



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  
DIRECTOR

[REDACTED]  
MI [REDACTED]

Date Mailed: April 30, 2024  
MOAHR Docket No.: 24-003433  
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 24, 2024. Petitioner was present and self-represented. The Department of Health and Human Services (Department) was represented by Shyla Coleman, 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 is [REDACTED] years old and lives in [REDACTED] County, Michigan.
2. Petitioner is not married.
3. Petitioner has two children, [REDACTED] (EG) and [REDACTED] (EG2), who are both 11 years old.
4. Petitioner files taxes and claims one child as a dependent.
5. Petitioner is the caretaker of both EG and EG2.
6. Petitioner was an ongoing recipient of MA coverage under the Healthy Michigan Plan (HMP).

7. On or about January 30, 2024, Petitioner completed a Medicaid coverage redetermination.
8. On February 28, 2024, the Department issued an Employment Verification Form to Petitioner requesting employment and income information with a due date of March 11, 2024. Exhibit A, pp. 26-28.
9. On March 7, 2024, Petitioner uploaded documentation received from her employer to her MiBridges account.
10. On March 12, 2024, the Department received the completed Employment Verification Form from Petitioner's employer and a payroll report which provided Petitioner's paycheck information. Exhibit A, pp. 29-32.
11. On March 18, 2024, the Department issued a Health Care Coverage Determination Notice (HCCDN) to Petitioner indicating that she was not eligible for any MA coverage from April 1, 2024 ongoing, including either HMP coverage or Plan First coverage, because her income exceeded the income limit for her group size. Exhibit B.
12. On March 25, 2024, the Department received Petitioner's request for hearing. Exhibit A, pp. 3-4. Petitioner included documentation of monthly expenses. Exhibit A, pp. 5-23.

### **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 Department's finding that she was not eligible for any MA coverage for April 1, 2024 ongoing.

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 Family Planning (PFFP) 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 is not aged, blind or disabled. The Department properly determined she is not eligible for MA coverage under an SSI-related program. However, Petitioner is potentially eligible for the Healthy Michigan Plan (HMP), Plan First (PFFP), and, as the caretaker of minor children, Low Income Family/Parent Caretaker (LIF/PCR), or a deductible program under Group 2 Caretaker/Relative (G2C) Medicaid program.

Petitioner is potentially eligible for Healthy Michigan Plan (HMP) coverage. 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. 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-related purposes requires consideration of the client's tax filing status and dependents.

In this case, Petitioner files taxes and claims one dependent. For MAGI-related MA purposes, she has a group size of two. BEM 211 (October 2023), pp. 1-2. The FPL for a group size of two is \$20,440.00. 133% of the annual FPL for a household with two members is \$27,185.20. See <https://aspe.hhs.gov/poverty-guidelines>, last accessed April 24, 2024. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed \$27,185.20. 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 annual household income limit for HMP for a group size of two is \$28,207.20, or \$2,350.60 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](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 testified Petitioner's income was calculated using gross income from the February 15, 2024 [REDACTED] and February 29, 2024 [REDACTED] paychecks, for a total gross monthly income of [REDACTED]. Petitioner testified that she makes contributions to a 401k that were not identified in the paychecks provided by her employer. Petitioner was provided an opportunity to provide documentation to support her testimony and failed to do so. Based on the information, the Department properly determined that Petitioner was not eligible for HMP coverage because her monthly gross income of [REDACTED] exceeds the \$2,350.60 monthly HMP program limit for a group size of two.

Petitioner, as the caretaker of minor children, is potentially eligible for MA under Low Income Family/Parent Caretaker (LIF/PCR). LIF/PCR is a MAGI-related MA program limited to those with income at or below 54% of the FPL applicable to household size. Because Petitioner has income in excess of the HMP limit, which is tied to 133% of the FPL, Petitioner is not eligible for LIF/PCR, where the income limit is 54% of the FPL.

Petitioner is potentially eligible for MA under Plan First Family Planning (PFFP). PFFP is a MAGI-related MA program. An individual is eligible for PFFP if her household's net income does not exceed 195% of the FPL applicable to the individual's group size. BEM 124, p. 2. 195% of the annual FPL for a household with two members is \$39,858.00. See <https://aspe.hhs.gov/poverty-guidelines>, last accessed April 24, 2024. Therefore, to be income eligible for PFFP, Petitioner's annual income cannot exceed \$39,858.00. 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, pp. 3-5. With the 5% disregard applied, the annual household income limit is \$40,880.00, or \$3,406.67 monthly. The Department properly concluded that Petitioner is not eligible for PFFP coverage because her MAGI-related income of [REDACTED] exceeds the \$3,406.67 program limit for a group size of two.

Petitioners who are ineligible for full-coverage MA because of excess income may still receive MA benefits subject to a monthly deductible through a Group 2 Medicaid category. BEM 105, p. 1. Petitioner testified she is the caretaker of two minor children. Therefore, she may qualify for MA through the Group 2-Caretaker MA program (G2C), which provides for MA coverage with a monthly deductible. BEM 166 (April 2017), p.1.

The Department testified that it did not consider Petitioner's eligibility under G2C because Petitioner did not return her Employment Verification Form by the March 11, 2024 due date. The Department further testified that the HCCDN sent on March 18, 2024 indicated Petitioner was denied for G2C coverage for failing to return the requested verifications. However, the Department's testimony conflicts with the HCCDN which did not reference any eligibility determination for G2C coverage. Exhibit B. The evidence established that Petitioner uploaded the documentation from her employer to her MiBridges account on March 7, 2024, prior to the due date and the employer faxed a copy of the Employment Verification Form to the Department on March 12, 2024. When the Department issued its HCCDN on March 18, 2024 notifying Petitioner of the April 1, 2024 closure of her MA case, it was in receipt of the requested documents and used them to assess Petitioner's eligibility for MAGI-related MA programs as reflected in the HCCDN. Therefore, the Department should have considered Petitioner's eligibility for G2C coverage before closing the MA case.

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 did not act in accordance with policy when it closed Petitioner's MA case without considering her eligibility for coverage under G2C.

### **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. Determine Petitioner's eligibility for Group 2 Medicaid G2C coverage for April 1, 2024 ongoing.
2. If eligible, provide Petitioner with G2C coverage effective April 1, 2024 ongoing.
3. Notify Petitioner of its decision in writing.



JN/ml

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**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**

Jeanenne Broadnax  
Wayne-Taylor-DHHS  
25637 Ecorse Rd.  
Taylor, MI 48180

**MDHHS-Wayne-18-Hearings@michigan.gov**

**Interested Parties**

BSC4  
M Schaefer  
EQAD  
MOAHR

**Via First Class Mail:**

**Petitioner**

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