



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ORLENE HAWKS
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: April 26, 2019
MOAHR Docket No.: 19-000987
Agency No.: [REDACTED]
Petitioner: [REDACTED]

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 April 4, 2019, from Detroit, Michigan. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Ryan Clemons, Family Independence Manager, and Staci Brekke, Eligibility Specialist. During the hearing, an 18-page packet of documents was offered and admitted into evidence as Exhibit A, pp. 1-18.

ISSUE

Did the Department properly deny Petitioner's application for Medicaid (MA) benefits under the Healthy Michigan Plan (HMP) for excess income?

FINDINGS OF FACT

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

1. On December 12, 2018, Petitioner submitted to the Department an application for MA benefits.
2. At the time, Petitioner was a student and working irregular hours for a vendor at the [REDACTED]. Petitioner worked about 20 hours per week, but her hours fluctuated substantially from week to week and month to month. During Petitioner's winter break from her studies, she worked unusually long hours.

3. On January 11, 2019, the Department issued to Petitioner a Verification Checklist requesting information related to Petitioner's earnings. Exhibit A, pp. 6-7.
4. On January 12, 2019, Petitioner returned to the Department three paystubs, each covering a two-week period. The paystub covering November 4, 2018, through November 17, 2018, was issued on November 21, 2018, and indicated gross earnings of \$740.58. The paystub covering November 18, 2018, through December 1, 2018, was issued on December 7, 2018, and indicated gross earnings of \$616.60. The paystub covering December 2, 2018, through December 15, 2018, was issued on December 21, 2018, and indicated gross earnings of \$862.55. Exhibit A, pp. 11-13.
5. On January 15, 2019, the Department issued to Petitioner a Health Care Coverage Determination Notice informing Petitioner that her MA application was denied because her income was above the limit for program eligibility. The Department informed Petitioner that it based its determination on its conclusion that Petitioner's annual income was \$19,188. Exhibit A, pp. 16-18.
6. On [REDACTED] 2019, Petitioner filed with the Department a request for hearing objecting to the Department's denial of her MA application.

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 submitted to the Department a [REDACTED] 2018, application for MA benefits. On the application, Petitioner indicated that she was a student and had employment with a vendor for the [REDACTED]. In processing Petitioner's application, the Department requested documents related to Petitioner's income. In response, Petitioner submitted three paystubs showing her earnings issued from November 21, 2018, through December 21, 2018. The Department processed those submissions and determined that Petitioner's income exceeded the limit for MA eligibility under the HMP.

HMP is a 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 Modified Adjusted Gross Income (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 (January 2019), p. 1.

Petitioner is under age 64, not disabled, and not enrolled in Medicare. Thus, she is potentially eligible for MA under the HMP if the household's income does not exceed 133% of the FPL applicable to the individual's group size. In this case, Petitioner does not have any other group members. Thus, the evidence suggests that Petitioner's household size for MAGI purposes is one. 42 CFR 435.603(f).

133% of the annual FPL for a household with one member is \$16,611.70. <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's household annual MAGI cannot exceed \$16,611.70. This figure breaks down a monthly income threshold of \$1,384.31.¹ To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. MAGI is based on Internal Revenue Service rules and relies on federal tax information. BEM 500 (July 2017), pp. 3-4. Income is verified via electronic federal data sources in compliance with MAGI methodology. MREM, § 1. For new applicants for MA benefits, financial eligibility must be based on current monthly household income. 42 CFR 435.603(h)(1).

The January 15, 2019, Health Care Coverage Determination Notice informed Petitioner that the Department calculated the household's total annual income to be \$19,188 and that it used this amount to determine Petitioner had excess income and was ineligible for MA benefits under the HMP.

The Department testified that in calculating the household's annual income of \$19,188, it relied on the information provided in an application along with information it gathered from a Work Number Report and two of the three subsequently submitted paystubs. Petitioner did not argue that the information relied upon by the Department was incorrect. Rather, Petitioner stated that using the two paystubs the Department used was unreasonable as they covered a period of time where Petitioner was on break from school and consequently working substantially higher hours than is typical.

Petitioner's application was submitted on December 12, 2018. Thus, to determine monthly income at the time of application, it was unreasonable for the Department to use the paystub that was issued on December 21, 2018. Rather, the Department should have used the paystubs issued on November 21, 2018, and December 7, 2018, which covered four weeks. The gross wages covered by those two paystubs totaled \$1,357.18. When divided by four, that produces a weekly wage of \$339.30. To convert that weekly rate into a monthly figure, the Department must multiply it by 4.3. BEM 505 (October 2017), p. 8. Based on the information presented by Petitioner, her monthly

¹ \$16,611.70 divided by twelve.

income at the time of application was \$1,458.97, which is in excess of the limit for eligibility.

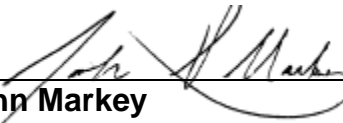
Based on Petitioner's earnings and the evidence Petitioner is not eligible for MA under the HMP because her household income exceeds the limit for program eligibility. Petitioner may apply again at any other time and is entitled to have her eligibility assessed at that point based on her then present monthly income.

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 Petitioner's MA application for excess income.

DECISION AND ORDER

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

JM/cg



John Markey
Administrative Law Judge
for Robert Gordon, 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 Office Administrative Hearings and Rules (MOAHR).

A party may request a rehearing or reconsideration of this Order if the request is received by MOAHR 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. MOAHR will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MOAHR. If submitted by fax, the written request must be faxed to (517) 763-0155; Attention: MOAHR Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Office Of Administrative Hearings and Rules
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-8139

Via Email:

MDHHS-Washtenaw-20-Hearings
D. Smith
EQAD
BSC4- Hearing Decisions
MAHS

Petitioner – Via First-Class Mail:

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