[redacted]

Date Mailed: March 10, 2020
MOAHR Docket No.: 20-000535
Agency No.: [redacted]
Petitioner: [redacted]

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

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 March 4, 2020, from Detroit, Michigan. Petitioner appeared and was unrepresented. [redacted] Petitioner's fiancé, testified on behalf of Petitioner. The Michigan Department of Health and Human Services (MDHHS) was represented by Valarie Foley, hearing facilitator.

ISSUE

The issue is whether MDHHS properly determined Petitioner's Medicaid 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. In [redacted] 2019, Petitioner submitted to MDHHS an application requesting Medicaid benefits for herself and youngest child. Petitioner reported a household that included her three children.

2. As of December 2019, Petitioner's two oldest children were [redacted] and [redacted] years old. Neither child received insurance coverage.

3. As of December 2019, Petitioner last reported to MDHHS a biweekly gross employment income of $650.

4. On October 28, 2019, MDHHS determined that Petitioner was eligible for Medicaid subject to a $207 monthly deductible beginning December 2019. The determination denied Healthy Michigan Plan (HMP) to Petitioner because two of Petitioner's children did not have insurance coverage.

5. On January 15, 2020, Petitioner requested a hearing to dispute her Medicaid eligibility.

CONCLUSIONS OF LAW

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. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing to dispute a determination that she was eligible only for Medicaid subject to a monthly deductible. Exhibit A, pp. 3-4. A Health Care Coverage Determination Notice dated October 28, 2019, stated that Petitioner was eligible for Medicaid beginning December 2019, subject to a $207 monthly deductible. Exhibit A, pp. 7-9. Whether MDHHS properly determined Petitioner's eligibility requires a consideration of Medicaid categories.

Medicaid is also known as Medical Assistance (MA). BEM 105 (April 2017), p. 1. The Medicaid program includes several sub-programs or categories. *Id*. To receive MA under a Supplemental Security Income (SSI)-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. *Id*. Medicaid eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MIChild and Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology. *Id*.

Persons may qualify under more than one MA category. *Id*., p. 2. Federal law gives them the right to the most beneficial category. *Id*. The most beneficial category is the one that results in eligibility, the least amount of excess income or the lowest cost share. *Id*.

MA categories are also split into categories of Group 1 and Group 2. *Id*., p. 1. For Group 1, a group's net income must be at or below a certain income level for eligibility. *Id*.

As of the disputed benefit month, Petitioner was not disabled, between the ages of 19-64 years, not a recipient of Medicare, and a parent to one minor child an [redacted]-year-old child, and a third child over 19 years of age. Based on Petitioner's circumstances, the

Group 1 Medicaid categories for which Petitioner may qualify are HMP and LIF. The analysis will begin with Petitioner's eligibility under HMP.

HMP is a health care program administered by the Michigan Department of Community Health, Medical Services Administration. The program is authorized under the Affordable Care Act of 2010 as codified under 1902(a)(10)(A)(i)(VIII) of the Social Security Act and in compliance with the Michigan Public Act 107 of 2013.

The notice approving Petitioner for Medicaid subject to a deductible stated that Petitioner was not eligible for HMP due one or more of her children not having minimal health coverage. The evidence established that only Petitioner's two oldest children, aged [redacted] and [redacted] years, did not have health coverage. Thus, a consideration must be made as to whether MDHHS may deny HMP to a parent of a child over 18 years because that child does not have health coverage.

For HMP, parents requesting health care coverage for themselves must provide proof that their children have credible coverage, even if not applying for the children. BEM 137 (January 2019) p. 3. MDHHS does not define "children", however, federal regulations do. Under federal regulations, HMP coverage is precluded to parents when a child in the household under 19 years is not enrolled in a minimum essential health coverage program. 42 CFR 435.119(c)

As Petitioner resided with her child under 19 years who did not have health care coverage, MDHHS properly denied Medicaid to Petitioner under HMP. Petitioner should be aware that she could remedy her HMP denial simply by applying for medical coverage for her [redacted]-year-old child.

Though not eligible for HMP, Petitioner is potentially eligible for Medicaid under the MAGI category of Low-Income Family (LIF). Per MDHHS' testimony, Petitioner was receiving Medicaid under LIF before being eligible for Medicaid subject to a deductible. LIF has a much lower income limit than HMP. Per the termination notice, Petitioner was denied eligibility under LIF due to excess income.[1]

Adults with a dependent child and income under 54 percent of the Federal Poverty Level (FPL) will be considered LIF eligible. BEM 110 (April 2018) p. 1. The FPL for Petitioner's household of four persons is $25,750.[2] Thus, for Petitioner to be eligible for LIF, her household income would have to fall under $13,905.

For individuals who have been determined financially-eligible for MA using the MAGI-based methods set forth in this section, a State may elect in its State plan to base financial eligibility either on current monthly household income and family size or income based on projected annual household income and family size for the remainder of the current calendar year. 42 CFR 435.603 (h)(2). In determining current monthly or projected annual household income and family size under paragraphs (h)(1) or (h)(2) of

[1] On the notice, "LIF" is referenced as "Parents and Caretaker". Exhibit A, p. 8.
[2] https://aspe.hhs.gov/2019-poverty-guidelines

this section, the agency may adopt a reasonable method to include a prorated portion of reasonably predictable future income, to account for a reasonably predictable increase or decrease in future income, or both, as evidenced by a signed contract for employment, a clear history of predictable fluctuations in income, or other clear indicia of such future changes in income. 42 CFR 435.603 (h)(3).

Little evidence was taken concerning Petitioner's income. MDHHS presented documentation of Petitioner's gross biweekly employment income from April and May 2019; biweekly gross pays of $650 were verified. Exhibit A, p. 5. Petitioner's hearing request stated that she made only $600 every two weeks. For purposes of the LIF analysis, Petitioner's statement will be accepted as accurate. Multiplying Petitioner's biweekly income of $600 by 26 results in an annual gross income of $15,600. Petitioner's income exceeds the income limit of $13,905 for LIF. Thus, MDHHS properly denied Petitioner's Medicaid eligibility under LIF.

Based on the denials of HMP and LIF, Petitioner is left with only Group 2 Medicaid categories. For Group 2 categories, eligibility is possible even when net income exceeds the income limit for a Group 1 category; this is possible because incurred medical expenses are used when determining eligibility. *Id*. Group 2 categories are considered a limited benefit because a deductible is possible. *Id*.

For caretakers of minor children, G2C is the applicable Group 2 Medicaid category. BEM 536 outlines the following procedure for determining a client's prorated income for purposes of G2C eligibility:

Step 1	Determine countable employment income using BEM 500 and BEM 530.
Step 2	Deduct $90 from each member's employment income
Step 3	Subtract $30 + 1/3 of a group member's employment income if the person received FIP or LIF benefits in any one of the four previous months.
Step 4	Subtract $200 from any remaining employment income if member has dependent care expenses.
Step 5	Determine countable child support income using BEM 500 and BEM 530.
Step 6	Subtract $50 for countable child support income.
Step 7	Determine countable unearned income using BEM 500 and BEM 530.
Step 8	Add countable earned and unearned income
Step 9	Subtract child support paid by a group member (not to exceed the monthly obligation).
Step 10	Subtract $83 if client has court-appointed guardian paid by a group member. The result is the group's total net income.
Step 11	Determine the number of dependents. A spouse and children under 18 are dependents.
Step 12	Add 2.9 to the number of dependents to determine the prorate divisor.
Step 13	Divide the prorated divisor into each group member's income to determine each member's prorated share of income.
Steps 14-16	Applicable for non-parent caretakers.

The adult's net income for purposes of G2C is calculated by adding the following:

- 2.9 x adult's prorated income (if adult has dependents)
- 3.9 x spouse's prorated income
- Prorated share of adult's income

For purposes of G2C, Petitioner's countable income will be based from the biweekly gross checks of $650 presented by MDHHS. Adding the income from the checks results in a gross monthly income of $1,300. Petitioner is entitled to a $90 credit for employment income and an additional $90 and 1/3 credit for receiving LIF in past months. After applying the credits, Petitioner's running income is $786.67. Petitioner's prorate devisor is 3.9 based on having one child under 18 years of age. Dividing Petitioner's running income amount by 3.9 results in a prorated income of $201 (dropping cents). Multiplying Petitioner's prorated income by 2.9 results in a total net income of $582.

Subtractions to income are allowed only for insurance premiums, remedial services, and increases in Social Security Administration benefits (for January- March only). No subtractions were applicable to Petitioner's budget.

A client's deductible is calculated by subtracting the protected income level (PIL) from the group's net income. A PIL is a standard allowance for non-medical need items such as shelter, food and incidental expenses. The PIL for Petitioner's shelter area and group size is $375. RFT 240 (December 2013), p. 1. Subtracting the PIL from Petitioner's net income of $582 results in a monthly deductible of $207; MDHHS calculated the same deductible. Thus, MDHHS properly determined Petitioner's Medicaid eligibility.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined that Petitioner was eligible for Medicaid subject to a $207 monthly deductible beginning December 2019. The actions taken by MDHHS are **AFFIRMED**.

CG/cg

Christian Gardocki
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-Wayne-19-Hearings
D. Smith
EQAD
BSC4- Hearing Decisions
MOAHR

Petitioner – Via First-Class Mail:

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