



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: February 7, 2018  
MAHS Docket No.: 17-015817  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris**

**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 1, 2018, from Detroit, Michigan. The Petitioner was represented by himself. The Department of Health and Human Services (Department) was represented by Diane McGuire, Eligibility Specialist.

**ISSUE**

Did the Department properly deny the Petitioner's application for Medical Assistance (MA) Healthy Michigan Plan (HMP)?

**FINDINGS OF FACT**

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. The Petitioner completed a Federally Facilitated Marketplace Application transferred to the Bridges System on [REDACTED] 2017 for himself only. Exhibit A
2. The Department issued a Health Care Coverage Determination Notice on September 6, 2017 denying the Petitioner's MA application for HMP because it determined that he was over the income limit. Exhibit G.
3. The HMP income limit for a group of one person at the time of the application was \$16,039.80 for 2017.

4. The Department sent a Verification Checklist on August 30, 2017 requesting that Petitioner verify earned income for the last 30 days for employment based upon the employers listed in his application. Exhibit B
5. The Petitioner provided pay stubs for 3 employers, [REDACTED], [REDACTED], [REDACTED] and [REDACTED]. Exhibits E, D and C.
6. The Department determined the Petitioner's income based upon the information provided by Petitioner with the application and the pay stubs. The Petitioner's income was determined to be \$47,524. Exhibit H
7. The Petitioner requested a timely hearing on [REDACTED] 2017 protesting the Department's action.

### **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, the Department received an application from Petitioner on [REDACTED], 2017 that indicated that Petitioner had 3 employers listed on the application. Exhibit A, p. 31. Although requested to indicate job start date and answer the question "Job ended or going to end?" the Petitioner did not complete this information. At the hearing, the Petitioner testified that two of the jobs were not ongoing, and that [REDACTED] was seasonal from April through September and that [REDACTED] was sporadic and that he had only worked for the employer two times during 2017. The Department also requested that Petitioner verify wage information and the Petitioner timely returned pay stubs for the employers. When returning the pay stubs the Petitioner did not indicate that two of the employers, [REDACTED] and [REDACTED] were not full time, and the specific circumstances of his work with these two employers. The verification checklist specifically advised the Petitioner to contact the listed caseworker if he had any questions regarding the Notice. He did not contact the caseworker regarding the verification request of the circumstances for two of the employers. Thereafter, the Department used the pay stubs submitted by the Petitioner for his employers and found that he was not eligible due to excess income and the application was denied as of

August 1, 2017. In his hearing request the Petitioner for the first time explained the circumstances of his employment.

As a result of using the pay stubs submitted by Petitioner, to calculate Petitioner's income the Department determined the income by entering the pay stubs in the Bridges system and determined that Petitioner's income \$47,524 annually and denied the application because the Petitioner's income exceeded the HMP limit for a group of one. The Department annualized the income because it was not informed that the employment was not full time ongoing.

The Department concluded that Petitioner was not eligible for HMP because his income exceeded the applicable income limit for his group size. HMP uses a Modified Adjusted Gross Income (MAGI) methodology. BEM 137 (October 2016), p. 1. An individual is eligible for HMP if his/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 filed taxes and did not claim any dependents. Therefore, for HMP purposes, he has a household size of one. BEM 211 (January 2016), pp. 1-2.

133% of the annual FPL in 2017 for a household with one member is \$16,039.80. See <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed \$16,039.80. 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/>.

When averaging the pay statements provided by Petitioner's employers and multiplying by either 26 or 52 (the number of checks Petitioner would receive in a year), Petitioner's income exceeded the limit under the HMP program. Exhibit H and I.

Petitioner argued that the pay statements submitted on the Verification of Employment form are not reflective of his actual wages. Petitioner stated that two of the employers were not ongoing employment and one employment with [REDACTED] in

ended sometime in September and he only worked for the other employer [REDACTED] on two occasions. In addition, the Petitioner stated that he put a sticky note on his pay stubs regarding the employment ending which was seasonal. No such sticky note was received by the Department with the pay stub information. Thus no notice of this information was received by the Department until it received the Petitioner's Hearing Request on [REDACTED] 2017 well after the denial of the application. Therefore because, Petitioner did not provide that information to the Department prior to the September 8, 2017 Health Care Coverage Determination Notice the Department properly relied on the pay stubs provided. Exhibit G. Petitioner had multiple opportunities to submit additional pay information to the Department, but failed to do so. The Department can only reasonably rely on information that is available. Therefore, the Department properly followed policy when it determined Petitioner exceeded the income limit under the HMP program. The Petitioner may reapply for HMP at any time.

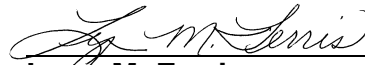
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it denied the Petitioner's MA application dated [REDACTED] 2017 due to excess income.

**DECISION AND ORDER**

Accordingly, the Department's decision is

**AFFIRMED.**

LF/cg



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**Lynn M. Ferris**  
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

**Via Email:**

MDHHS- Midland-Hearings  
M. Best  
EQAD  
BSC2-Hearing Decisions  
MAHS

**Petitioner – Via First-Class Mail:**

[REDACTED]  
[REDACTED]  
[REDACTED]