



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

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: April 18, 2024
MOAHR Docket No.: 24-002849
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Julia Norton

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 April 11, 2024. Petitioner was present and self-represented. The Department of Health and Human Services (Department) was represented by David Ciesnicki, Process Payment Specialist.

ISSUE

Did the Department properly determine Petitioner's eligibility for Medical Assistance (MA) benefits?

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 an ongoing recipient of MA benefits under the Healthy Michigan Plan (HMP).
2. Petitioner is [REDACTED] years old.
3. On November 28, 2023, Petitioner completed a redetermination for MA benefits. The redetermination listed income from [REDACTED] and an expense for a school loan. Exhibit A, p. 11.
4. On December 13, 2023, the Department issued a Health Care Coverage Determination Notice informing Petitioner that he was not eligible for Medicare

Savings Program or any other MA coverage due to excess income. Exhibit A, pp. 21-22.

5. The Department closed Petitioner's HMP benefits effective December 31, 2023.
6. On March 8, 2024, the Department received Petitioner's hearing request disputing the denial of MA benefits. Exhibit A, pp. 4-7.

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.

Petitioner disputed the closure of his MA case.

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 2024), p. 1; BEM 137 (January 2024), p. 1; BEM 124 (July 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, p. 2; 42 CFR 435.404.

In this case, 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. Therefore, the Department properly reviewed Petitioner's eligibility for MA coverage under full coverage 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.

The Department testified that Petitioner was not eligible for HMP because his income exceeded the applicable income limit for his 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 and dependents. Petitioner files taxes and does not claim any dependents. Therefore, for HMP purposes, Petitioner has a household size of one. The FPL for a group size of one in 2023 was \$14,580. 133% of the annual FPL in 2023, the year in which the redetermination was submitted, for a household with one member is \$19,391.40. See <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed [REDACTED] and thus, the monthly income cannot exceed [REDACTED]. Additionally, Department policy provides that if an individual's group's income is within 5% of the FPL for the applicable group size, a disregard is applied, making the person eligible for MA. BEM 500 (April 2022), pp. 3-5. With the 5% disregard applied, the household income limit is [REDACTED] or [REDACTED] 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, 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 line 11 of IRS tax forms 1040, 1040-SR, and 1040-NR. 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/>. When determining financial eligibility of current beneficiaries for MAGI-related MA, the State of Michigan has elected to base eligibility on current monthly household income and family size and further consider reasonably predictable changes in income. 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.

In this case, the Department representative testified that Petitioner's monthly MAGI from employment was [REDACTED]. Specifically, the Department testified that it relied on income information obtained from the [REDACTED] paystubs dated November 3, 2023; November 10, 2023; November 17, 2023, and November 24, 2023 and considered Petitioner's gross weekly earnings from each check. Exhibit A, pp. 16-20. Petitioner confirmed he is employed and the paystubs were accurate. Petitioner did not dispute

that the income amounts relied upon by the Department were correct. There was no evidence that Petitioner's income was not expected to continue at the current pay rate. Petitioner testified that the November paystubs included overtime hours and indicated he does not always get overtime hours. However, Petitioner's redetermination application indicated that his income does not change from month to month. The department considered the information it had at the time of the eligibility determination, and therefore the Department properly considered his *current* monthly income in assessing his MA eligibility.

In determining his MAGI-related income, the Department testified that it used the gross income amounts from Petitioner's paystubs instead of using the federal taxable wages amount listed on Petitioner's paystubs. The gross income amounts from each paystub were higher than the federal taxable wage amounts which were as follows: [REDACTED] for November 3, 2023; [REDACTED] for November 10, 2023; [REDACTED] for November 17, 2023, and [REDACTED] for November 24, 2023. Because the federal taxable wage amounts were provided on Petitioner's paystubs, the Department erred in using the gross income amounts in calculating Petitioner's monthly MAGI.

The Department also testified that the Petitioner listed a school loan on his redetermination application. Student loan interest paid is an allowable deduction to consider in calculating MAGI in certain circumstances. Healthcare.gov, Reporting income deductions <https://www.healthcare.gov/reporting-deductions/> (accessed April 12, 2024); IRS Publication 970 (2023) p. 31, <https://www.irs.gov/pub/irs-pdf/p970.pdf> (accessed April 12, 2024). The Department testified that it did not send Petitioner any verification regarding the school loan to determine if Petitioner paid student loan interest. Petitioner testified the loan is a student loan, it is paid on an income-based repayment plan, and he does pay student loan interest. Therefore, the Department should have verified the loan payments to determine whether interest deductions should have been considered in Petitioner's MAGI calculation.

The Department did not properly calculate Petitioner's monthly MAGI and could not therefore conclude that Petitioner was ineligible for HMP or any other plans that base eligibility on monthly MAGI-income.

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 failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined that Petitioner was not eligible for HMP or any other MAGI-based MA plans.

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. Redetermine Petitioner's eligibility for any MA coverage for January 2024 ongoing in accordance with policy.
2. If eligible for MA coverage, provide Petitioner with the best available coverage for January 2024 ongoing.
3. Notify Petitioner of its decision in writing.



JN/ml

Julia Norton
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

Yvonne Hill

Oakland County DHHS Madison Heights Dist.

30755 Montpelier Drive

Madison Heights, MI 48071

MDHHS-Oakland-DistrictII-Hearings@michigan.gov

Interested Parties

BSC4

M Schaefer

EQAD

Via First Class Mail:

Petitioner

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