



GRETCHEN WHITMER  
GOVERNOR

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

ORLENE HAWKS  
DIRECTOR

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██████████, MI ██████████

Date Mailed: October 3, 2022  
MOAHR Docket No.: 22-003785  
Agency No.: ██████████  
Petitioner: ██████ ██████

**ADMINISTRATIVE LAW JUDGE:** Kevin Scully

**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; 45 CFR 99.1 to 99.33; and 45 CFR 205.10. After due notice, a telephone hearing was held on September 27, 2022, from Lansing, Michigan. Petitioner represented herself. The Department was represented by Melissa Stanley.

**ISSUE**

Did the Department of Health and Human Services (Department) properly deny Petitioner's application for Medical Assistance (MA)?

**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 ██████ ██████ 2022, the Department received Petitioner's application for Food Assistance Program (FAP) and Medical Assistance (MA) benefits. Exhibit A, p 6.
2. Petitioner reported on her application for assistance that someone in her household was self-employed. Exhibit A, p 10.
3. On July 18, 2022, the Department sent Petitioner a Verification Checklist (DHS-3503) requesting verification of her income by July 28, 2022. Exhibit A, p 14.
4. On August 22, 2022, the Department received a list of self-employment income and expenses, and a copy of Petitioner's 2021 Schedule C tax form. Exhibit A, pp 16-36.
5. On August 16, 2022, the Department notified Petitioner that she was not eligible for Medical Assistance (MA). Exhibit A, p 38.

6. On August 22, 2022, the Department received Petitioner's request for a hearing. Exhibit A, pp 3-4.

### **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 through 42 USC 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 through 42 CFR 420.25. The Department administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.103 through MCL 400.112k of the Social Welfare Act, MCL 400.1 *et seq.*

Clients must cooperate with the local office in determining initial and ongoing eligibility and this includes the completion of necessary forms. Department of Human Services Bridges Assistance Manual (BAM) 105 (April 1, 2022), p 9.

Verification means documentation or other evidence to establish the accuracy of the client's verbal or written statements. Verification is usually required at application/redetermination and for a reported change affecting eligibility or benefit level when it is required by policy, required as a local office option, or information regarding an eligibility factor is unclear, inconsistent, incomplete, or contradictory. The Department uses documents, collateral contacts, or home calls to verify information. A collateral contact is a direct contact with a person, organization, or agency to verify information from the client. When documentation is not available, or clarification is needed, collateral contact may be necessary. Department of Human Services Bridges Assistance Manual (BAM) 130 (January 1, 2022), pp 1-10.

MAGI for purposes of Medicaid eligibility is a methodology which state agencies and the federally facilitated marketplace (FFM) must use to determine financial eligibility. It is based on Internal Revenue Service (IRS) rules and relies on federal tax information to determine adjusted gross income. It eliminates asset tests and special deductions or disregards. Every individual is evaluated for eligibility based on MAGI rules. The MAGI rules are aligned with the income rules that will be applied for determination of eligibility for premium tax credits and cost-sharing reductions through exchanges. Department of Health and Human Services Bridges Eligibility Manual (BEM) 500 (January 1, 2016), pp 3-4.

Modified adjusted gross income (MAGI) is a methodology for how income is counted and how household composition and family size are determined. It is based on federal tax rules for determining adjusted gross income. It eliminates asset tests and special

deductions or disregards. Every individual is evaluated for eligibility based on MAGI rules.

Petitioner applied for FAP and MA benefits on [REDACTED] [REDACTED] 2022, reporting that she receives self-employment income. On July 18, 2022, the Department requested that she provide the Department with verification of her income. Petitioner provided the Department with a copy of her Schedule C tax form as verification of her self-employment income and expenses. The hearing record supports a finding that Petitioner failed to submit her tax return or Form 1040, which would have verified her overall adjusted gross income.

However, the hearing record supports a finding that the Department did not specifically request the Form 1040 tax form. This form is not necessary to verify income for FAP benefits but is necessary to verify an applicant's MAGI.

It is Department policy that for all types of assistance where verification is needed that the Department will tell the client what verification is required, how to obtain it, and the due date. BAM 130, p3. In this case, the Department requested that Petitioner provide proof of self-employment/expense records over the last year. The documents Petitioner provided satisfy this request and were sufficient to accurately determine her eligibility for FAP benefits, but they were insufficient to verify her MAGI for purposes of Medicaid eligibility.

This Administrative Law Judge finds that Petitioner made a reasonable effort to provide the Department with the information necessary to determine her eligibility for MA benefits, and the Department failed to provide Petitioner with enough detail of what verification was required as directed by BAM 130.

Petitioner testified that she has not yet submitted her Form 1040 tax return to the Department and the Department will be unable to grant benefits until her adjusted gross income has been verified.

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 application for Medical Assistance (MA) benefits.

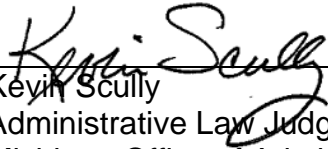
**DECISION AND ORDER**

Accordingly, the Department's decision is REVERSED.

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. Initiate a determination of the Petitioner's eligibility for Medical Assistance (MA) as of July 16, 2022.
2. Provide the Petitioner with written notice describing the Department's revised eligibility determination.
3. Issue the Petitioner any retroactive benefits she may be eligible to receive, if any.

KS/nr

  
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Kevin Scully  
Administrative Law Judge  
Michigan Office of Administrative Hearings  
and Rules (MOAHR)

**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

