



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES  
SUZANNE SONNEBORN  
EXECUTIVE DIRECTOR

MARLON I. BROWN, DPA  
ACTING DIRECTOR

[REDACTED], MI [REDACTED]

Date Mailed: November 21, 2023  
MOAHR Docket No.: 23-005602  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Aaron McClintic**

### **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 October 24, 2023, from Lansing, Michigan. The Petitioner was represented by [REDACTED] [REDACTED]. The Department of Health and Human Services (Department) was represented by Ryon Clemons. Department Exhibit 1, pp. 1-55 was received and admitted.

### **ISSUE**

Did the Department properly close Petitioner's Medical Assistance Health Michigan Plan (MA-HMP) due to 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. Petitioner and other household members were receiving MA-HMP with a group size of 5.
2. On September 2, 2023, a Health Care Coverage Determination Notice was sent to Petitioner informing her that Medicaid Healthy Michigan Plan would be closing effective October 1, 2023, for Petitioner and household members [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] and [REDACTED] [REDACTED].
3. On September 12, 2023, Petitioner requested hearing disputing the determination regarding MA coverage.

4. On September 13, 2023, a Health Care Coverage Determination Notice was sent to Petitioner informing her that Petitioner and household members [REDACTED] [REDACTED] and [REDACTED] [REDACTED] would begin receiving MA Plan First effective October 1, 2023. The total monthly income was found to be \$57,108 for the 4-person household. (Ex. 1, pp. 47-52)
5. The Department determined that Petitioner's husband [REDACTED] [REDACTED] was earning \$ [REDACTED] per month in self-employment income.
6. The Department determined that household member [REDACTED] [REDACTED] was receiving \$ [REDACTED] in unemployment compensation and the MA budget amount was \$1,386. (Ex. 1, p.44)
7. [REDACTED] [REDACTED] received \$ [REDACTED] in gross earnings from YouTube for tax year 2022. (Ex. 1, pp. 19-22)
8. The tax return for [REDACTED] [REDACTED] shows \$ [REDACTED] in annual net profit for his YouTube business. (Ex. 1, p.30)
9. In October 2023, following the request for hearing, Petitioner submitted self-employment expense verifications.

### **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.

### **COUNTABLE SELF-EMPLOYMENT INCOME**

The amount of self-employment income before any deductions is called total proceeds. Countable income from self-employment equals the total proceeds minus allowable expenses of producing the income. If allowable expenses exceed the total proceeds, the amount of the loss cannot offset any other income except for farm loss amounts; see Farming Expenses in this item. Example: An individual operates a retail store. Total proceeds for the month are \$3,200. Allowable expenses total \$3,800. The \$600 deficit cannot be used to offset any other income. Allowable expenses (except MAGI related

MA) are the higher of 25 percent of the total proceeds, or actual expenses if the client chooses to claim and verify the expenses.

## **SELF-EMPLOYMENT EXPENSES**

### **Allowed**

Allowable expenses include all the following: • Identifiable expenses of labor, stock, raw material, seed, fertilizer, etc. • Interest and principal on loans for equipment, real estate, or income-producing property. • Insurance premiums on loans for equipment, real estate, and other income-producing property. • Taxes paid on income-producing property. • Transportation costs while on the job (example: fuel). • Purchase of capital equipment. • A childcare provider's cost of meals for children. Do not allow costs for the provider's own children. • Any other identifiable expense of producing self-employment income except those listed below. Note: Allowable expenses for rental/room and board are different than those listed above; see BEM 504, ALLOWABLE RENTAL EXPENSES. BEM 504 does not pertain to MAGI Medicaid determinations.

### **Not Allowed**

Do not enter any of the following as self-employment expenses in Bridges: • A net loss from a previous period. • Federal, state, and local income taxes. • Personal entertainment or other individual business expenses. • Money set aside for retirement. • Depreciation on equipment, real estate, or other capital investments.

## **MEDICAID**

Allowable expenses include those allowed by the IRS on forms such as the Schedule C or F. Expenses are listed in Part II of both schedules. An individual with new self-employment may submit an estimated Schedule C, not yet filed with the IRS to assist in verifying expenses. Part V, other expenses on Schedule C requires documentation from the individual. Some individuals may include Schedule 1-6 with the federal tax return.

## **Self-Employment Expenses**

### **Medicaid**

Form 1040, U.S. individual federal income tax return. Form 1040NR, Non-resident alien federal income tax return. Schedule C, Profit or Loss from Business, if accompanied by a tax return. Schedule F, Farm Rental Income and expenses if accompanied by a tax return. BEM 502

In this case, household member [REDACTED] [REDACTED] received \$ [REDACTED] gross self-employment income from his YouTube business for tax year 2022. The Department subtracted 25% from the gross self-employment and attributed \$ [REDACTED] net income for [REDACTED] [REDACTED] because the tax forms submitted by Petitioner did not verify qualified expenses greater than 25% of total proceeds. The Department determined that household member [REDACTED] [REDACTED] was receiving \$ [REDACTED] in unemployment compensation and the MA budget amount was \$1,386. The total amount of annual income for the household is \$ [REDACTED]. The income limit for HMP for a household of 4 is \$39,900. Therefore, Petitioner's household is over the income limit and the closure due to excess income was proper and correct. BEM 137


Petitioner argued that he provided sufficient expense verifications to show that he had self-employment expenses that were greater than 25% of that total gross. The Department acknowledged receiving the expense verifications in October 2023 but had not processed those verifications at the time of hearing.

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 MA-HMP for the household due to excess income.

**DECISION AND ORDER**

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

AM/nr

  
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**Aaron McClintic**  
Administrative Law Judge

**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-Electronic Mail :**

**Petitioner**

[REDACTED]  
[REDACTED], MI [REDACTED]  
[REDACTED]

**Interested Parties**

Washtenaw County DHHS  
BSC4  
D. Smith  
EQAD  
MOAHR

**DHHS**

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