



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

SHELLY EDGERTON  
DIRECTOR



Date Mailed: November 28, 2017  
MAHS Docket No.: 17-012920  
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 November 16, 2017, from Detroit, Michigan. Petitioner was present and represented herself. The Department of Health and Human Services (Department) was represented by Shana Hook, Hearing Facilitator, and Pamela Herman, who was observing only.

### **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. Petitioner was an ongoing MA recipient under the Health Michigan Plan (HMP).
2. On June 2, 2017, Petitioner submitted a redetermination. Along with the redetermination Petitioner provided pay stubs from her income from employment (Exhibit C).
3. On September 12, 2017, Petitioner advised the Department that she filed taxes and claimed her son as a dependent.
4. Petitioner's son had income from employment (Exhibit D).

5. On September 12, 2017, the Department sent Petitioner a Health Care Coverage Determination Notice informing her that her MA benefit case was closing effective October 1, 2017, ongoing, because she exceeded the income limit.
6. On September 22, 2017, Petitioner submitted a request for hearing disputing the Department 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 completed a redetermination pursuant to her Food Assistance Program (FAP) benefit case. Along with the redetermination, Petitioner submitted pay statements from her income from employment. As a result, Petitioner's MA eligibility was reviewed. Petitioner advised the Department that she filed taxes and claimed her son as a dependent, even though he did not live in her household.

The Department concluded that Petitioner was not eligible for HMP because her 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 not married and claimed her son as her only dependent. The household for a tax filer, who is not claimed as at tax dependent consists of: (i) the individual; (ii) the individual's spouse; and (iii) the individual's tax dependents. BEM 211 (January 2016), pp. 1-2. Therefore, in determining Petitioner's MA status, the Department properly considered Petitioner as having a group size of two.

133% of the annual FPL in 2017 for a household with one member is \$21,599.20. See <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed \$21,599.20. 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, 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/>.

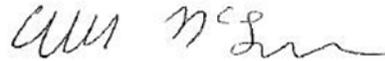
The Department used the pay stubs submitted by Petitioner with her redetermination on June 2, 2017, to calculate her income. Petitioner was employed by two separate employers. For the employer, [REDACTED], Petitioner submitted pay statements from May 5, 2017, in the amount of \$120, and May 19, 2017, in the amount of \$120. Petitioner was paid biweekly. Petitioner also submitted pay statements from [REDACTED] from May 19, 2017, in the amount of \$779.96 and June 2, 2017, in the amount of \$786.40. Petitioner was paid twice per month. The Department also considered Petitioner's son's income, as he is member of her group for MAGI purposes. The Department retrieved income verification for Petitioner's son's income. The Department used the payments issued to Petitioner's son on July 7, 2017, in the amount of \$106.50; July 14, 2017, in the amount of \$71.20; July 21, 2017, in the amount of \$106.80; and July 28, 2017, in the amount of \$206.93.

When calculating Petitioner's and Petitioner's son's income by averaging the payments received and multiplying by the expected number of paychecks in a year, their household income exceeds the income limit for a group of two. Therefore, the Department acted in accordance with policy when it determined Petitioner was not eligible for HMP and closed her 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**.



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**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-Calhoun-Hearings

**Petitioner**



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