



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: September 13, 2019  
MOAHR Docket No.: 19-007916  
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 September 11, 2019 from Detroit, Michigan. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Rhonda Brewer, Eligibility Specialist. During the hearing, a 14-page packet of documents was offered and admitted into evidence as Exhibit A, pp. 1-14.

**ISSUE**

Did the Department properly close Petitioner's Medicaid (MA) benefits case under the Healthy Michigan Plan (HMP), effective August 1, 2019?

**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 benefits from the Department under the HMP category in a group size of one.
2. At some point, Petitioner applied for additional benefits from the Department. When Petitioner submitted the application, it triggered a review of Petitioner's eligibility for the MA benefits she was receiving.
3. The Department determined that Petitioner's monthly income totaled \$[REDACTED]. That conclusion was based on two paycheck stubs Petitioner submitted with her

application for other benefits. Each paycheck stub was issued in June 2019 and covered two weeks of earnings. The paycheck issued June 7, 2019 was for a gross amount of \$[REDACTED]. The paycheck issued June 21, 2019 was for a gross amount of \$[REDACTED]. Exhibit A, pp. 5; 9-10; 13.

4. On June 27, 2019, the Department issued to Petitioner a Health Care Coverage Determination Notice informing Petitioner that her MA benefits case was closing, effective August 1, 2019, as a result of the Department's determination that Petitioner's income exceeded the limit for program eligibility. Exhibit A, pp. 5-8.
5. On [REDACTED], 2019, Petitioner submitted to the Department a request for hearing objecting to the Department's closure of Petitioner's MA benefits 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.

In this case, Petitioner was an ongoing recipient of MA benefits under the full-coverage HMP. When Petitioner applied for other benefits from the Department, Petitioner provided one month worth of paycheck stubs covering Petitioner's earnings in June 2019. The Department used the paystubs from June 2019 to calculate Petitioner's annual income. After determining that Petitioner's annual income was \$19,116, the Department issued to Petitioner a Health Care Coverage Determination Notice informing Petitioner that her MA case was closing, effective August 1, 2019, because the Department determined that Petitioner's income exceeded the limit for program eligibility for a group of one.

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.<sup>1</sup> However, if an individual's group's income is within 5% of the FPL for the applicable group size, a disregard is applied, making the person eligible for MA. MREM, § 7.2. 5% of the FPL for a one-person group is \$830.59, bringing the total annual income threshold to \$17,442.29. This figure breaks down to a monthly income threshold of \$1,453.52.

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. Effective November 1, 2017, when determining eligibility for ongoing recipients of MAGI related MA, the State of Michigan has elected to base financial eligibility on current monthly income and family size. [https://www.michigan.gov/documents/mdhhs/MAGI-Based\\_Income\\_Methodologies\\_SPA\\_17-0100\\_-\\_Submission\\_615009\\_7.pdf](https://www.michigan.gov/documents/mdhhs/MAGI-Based_Income_Methodologies_SPA_17-0100_-_Submission_615009_7.pdf). However, in determining current monthly income, the Department must account for reasonably predictable decreases in income. *Id.*

Petitioner's paycheck stubs showed her entire earnings for the month of June 2019. The total amount that Petitioner earned during that month was \$██████████, which is above the \$1,384.31 threshold. However, Petitioner's earnings during that month were below the \$1,453.52 threshold applicable to ongoing recipients of MA benefits under the HMP category. As Petitioner's income was below the income eligibility threshold applicable to her case, the Department erred in closing Petitioner's MA case for having excess income. It should be noted that the methodology employed by the Department in determining Petitioner's income was improper and out of compliance with MAGI methodology. By using a multiplier that was not applicable to MAGI calculations, it resulted in a wildly inflated income figure.

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 did not act in accordance with Department policy when it closed Petitioner's MA benefits case, effective August 1, 2019.

### **DECISION AND ORDER**

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

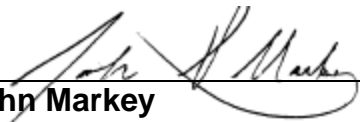
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<sup>1</sup> \$16,611.70 divided by twelve.

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Reinstate Petitioner's MA benefits case under the HMP back to the date of closure;
2. If Petitioner is eligible for additional benefits that were not provided, ensure that a supplement is issued;
3. Determine Petitioner's eligibility for MA benefits going forward; and
4. Notify Petitioner in writing of its decisions.

JM/cg

  
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**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 of 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-Oakland-2-Hearings  
D. Smith  
EQAD  
BSC4- Hearing Decisions  
MOAHR

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

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