



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
DIRECTOR

[REDACTED]
MI [REDACTED]

Date Mailed: March 5, 2024
MOAHR Docket No.: 23-009252
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: L. Alisyn Crawford

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 February 15, 2024. Petitioner appeared at the hearing and was unrepresented. The Department of Health and Human Services (Department) was represented by Raven Douthard, Eligibility Specialist.

ISSUE

Did the Department properly close Petitioner's Medicaid (MA) case?

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 receiving full-coverage MA under the Healthy Michigan Plan (HMP) program.
2. In connection with assessing Petitioner's ongoing MA eligibility, the Department sent a redetermination for the household to complete.
3. On November 17, 2023, the Department received Petitioner's completed Redetermination on which she listed employment income of [REDACTED] biweekly, and plans to file taxes, with no claimed dependents. (Exhibits A. pp. 10-16).
4. At the hearing, Petitioner indicated that while her daughter, aged [REDACTED] lived in her household, her daughter is claimed as a dependent on her ex-spouse's tax return.

5. On December 13, 2023, the Department issued a Health Care Coverage Determination Notice (HCCDN) notifying Petitioner that she was no longer eligible for MA benefits effective January 1, 2024 because she was not under 21, not pregnant, not disabled, not over age 65, not blind, not in foster care at 18, not the caregiver of someone under age 19, and had income greater than the income limit for the group size.
6. On December 11, 2023, the Department received Petitioner's request for hearing disputing the Department's closure of her MA benefits. The Petitioner testified that she should be eligible for full coverage due to expenses she pays for her daughter's education.

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.

MA is available (i) under SSI-related categories to individuals who are aged (65 or older), blind or disabled, (ii) to individuals who are under age 19, parents or caretakers of children, or pregnant or recently pregnant women, (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage, and (iv) to individuals who meet the eligibility criteria for Plan First Medicaid (PF-MA) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105 (January 1, 2021), p. 1; BEM 137 (June 1, 2020), p. 1; BEM 124 (July 1, 2023), p. 1. Under federal law, an individual eligible under more than one MA category must have eligibility determined for the category selected and is entitled to the most beneficial coverage available, which is the one that results in eligibility and the least amount of excess income or the lowest cost share. BEM 105 (January 2021), p. 2; 42 CFR 435.404.

Because Petitioner was not age 65 or older, blind or disabled, under age 19, the parent or caretaker of a minor child, or pregnant or recently pregnant, Petitioner was potentially eligible for MA coverage only under HMP. 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 under the MAGI methodology at or below 133% of the federal poverty level (FPL); (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, p. 1; 42 CFR 435.603.

In this case, MDHHS concluded that Petitioner was not eligible for HMP due to having income that exceeded the applicable income limit for Petitioner's group size. An individual is eligible for HMP if the household's MAGI-income does not exceed 133% of the FPL applicable to the individual's group size. An individual's group size for MAGI purposes requires consideration of the client's tax filing status. Here, Petitioner filed taxes and claimed no dependents. Therefore, for HMP purposes, Petitioner has a household size of one. BEM 211 (October 1, 2023), pp. 1-2.

The annual FPL for a household size of one in 2023 was \$14,580. 88 FR 3424 (January 19, 2023). 133% of the FPL, the HMP income limit, is \$19,391, or \$1,615.92 monthly. A 5% disregard that increases the income limit by an amount equal to 5% of the FPL for the group size is available to make eligible those individuals who would otherwise not be eligible. BEM 500 (April 1, 2022), p. 5. The 5% disregard would increase the HMP income limit for Petitioner to \$20,360.55, or \$1,696.71 monthly. Thus, the maximum applicable income limit for HMP eligibility with the 5% disregard was \$20,360.55, or \$1,696.71 monthly.

To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. 42 CFR 435.603(e); BEM 500 (April 2022), p. 3. MAGI is based on Internal Revenue Service rules and relies on federal tax information. *Id.* To determine income in accordance with MAGI, a client's adjusted gross income (AGI) is added to any tax-exempt foreign income, tax-exempt Social Security benefits, and tax-exempt interest. AGI is found on IRS tax form 1040, 1040-SR or 1040-NR at line 11. 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, child care, or retirement savings. See <https://www.healthcare.gov/income-and-household-information/how-to-report/> MDHHS considers current monthly income and family size (except for individuals who report seasonal work and complete a projected annual income field on the MA application to show work for only a portion of the year with reasonably predictable changes in income within the upcoming 12 months). Michigan Medicaid State Plan Amendment Transmittal 17-0100, effective November 1, 2017 and approved by the Center for Medicare and Medicaid Services on March 13, 2018 available at https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder3/Folder80/Folder2/Folder180/Folder1/Folder280/SPA_17-0100_Approved.pdf.

With her Redetermination, Petitioner submitted two paystubs showing she is paid on a biweekly basis at an hourly rate of [REDACTED] per hour with additional income for commission and tips. Using the most recent 30-day period prior to the filing of Petitioner's Redetermination, Petitioner had a monthly gross income of [REDACTED], the sum of the gross payments for paychecks dated October 13, 2023 (for \$ [REDACTED]); and October 27, 2023 (for \$ [REDACTED]). (Exhibit A, pp. 17-18). A review of Petitioner's

submitted paystubs revealed no deductions for childcare, medical insurance, or retirement savings. Thus, Petitioner's gross income for MAGI purposes was \$ [REDACTED] per month. With a group size of one, Petitioner's countable income exceeds the HMP income limit of \$1,615.95 per month and Petitioner is not eligible for HMP. Even if the 5% disregard is considered, the household's income exceeds the HMP elevated threshold of \$1,696.75. Therefore, the Department properly concluded that Petitioner was not eligible for HMP.

PF-MA is a MAGI-related limited coverage Medicaid group available to any United States citizen or individual with an immigration status entitling them to full Medicaid coverage (not emergency services only (ESO)) residing in Michigan whose fiscal group's net income does not exceed 195% of the federal poverty level (FPL) and meets the other eligibility criteria. BEM 124 (July 2023), p. 1. There are no age or gender restrictions to PF-MA eligibility. BEM 124, p. 1.

Like HMP, determination of an individual's PF-MA eligibility requires consideration of the fiscal group's size and income. BEM 124, pp. 1-2. As discussed above, Petitioner, who filed taxes and claimed no dependents, has a MAGI-related MA household size of one. BEM 211 (October 1, 2023), pp. 1-2. 195% of the annual FPL in 2023 (the most current applicable FPL) for a household with one member is \$28,431. See <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for PF-MA, Petitioner's annual income cannot exceed \$28,431, or \$2,369.25 per month.

Petitioner's monthly MAGI income of [REDACTED] is well above the PF-MA income limit. Therefore, the Department properly determined that Petitioner was not eligible for coverage under PF-MA.

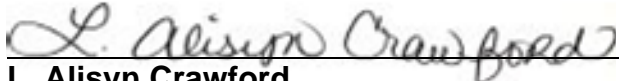
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it closed Petitioner's MA case due to excess income.

DECISION AND ORDER

MDHHS acted in accordance with Department policy when it closed Petitioner's Medicaid (MA) case.

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

LC/ml


L. Alisyn Crawford
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:

DHHS
Jeanenne Broadnax
Wayne-Taylor-DHHS
25637 Ecorse Rd.
Taylor, MI 48180
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Interested Parties
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Via First Class Mail:

Petitioner
[REDACTED]
[REDACTED] MI [REDACTED]