



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

SHELLY EDGERTON
DIRECTOR

[REDACTED]

Date Mailed: October 25, 2017
MAHS Docket No.: 17-011717
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 October 19, 2017, from Detroit, Michigan. Petitioner was present and represented herself. The Department of Health and Human Services (Department) was represented by Amanda Curtis, Eligibility Specialist, and Sue Cook, Family Independence Manager.

ISSUE

Did the Department properly determine Petitioner's children's Medical Assistance (MA) benefit 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. Petitioner's children were ongoing MA recipients under the MICHild program.
2. On August 4, 2017, Petitioner submitted a redetermination (Exhibit A).
3. In 2016, Petitioner filed her taxes jointly with her husband. Petitioner and her husband claimed her two children and his child as dependents.
4. Petitioner and Petitioner's husband both had income from employment at [REDACTED].

5. On August 22, 2017, the Department sent Petitioner a Health Care Coverage Determination Notice informing her that her two children were eligible for MA benefits subject to a deductible effective October 1, 2017, ongoing.
6. On September 1, 2017, Petitioner requested a 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's children were previously receiving full-coverage MA benefits under the MICHild program. Pursuant to a redetermination that was completed on August 4, 2017, the Department redetermined Petitioner's children's MA eligibility.

MICHild is a MAGI (Modified Adjusted Gross Income)-related Medicaid Expansion program for children who are under 19 years of age and who have no other health coverage. BEM 130 (July 2016), p. 1. MICHild income eligibility for children aged 0-1 year ranges from 195-212% of the Federal Poverty Level (FPL). BEM 130, p. 1. MICHild income eligibility for children 1 through 18 years of age ranges from 160-212% of the FPL. BEM 130, p. 1. According to the redetermination submitted, both of Petitioner's children were between the age of 1 and 18.

The Department concluded that Petitioner's children were income-ineligible for MA coverage under the MICHild category. In order to determine income eligibility for the MAGI-related MICHild program, the household's MAGI income must be considered. In this case, the two minor children live with Petitioner, Petitioner is a tax filer, and she filed jointly with her husband. Petitioner and her husband claim her two children as dependents, as well as Petitioner's husband's child. Therefore, each child has a household of five. See BEM 211(January 2016), pp. 1-2. 212% of the annual 2017 FPL for MICHild eligibility for a five-member household is \$61,013.60.

Generally, household income for MAGI-related MA eligibility is the sum of the MAGI-based income of every individual included in the individual's household, minus an

amount equivalent to five percentage points of the FPL for the applicable family size. 42 CFR 435.603(d)(1). To determine financial eligibility under MICHild, 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, tax-exempt 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. This figure is multiplied by the number of paychecks the client expects in 2017 to estimate income for the year. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>.

The Department testified it calculated Petitioner's household income by using pay statements that were submitted by Petitioner and her husband (Exhibit B). The Department stated it used the payment issued to Petitioner on June 30, 2017, in the gross amount of \$1,304.68 and July 14, 2017, in the amount of \$1,344.38. For Petitioner's husband, the Department used the payment issued on July 14, 2017, in the amount of \$2,376.92 and July 28, 2017, in the amount of \$2,376.92. The Department testified for both Petitioner and her husband, it added the two paychecks together and calculated a yearly total of \$31,788.72 for Petitioner and \$57,046.08 for Petitioner's husband. The Department stated that Petitioner's children did not qualify for MICHild because Petitioner's and Petitioner's husband's income exceeded the income limit.

The Department failed to properly determine Petitioner's household income. First, the Department should have averaged Petitioner and Petitioner's husband's income amounts and multiplied that number by 26 (the number of paychecks they would expect to receive in a year, as both are paid biweekly). Second, the Department used both Petitioner's and Petitioner's husband's gross income to determine their yearly income. Petitioner's and Petitioner's husband's paychecks clearly indicate they are subject to a pretax health insurance deduction in the amount of \$113.70 per pay period. The Department did not deduct that amount from the payment amounts they used to calculate Petitioner and Petitioner's husband's income. Therefore, the Department did not use their "taxable income." Thus, the Department did not properly calculate Petitioner's household income for purposes of her children's MA eligibility.

DECISION AND ORDER

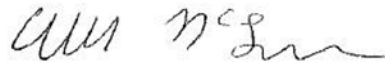
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department failed to

satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner's children's MA eligibility.

Accordingly, the Department's decision is **REVERSED**.

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Redetermine Petitioner's children's MA eligibility as of October 1, 2017;
2. Provide Petitioner's children with MA coverage they are eligible to receive for October 1, 2017, ongoing; and
3. Notify Petitioner of its MA decision in writing.



EM/

Ellen McLemore
Administrative Law Judge
for Nick Lyon, 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) 335-6088; 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

MDHHS-Jackson-Hearings

Petitioner



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