



GRETCHEN WHITMER
GOVERNOR

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

ORLENE HAWKS
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: April 19, 2019
MAHS Docket No.: 19-002071
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 17, 2019, from Detroit, Michigan. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Mark Boyd, Family Independence Manager. During the hearing, a nine-page packet of documents was offered and admitted into evidence as Exhibit A, pp. 1-9.

ISSUE

Did the Department properly close Petitioner's Medicaid (MA) benefits case for Petitioner and her husband, effective March 1, 2019, under the Healthy Michigan Plan (HMP) due to Petitioner's household exceeding the income limit for program 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 was an ongoing recipient of MA under the HMP in household that consisted of Petitioner and Petitioner's husband, [REDACTED]).
2. During the summer of 2018, Calvin became employed at [REDACTED]. Exhibit A, pp. 4, 8.
3. Calvin has worked continuously under the same terms and conditions of employment from the summer of 2018 through the date of the hearing.

4. Calvin earned \$ [REDACTED] from his 2018 employment with [REDACTED]. Exhibit A, p. 4.
5. On [REDACTED] 2019, Petitioner submitted to the Department an application for benefits under a different program. That application triggered a review of Petitioner's eligibility for MA benefits.
6. Upon reviewing Petitioner's eligibility, the Department determined that Petitioner's household income exceeded the limit for HMP eligibility for a household size of two.
7. On February 13, 2019, the Department issued to Petitioner a Health Care Coverage Determination Notice informing Petitioner that Petitioner's and Calvin's MA benefits case would close, effective March 1, 2019, because Petitioner's household income allegedly exceeded the limit for program eligibility. Exhibit A, pp. 5-7.
8. On [REDACTED] 2019, Petitioner submitted to the Department a request for hearing objecting to 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 and her husband were receiving full-coverage MA benefits under the HMP. When Petitioner filed with the Department an application for benefits under a different program administered by the Department, it triggered a review of the couple's eligibility for MA benefits. During the review, it was determined that the household had substantially higher income than the Department had previously determined. Based on this new income determination, the Department found that Petitioner and her husband were no longer eligible for MA benefits from the Department under the HMP or any other program. Petitioner submitted a hearing request objecting to the Department's action and arguing that the Department substantially overstated the household's annual income.

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 and her husband are both under age 64, not disabled, and not enrolled in Medicare. Thus, they are 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. An individual and his or her spouse who are living together are considered members of the same household group. MAGI-Related Eligibility Manual (MREM), (May 2014) § 5. In this case, Petitioner and her husband live together. No evidence was presented regarding other household members. Thus, the evidence suggests that Petitioner's household size for MAGI purposes is two. 42 CFR 435.603(f).

133% of the annual FPL for a household with two members is \$22,490.30. <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's household annual MAGI cannot exceed \$22,490.30. This figure breaks down a monthly income threshold of \$1,874.20.¹ 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.

In order to determine income in accordance with MAGI rules, a client's adjusted gross income (AGI) is added to any tax-exempt foreign income, tax-exempt Social Security benefits, and tax-exempt interest. 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 2019 to estimate income for the year. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>.

The February 13, 2018, Health Care Coverage Determination Notice informed Petitioner that the Department calculated the household's total annual income to be \$ [REDACTED] and that it used this amount to determine they had excess income and were ineligible for MA benefits under the HMP.

The Department testified that in calculating the household's annual income of \$ [REDACTED], it relied on the information provided in an application along with information it gathered from a Work Number Report. Specifically, that information showed that [REDACTED] began his job with [REDACTED] during the summer of 2018 and that in 2018, [REDACTED] earned \$ [REDACTED] from that job with [REDACTED]. Thus, over that time period, the household's monthly average income was greater than \$ [REDACTED], which substantially exceeds the

¹ \$ [REDACTED] divided by twelve.

income limit for HMP eligibility. [REDACTED] continues, as of the date of the hearing, to be employed under the same terms and conditions of employment.

Petitioner did not argue that the information relied upon by the Department was incorrect. Rather, Petitioner stated that [REDACTED] employment is contingent, resulting in uncertainty regarding hours and wages at any given time.

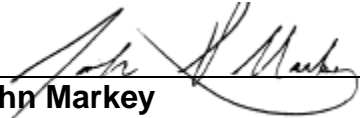
While there were no tax returns provided, the evidence on the record is sufficient to determine that Petitioner's household income exceeds the limit for HMP eligibility. In just over half of the year 2018, the household nearly had enough income to meet the annual income limit for HMP eligibility. Petitioner continued working in that job into 2019 and still works under those same terms and conditions. Over the course of what is now approaching a full year, [REDACTED] has consistently earned substantially per month than is allowed for HMP eligibility. While his job may be deemed contingent by the employer, the evidence on the record suggests that it is full-time regular work. In fact, in no two-week period since beginning employment with Spectrum did [REDACTED] work less than 64 hours. It was reasonable to take into consideration [REDACTED] actual earnings and make a determination of the household's income on the assumption that the earnings will continue in the same way. Based on Petitioner's earnings and the evidence presented, it appears that the Department grossly understated [REDACTED] earnings. However, that is a harmless error. Either way, Petitioner and [REDACTED] are not eligible for MA under the HMP because their household income exceeds the limit for program eligibility by a substantial margin.

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 and [REDACTED] MA benefits case, effective March 1, 2019, as a result of Petitioner's household income exceeding the limit for program eligibility.

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 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

Via Email:

MDHHS-Wayne-57-Hearings
D. Smith
EQAD
BSC4- Hearing Decisions
MAHS

Petitioner – Via First-Class Mail:

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