medicaid/manuals/MedicaidProviderManual.pdf>. All criteria for MAGI eligibility must be met to be eligible for the Healthy Michigan Plan. Medicaid Provider Manual, p. 462.

In the present case, Petitioner must have income at or below 133% of the federal poverty level under the MAGI methodology to be eligible for HMP. See Medicaid Provider Manual, p. 462.

Before determining whether Petitioner's income is at or below 133% of the federal poverty level, the Department must determine Petitioner's household composition. The size of the household will be determined by the principles of tax dependency in the majority of cases. MAGI Related Eligibility Manual, p. 14.

In this case, the Department indicated that Petitioner's household composition was one for MAGI purposes. However, it was discovered during the hearing that Petitioner had a minor child in the home. Petitioner testified that his minor child spends time both at his home and the child's mother. Petitioner, though, did not mention that his son was a member of the household in the redetermination received on October 1, 2015. See Exhibit A, p. 10. Petitioner also indicated that he did not file taxes the previous year, but, he did indicate in his redetermination that he planned to file a federal income tax return for next year. See Exhibit A, p. 10. Petitioner, though, did not list the minor child in the federal tax filing information section either. See Exhibit A, p. 10. Furthermore, Petitioner acknowledged that he did not notify the Department of the minor child until today's hearing.

Based on the foregoing information and evidence, the Department properly determined Petitioner's household composition for MAGI purposes was one. See MAGI Related Eligibility Manual, p. 14. In this instance, the Department would be unaware that Petitioner's household composition would be two for MAGI purposes because he never reported the child in the redetermination, and first reported the child at today's hearing. Policy states that individuals must cooperate with the local office in determining initial and ongoing eligibility. MAGI Related Eligibility Manual, p. 4 and see also BAM 105 (July 2015), p. 8. This includes completion of necessary forms. MAGI Related Eligibility Manual, p. 4 and see also BAM 105, p. 8. Individuals must completely and truthfully answer all questions on forms and in interviews. MAGI Related Eligibility Manual, p. 4 and see also BAM 105, p. 8. Based on the information Petitioner provided at the time of determining his ongoing MA eligibility, the Department acted in accordance with Department policy when it determined his household composition for MAGI purposes was one. See MAGI Related Eligibility Manual, p. 4 and see also BAM 105, p. 8.

The analysis now turns to whether Petitioner's income is at or below 133% of the federal poverty level. The 2015 Poverty Guidelines for the 48 Contiguous States and the District of Columbia indicated that the poverty guidelines for persons in family/household size of one is \$11,770. 2015 Poverty Guidelines, *U.S. Department of Health & Human Services*, January 22, 2015, p. 1. Available at: <http://aspe.hhs.gov/poverty/15poverty.cfm>. However, the poverty guidelines for a household size of one must be multiplied by 1.33 (133%) to obtain the 133% federal poverty level calculation. The result is that Petitioner's income must be at or below \$15,654.10 (\$11,770 multiplied by 1.33) of the federal poverty level for a household size of one.

Then, it must be determined whether Petitioner's income is countable. MAGI is a methodology for how income is counted and how household composition and family size are determined. MAGI Related Eligibility Manual, p. 16. It is based on federal tax rules for determining adjusted gross income. MAGI Related Eligibility Manual, p. 16. Every individual is evaluated for eligibility based on MAGI rules. MAGI Related Eligibility Manual, p. 16. 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. MAGI Related Eligibility Manual, p. 16. Common sources of income which are countable in a MAGI related determination includes wages/salary. See MAGI Related Eligibility Manual, p. 16. As such, Petitioner's wages/salary benefits are countable for HMP purposes.

Next, the Department indicated that his review was processed based on the income he reported on September 18, 2015. See Exhibit A, p. 4. Petitioner only provided the Department with one pay stub. The Department testified that it did not include his overtime hours in the calculation of his income. Based on this testimony, the Department would calculate his monthly and/or annual income based on the gross regular earnings of \$963.94. The Department provided a MAGI-Summary, which indicated that his total income per month was \$2,082.11. See Exhibit A, p. 7. If the undersigned takes this amount of \$2,082.11 and multiplies it by 12, the result is an annual income of \$24,985.32. This amount exceeds the income limit for household size of one. However, an issue arose because the undersigned was confused as to how the Department calculated a monthly income of \$2,082.11 based on his one pay stub provided. Petitioner testified that his net monthly income is approximately \$1,600.

A problem arises as how to budget Petitioner's income. MAGI-related MA policy is silent on how to calculate the income. 42 CFR 435.603(h)(1) states that for applicants and new enrollees:

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.

Also, 42 CFR 435.603(h)(3) states:

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 . . .


Based on the above information, Petitioner's income exceeds 133% of the federal poverty level. Even though the undersigned was confused as to how the Department calculated Petitioner's annual income of \$24,984, Petitioner's own testimony indicated that he would not be eligible for HMP. As stated above, Petitioner testified that his net monthly income was approximately \$1,600. If the undersigned takes this amount and multiplies it by 12 months, the result is a total of \$19,200. This amount would exceed the HMP income limit of \$15,654.10 for a household size of one. See 42 CFR 435.603(h)(2) to (3) for current beneficiary's calculations. As such, the Department acted in accordance in Department policy when it closed Petitioner's MA benefits effective November 1, 2015.

It should be noted that due to the discovery of Petitioner's minor child, his eligibility factors for HMP may have changed (i.e., household composition). If Petitioner's household composition for MAGI purposes increased to two, the income limit is now \$21,186.90. See Exhibit A, p. 9. Petitioner can reapply for benefits to determine his MA eligibility (i.e., HMP or Group 2 Caretaker).

### **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 benefits effective November 1, 2015.

Accordingly, the Department's MA decision is **AFFIRMED**.



**Eric Feldman**  
Administrative Law Judge  
for Nick Lyon, Director  
Department of Health and Human Services

Date Signed: **1/11/2016**

Date Mailed: **1/11/2016**

EF / hw

**NOTICE OF APPEAL:** A party may appeal this Hearing Decision in the circuit court in the county in which he/she resides, or the circuit court in Ingham County, within 30 days of the receipt date. A copy of the claim or application for appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Hearing Decision from MAHS within 30 days of the mailing date of this Hearing Decision, or MAHS **MAY** order a rehearing or reconsideration on its own motion. MAHS **MAY** grant a party's Request for Rehearing or Reconsideration when one of the following exists:

- Newly discovered evidence that existed at the time of the original hearing that could affect the outcome of the original hearing decision;
- Misapplication of manual policy or law in the hearing decision which led to a wrong conclusion;
- Typographical, mathematical or other obvious error in the hearing decision that affects the rights of the client;
- Failure of the ALJ to address in the hearing decision relevant issues raised in the hearing request.

The party requesting a rehearing or reconsideration must specify all reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration. A request must be *received* in MAHS within 30 days of the date this Hearing Decision is mailed.


A written request may be faxed or mailed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088 and be labeled as follows:

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

cc:

  
Wayne-District 31 (Grandmont)  
BSC4-HearingDecisions  
Michelle Best  
EQADHShearings  
Eric Feldman  
MAHS