

4. On April 10, 2024, Petitioner requested a hearing regarding MDHHS' determination (Exhibit A, p. 4).

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).

MA 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. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MA is also known as Medical Assistance. BEM 105 (January 2024), p. 1.

In this case, MDHHS terminated Petitioner's Healthy Michigan Plan (HMP) MA because she was over the income limit for the program. MDHHS also determined that Petitioner was not eligible for Plan First MA, a limited coverage category, due to excess income.

MA includes several sub-programs or categories. BEM 105, p. 1. To receive MA under a Supplemental Security Income (SSI)-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. *Id.* MA eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild, Flint Water Group and Health Michigan Plan (HMP) is based on Modified Adjusted Gross Income (MAGI) methodology. *Id.*

HMP MA provides health care coverage for a category of eligibility authorized under the Patient Protection and Affordable Care Act and Michigan Public Act 107 of 2013 effective April 1, 2014. BEM 137 (June 2020), p. 1. HMP is based on MAGI methodology. *Id.* To be eligible for HMP, an individual's income must be at or below 133% of the Federal Poverty Level (FPL). *Id.* Plan First MA is a MAGI-related limited coverage MA category that covers services related to family planning and reproductive health. To be eligible for Plan First, a person must meet all non-financial eligibility factors and their income cannot exceed 195% of the FPL. BEM 124 (July 2023), p. 1. Persons may qualify under more than one MA category. *Id.*, p. 2. Federal law gives them the right to the most beneficial category. *Id.* The most beneficial category is the one that results in eligibility, the least amount of excess income or the lowest cost share. *Id.*

To evaluate Petitioner's eligibility for MA, MDHHS must determine Petitioner's MA fiscal group size, net income and assets. MDHHS determines fiscal and asset groups separately for each person requesting MA. BEM 211 (July 2019), p. 5. No evidence was presented that Petitioner was blind, over age 65, under age 19, pregnant, the parent of

minor children, or a Medicare recipient. At the hearing, AHR indicated that Petitioner had [REDACTED] but had not applied for disability benefits from the Social Security Administration (SSA). If Petitioner met the definition of “disabled” under BEM 260 (January 2023), p. 10, she would potentially be eligible for an SSI-related MA category. However, there is no evidence in the record that Petitioner reported her condition to MDHHS prior to the March 11, 2024 determination. Therefore, MDHHS properly determined that Petitioner was only potentially eligible to receive HMP MA or Plan First MA. Petitioner can reapply for MA at any time if she wishes to claim eligibility under an SSI-related MA category due to a disability.

To determine financial eligibility for MAGI-related MA programs, income must be calculated in accordance with MAGI under federal tax law. BEM 500 (July 2017), pp. 3-4. MAGI is based on Internal Revenue Service rules and relies on federal tax information. BEM 500, p. 4. In order to determine earned 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 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.¹ 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, and can take into account any reasonably predictable increase or decrease in income.²

HMP income limits are based on 133% of the FPL.³ RFT 246 (April 2014), p. 1. MDHHS also applies a 5% disregard to the income limit when the disregard is the difference between eligibility and non-eligibility. BEM 500 (April 2022), p. 5. Thus, HMP income limits are functionally 138% of FPL. The 5% disregard is the amount equal to 5% of the FPL, not a flat 5% disregard of income. BEM 500, p. 5; See also: Modified Adjusted Gross Income Related Eligibility Manual (May 2014), p. 15, available at: https://www.michigan.gov/documents/mdch/MAGI_Manual_457706_7.pdf.

Effective January 17, 2024, 100% of the FPL was \$15,060.00 annually for a one-person household residing in the contiguous 48 states. MDHHS determined that Petitioner had a household-size of one and no evidence was introduced to the contrary. For Petitioner to be eligible for HMP MA in 2024, her net income would have to be at or below \$20,782.80 per year, which represents 138% of the FPL. Persons with income less than 200% of the FPL (applying the 5% disregard), which was \$30,120.00 annually in 2024, can qualify for Plan First MA.

¹ See Healthcare.gov, Count Income & Household Size, available at <<https://www.healthcare.gov/income-and-household-information/how-to-report/>> (last accessed June 26, 2024).

² Michigan Medicaid State Plan, December 18, 2017 Submission, available at <https://www.michigan.gov/documents/mdhhs/MAGI-Based_Income_Methodologies_SPA_17-0100_-_Submission_615009_7.pdf> (last accessed June 26, 2024).

³ Federal Poverty Level (FPL) refers to the Federal Poverty Guidelines published annually in the Federal Registrar. See <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>.

Here, MDHHS budgeted \$2,880.00 for Petitioner's monthly earned income for MA, which equals \$34,560.00 annually. AHR did not dispute this amount. On the Health Care Determination Notice, MDHHS stated that Petitioner's annual household income was \$37,320.00 (Exhibit A, p. 13). The reason for the discrepancy is unclear from the record. Nevertheless, the evidence presented shows that Petitioner was over the income limit for HMP and Plan First MA based on the income limits enumerated above.

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 MDHHS acted in accordance with Department policy when it terminated Petitioner's MA coverage.

DECISION AND ORDER

Accordingly, MDHHS' decision is **AFFIRMED**.



LJ/pt

Linda Jordan
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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Via-First Class Mail:

Petitioner

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