



GRETCHEN WHITMER  
GOVERNOR

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

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ACTING DIRECTOR

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

Date Mailed: January 24, 2024  
MOAHR Docket No.: 23-007345  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Ellen McLemore**

### **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 January 11, 2024, via conference line. Petitioner was present and was unrepresented. The Department of Health and Human Services (Department) was represented by Shyla Coleman, Hearing Facilitator.

### **ISSUE**

Did the Department properly determine Petitioner's daughter's Medical Assistance (MA) 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's daughter was an ongoing MA recipient.
2. On August 2, 2023, Petitioner completed a redetermination related to her group's MA benefits (Exhibit A, pp. 11-17).
3. Petitioner's household consisted of herself and her two adult children.
4. Petitioner's daughter had income from employment (Exhibit A, pp. 19-22).

5. On August 30, 2023, the Department sent Petitioner a Health Care Coverage Determination Notice informing Petitioner that her daughter was eligible under the limited coverage Plan First MA program effective October 1, 2023, ongoing (Exhibit A, pp. 7-10).
6. On November 1, 2023, the Department sent Petitioner a Health Care Coverage Determination Notice informing Petitioner that her daughter's MA benefit case was closing effective December 1, 2023, ongoing (Exhibit A, pp. 24-27).
7. Petitioner submitted a request for hearing disputing 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 completed a redetermination related to her group's MA benefits. The Department determined that Petitioner's daughter was only eligible under the limited coverage Plan First MA program.

The Department concluded that Petitioner's daughter was not eligible for the full coverage HMP MA program because her income exceeded the applicable income limit for her group size. HMP uses a Modified Adjusted Gross Income (MAGI) methodology. BEM 137 (October 2016), p. 1. An individual is eligible for HMP if her household's income does not exceed 133% of the Federal Poverty Level (FPL) applicable to the individual's group size. BEM 137, p. 1. Additionally, for MAGI-related MA programs, the Department allows a 5 percent disregard in the amount equal to five percent of the FPL level for the applicable family size. BEM 500 (July 2017), p. 5. It is not a flat 5 percent disregard from the income. BEM 500, p. 5. The 5 percent disregard is applied to the highest income threshold. BEM 500, p. 5. The 5 percent disregard shall be applied only if required to make someone eligible for MA benefits. BEM 500, p. 5.

An individual's group size for MAGI-related purposes requires consideration of the client's tax filing status. In this case, the Department included Petitioner and her two adult children in her daughter's MA group. However, at the hearing, Petitioner testified

that she does not file taxes and does not claim her daughter as a dependent. Petitioner stated that her daughter files her own taxes and does not claim any dependents. Therefore, for HMP purposes, Petitioner's daughter has a household size of one. BEM 211 (January 2016), pp. 1-2.

138% of the annual FPL in 2023 for a household with one member is \$20,120. See <https://aspe.hhs.gov/poverty-guidelines>. The monthly income limit for a group size of one is \$1,677. Therefore, to be income eligible for HMP, Petitioner's income cannot exceed \$20,120 annually or \$1,677 monthly. To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. BEM 500 (July 2017), p. 3. MAGI is based on Internal Revenue Service rules and relies on federal tax information. BEM 500, p. 3. Income is verified via electronic federal data sources in compliance with MAGI methodology. MREM, § 1.

In order to determine income in accordance with MAGI, a client's adjusted gross income (AGI) is added to any tax-exempt foreign income, Social Security benefits, and tax-exempt interest. AGI is found on IRS tax form 1040 at line 37, form 1040 EZ at line 4, and form 1040A at line 21. Alternatively, 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, childcare, or retirement savings. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>. For MAGI MA benefits, if an individual receives RSDI benefits and is a tax filer, all RSDI income is countable. BEM 503 (January 2019), p. 29.

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. See:

[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)

The Department presented Petitioner's daughter's pay statements. Petitioner's daughter was paid on July 7, 2023, in the gross amount of \$[REDACTED] on July 14, 2023, in the gross amount of \$[REDACTED]; on July 21, 2023, in the gross amount of \$[REDACTED]; and on July 28, 2023, in the gross amount of \$[REDACTED]. Petitioner's daughter's total income was \$[REDACTED], which exceeds the income limit for the HMP MA program. Therefore, the Department acted in accordance with policy when it determined Petitioner's daughter was not eligible for MA benefits under the HMP MA program.

Petitioner notified the Department in her request for hearing that her daughter's income had been reduced. As a result, the Department redetermined Petitioner's daughter's MA eligibility. The Department determined that Petitioner's daughter exceeded the income limit under the Plan First MA program and closed her MA benefit case.

The Department also concluded that Petitioner's daughter was not eligible for Plan First MA because her income exceeded the applicable income limit for her group size. Plan First is MAGI-related MA program. An individual is eligible for Plan First if her household's net income does not exceed 195% of the Federal Poverty Level (FPL) applicable to the individual's group size. BEM 124, p. 2. Additionally, for MAGI-related MA programs, the Department allows a 5 percent disregard in the amount equal to five percent of the FPL level for the applicable family size. BEM 500 (April 2022), p. 5. It is not a flat 5 percent disregard from the income. BEM 500, p. 5. The 5 percent disregard is applied to the highest income threshold. BEM 500, p. 5. The 5 percent disregard shall be applied only if required to make someone eligible for MA benefits. BEM 500, p. 5. An individual's group size for MAGI-related purposes requires consideration of the client's tax filing status. In this case, Petitioner has a household size of one. BEM 211 (July 2019), pp. 1-2. 200% of the annual FPL in 2023 for a household with one member is \$29,160. See <https://aspe.hhs.gov/poverty-guidelines>. The monthly income limit for a group size of one is \$2,430. Therefore, to be income eligible for Plan First, Petitioner's income cannot exceed \$29,160 annually or \$2,430 monthly.

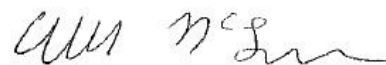
The Department testified it used Petitioner's daughter's income from September 29, 2023, in the gross amount of \$██████; October 6, 2023, in the gross amount of \$██████; October 13, 2023, in the gross amount of \$██████; and October 20, 2023, in the gross amount of \$██████. Petitioner's total monthly income was \$██████4. Therefore, the Department properly determined that Petitioner's daughter's income exceeded the limit under the Plan First MA program and properly closed her MA benefit case.

At the hearing, Petitioner argued that her daughter's income had been significantly reduced over the previous month. However, at the time of Petitioner's daughter's MA eligibility determination, the Department used the correct income figures. Therefore, the Department correctly determined Petitioner's daughter's MA eligibility.

### **DECISION AND ORDER**

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 determined Petitioner's daughter's MA eligibility. Accordingly, the Department's decision is **AFFIRMED**.

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**Ellen McLemore**  
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 :**

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**Interested Parties**  
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