



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: July 5, 2024
MOAHR Docket No.: 24-004760
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Caralyce M. Lassner

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 hearing was held by telephone on June 6, 2024. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Layana Jefferson, Hearings Facilitator and Eligibility Specialist.

ISSUE

Did the Department properly deny Petitioner Medicaid (MA) coverage effective April 1, 2024 ongoing due to excess income?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. On [REDACTED] 2024, the Department received an application for MA from Petitioner. Petitioner reported that she was [REDACTED] years old, unmarried, had no dependents, and was not pregnant or disabled. Petitioner reported income from Edustaff (Employer) and that she worked at two locations. (Exhibit A, pp. 7 – 12).
2. On April 13, 2024, the Department received paystubs from Petitioner from her employment with Employer, which reflected that Petitioner was assigned work in two capacities: as a daycare worker (Daycare) and as a paraprofessional (Parapro). (Exhibit A, pp. 13 – 16).

3. On April 15, 2024, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) denying Petitioner for MA due to excess income. (Exhibit A, pp. 20 – 23).
4. On April 27, 2024, the Department received a request for hearing from Petitioner, disputing the denial of MA and stating she only works during the school year. (Exhibit A, pp. 4 – 5).

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 requested a hearing to dispute denial of her MA coverage. The Department denied Petitioner MA coverage due to excess income.

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, and (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105 (January 2024), p. 1; BEM 137 (January 2024), p. 1. Individuals who do not qualify for one of the foregoing coverages may qualify for Plan First Family Planning (PFFP), which is a limited coverage MA category. BEM 124 (July 2023), p. 1.

In this case, Petitioner was ■ years old and reported she was not blind, disabled, the caretaker of a minor child, or pregnant. (Exhibit A, pp. 7 – 12). Therefore, Petitioner is potentially eligible for under full-coverage HMP or limited coverage PFFP.

HMP and PFFP are both Modified Adjusted Gross Income (MAGI)-related MA policies. An individual is eligible for PFFP if their MAGI-income does not exceed 195% of the Federal Poverty Level (FPL) applicable to the individual's group size. An individual is eligible for HMP if their MAGI-income does not exceed 133% of the FPL applicable to the individual's group size. For MAGI-related plans, a 5% disregard is available to make those individuals eligible who would otherwise not be eligible. BEM 500 (April

2022), p. 5. The 5% disregard increases the income limit by an amount equal to 5% of the FPL for the group size. BEM 500, p. 5. An individual's group size for MAGI purposes requires consideration of the client's tax filing status. Here, Petitioner filed her own taxes and claimed no dependents. (Exhibit A, p. 8). Therefore, for MAGI-related MA purposes, Petitioner has a fiscal group of one. BEM 211 (October 2023), pp. 1 – 2. The monthly income limit for HMP eligibility is \$1,731.90, when the additional 5% disregard is added. The monthly income limit for PFFP eligibility is \$2,510, when the additional 5% disregard is added.

To determine Petitioner's MAGI-income, the Department must calculate the countable income of the fiscal group. BEM 500, p. 1. To determine financial eligibility for MAGI-related MA, 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. BEM 500, p. 3. To determine income in accordance with MAGI, a client's tax-exempt foreign income, tax-exempt Social Security benefits, and tax-exempt interest, if any, are added to the client's adjusted gross income (AGI) from the client's tax return. AGI is found on line 11 of IRS tax forms 1040, 1040-SR, and 1040-NR.

Alternatively, MAGI-income 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/>. The Department determines MAGI-related MA eligibility based on current monthly income and reasonably predictable changes in income. (MAGI-Based Income Methodologies (SPA 17-0100), eff. 11/01/2017, app. 03/13/2018)¹; 42 CFR 435.603(h).

In this case, Petitioner applied for MA coverage and reported that she had regular income from employment with Employer, worked an average of 37 hours per week total at two work locations, and that her income did not change month to month. (Exhibit A, pp. 10 – 11). Petitioner provided the Department with her paystubs from Employer for four consecutive weeks that showed as follows:

March 22, 2024	\$ [REDACTED]
March 29, 2024	
April 5, 2024	
April 12, 2024	

(Exhibit A, pp. 13 – 16). The Department explained that it used those paystubs and divided them into two calculations. The Department used the paystubs dated March 22, 2024 and April 5, 2024 for Parapro, and the paystubs dated March 29, 2024 and April 12, 2024 for Daycare (Exhibit A, pp. 13 – 16), and determined Petitioner's MAGI-income

¹ [MAGI-Based Income Methodologies \(SPA 17-0100\) Approved \(michigan.gov\)](#), p. 7.

to be \$ [REDACTED] and \$ [REDACTED] per month for a monthly total of \$ [REDACTED] which is over the HMP and PFFP monthly income limit. (Exhibit A, p. 17).

However, because the total of the four consecutive paystubs used by the Department total less than the total of Department's calculation and the Department could not explain how it determined Petitioner's monthly income in accordance with MAGI methodology, the Department did not meet its burden of showing that it acted in accordance with Department policy when it determined Petitioner's income and MA eligibility.

In her request for the instant hearing and in her testimony, Petitioner asserted that she only works during the school year and that the Department did not consider that when calculating her income. (Exhibit A, pp. 4 – 5). However, no evidence was offered that Petitioner reported that to the Department prior to the HCCDN being issued; and in her application, Petitioner reported that her income did not change from month to month. (Exhibit A, p. 10). Therefore, the Department properly considered the paystubs Petitioner provided in determining her current monthly 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 calculated Petitioner's MAGI-income and determined she had income in excess of MA program limits.

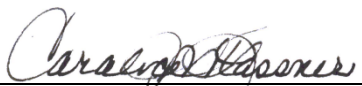
DECISION AND ORDER

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 MA for April 2024 ongoing based on a calculation of her income and in accordance with MAGI methodology;
2. If eligible, provide Petitioner with the most beneficial MA coverage she is eligible to receive for April 2024 ongoing; and
3. Notify Petitioner of its decision in writing.

CML/nr



Caralyce M. Lassner
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
Dawn Tromontine
Macomb County DHHS Sterling
Heights Dist.
41227 Mound Rd.
Sterling Heights, MI 48314
**MDHHS-Macomb-36-
Hearings@michigan.gov**

Interested Parties
BSC4
M. Schaefer
EQAD
MOAHR

Via-First Class Mail :

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