



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

[REDACTED]

Date Mailed: December 3, 2018  
MAHS Docket No.: 18-010173  
Agency No.: 1 [REDACTED]  
Petitioner: Pam Knox

**ADMINISTRATIVE LAW JUDGE:** John Markey

**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 1, 2018, from Lansing, Michigan. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Mark Logan, Family Independence Manager, and Shirley Beamon, Assistance Payments Worker. During the hearing, a 20-page packet of documents was offered and admitted as Exhibit A, pp. 1-20.

**ISSUE**

Did the Department properly close Petitioner's Medicaid (MA) case under the Healthy Michigan Plan (HMP) for exceeding the income limit?

**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 under the HMP.
2. On August 4, 2018, the Department issued to Petitioner a Redetermination in order to gather relevant information regarding Petitioner's ongoing eligibility. The Redetermination was required to be returned with all verifications by September 4, 2018.
3. Petitioner did not return the Redetermination, so the Department issued a September 17, 2018 Health Care Coverage Determination Notice informing

Petitioner that her MA case was being closed, effective October 1, 2018, for failing to return the Redetermination form. Exhibit A, pp. 6-8.

4. On September 24, 2018, Petitioner returned to the Department the completed Redetermination along with all required verifications. As a result, Petitioner's MA case was reinstated for the month of October 2018.
5. On September 24, 2018, the Department issued to Petitioner a Health Care Coverage Determination Notice informing Petitioner that she was no longer eligible for MA, and it would close effective October 1, 2018 because her countable income exceeded the income limit for her group size of one. Exhibit A, pp. 17-20.
6. On September 28, 2018, the Department received Petitioner's request for hearing disputing the closure of her MA case.

### **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.

The Department closed Petitioner's MA case under the HMP program after concluding that she had excess income for eligibility.

HMP is a Modified Adjusted Gross Income (MAGI)-related MA category that provides MA coverage to individuals who (i) are 19 to 64 years of age; (ii) have income at or below 133% of the federal poverty level (FPL) under the MAGI methodology; (iii) do not qualify for or are not enrolled in Medicare; (iv) do not qualify for or are not enrolled in other MA programs; (v) are not pregnant at the time of application; and (vi) are residents of the State of Michigan. BEM 137 (April 2018), p. 1.

In this case, the Department concluded that Petitioner was not eligible for HMP because her income exceeded the applicable income limit for her group size. An individual is eligible for HMP if her household's income does not exceed 133% of the FPL applicable to the individual's group size. An individual's group size for MAGI purposes requires consideration of the client's tax filing status. In this case, for HMP purposes, Petitioner has a household size of one. BEM 211 (January 2016), pp. 1-2. Therefore, in

determining Petitioner's MA status for 2018, the Department properly considered Petitioner as having a group size of one.

133% of the annual FPL in 2018 for a household with one member is \$16,146.20. See <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed \$16,146.20. 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. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>. Effective October 1, 2018, all RSDI income is countable to adults not claimed as dependents. BEM 503 (October 2018), pp. 29-30.

In this case, Petitioner's income did not change during the relevant time period. The Department explained during the hearing that the reason Petitioner's income went from below the threshold to above the threshold was because effective October 1, 2018, Petitioner's RSDI income began being counted by the Department per a policy change. Prior to October 1, 2018, Petitioner's RSDI income was not counted. However, after October 1, 2018, it was considered in determining Petitioner's eligibility for HMP coverage. The Department followed Department policy when it began taking into consideration Petitioner's RSDI income. Thus, the remaining question is whether the Department properly determined that Petitioner's income exceeded the HMP income threshold.

During the hearing, the Department presented two paystubs from September 2018 showing Petitioner earned gross pay of \$529.56 on September 7, 2018 and \$534.19 on September 21, 2018. The September 7, 2018 paystub represented wages for 57.25 hours of work over two weeks. The September 21, 2018 paystub represented wages for 52 hours of work over two weeks. Petitioner acknowledged that she typically works between 52 hours and 57 hours per pay period. Thus, the paystubs from September 2018 represented typical pay from Petitioner's job. Petitioner also received \$597 in monthly RSDI income on account of her husband passing away.

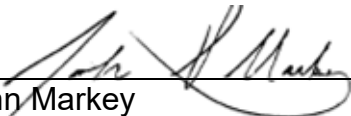
Petitioner's income from employment was at least \$1,000 per month, as evidenced by her paystubs and testimony during the hearing. When adding the \$7,164 Petitioner received in RSDI annually to the conservative estimate of wages from employment, Petitioner's annual income was over \$19,000. Because this income exceeds the HMP

annual income limit of \$16,146.20 for a single-person group, Petitioner is not income-eligible for HMP. Because Petitioner is income ineligible for HMP and not eligible for any other MA programs, the Department properly closed her HMP 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 determined that Petitioner was not eligible for MA under HMP. Accordingly, the Department's MA decision is **AFFIRMED**.

JM/nr

  
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John Markey  
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) 763-0155; 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**

Kimberly Kornoelje  
121 Franklin SE  
Grand Rapids, MI  
49507

Kent County DHHS- via electronic mail

BSC3- via electronic mail

D. Smith- via electronic mail

EQAD- via electronic mail

**Petitioner**

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