



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 30, 2024
MOAHR Docket No.: 24-006602
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

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 via telephone conference line on July 22, 2024. Petitioner did not participate. [REDACTED] Petitioner's spouse (hereinafter, "Spouse"), testified and represented Petitioner. The Michigan Department of Health and Human Services (MDHHS) was represented by Danielle Moton, specialist. Hadeer Mohamad of Bromberg and Associates participated as an English-Arabic translator.

ISSUE

The issue is whether MDHHS properly determined Petitioner's, her spouse's, and her adult children's Medicaid (MA) eligibility.

FINDINGS OF FACT

The administrative law judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. As of April 2024, Petitioner was an ongoing recipient of unlimited-coverage Medicaid.
2. As of April 2024, Spouse received gross weekly wages of \$ [REDACTED]
3. As of April 2024, Petitioner resided in a household with Spouse, two adult children, [REDACTED] and [REDACTED] (hereinafter, Adult Children), and two minor children.

4. As of April 2024, Petitioner was a tax filer with Spouse and claimed four tax dependents.
5. On April 2, 2024, MDHHS received redetermination documents reporting that Petitioner, Spouse and Adult Children were 19-65 years of age, not pregnant, not disabled, and not Medicare recipients.
6. On April 23, 2024, MDHHS determined Petitioner's minor children were eligible for Medicaid. MDHHS also determined that Petitioner, Spouse, and Adult Children were eligible for the limited-coverage MA category of Plan First beginning May 2024.
7. On May 29, 2024, Petitioner requested a hearing to dispute the determination of MA eligibility while confirming that annual household income was \$62,352.

CONCLUSIONS OF LAW

The 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. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MA policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner's Spouse requested a hearing to dispute determinations of MA eligibility for Petitioner, himself, and their two adult children. Exhibit A, pp. 3-4. A Health Care Coverage Determination Notice dated April 23, 2024, stated that Petitioner, Spouse and Adult Children were eligible for the limited coverage MA category of Plan First beginning June 2024.¹ Exhibit A, pp. 23-26.

Medicaid is also known as MA. BEM 105 (October 2023) p. 1. The MA program includes several sub-programs or categories. *Id.* 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.* Medicaid eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild and Healthy Michigan Plan (HMP) is based on Modified Adjusted Gross Income (MAGI) methodology. *Id.*

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

¹ Plan First is a MAGI-related limited-coverage MA category available to any United States citizen or individual with a qualified immigration status. BEM 124 (July 2023) p. 1. Plan First coverage is a "limited-coverage" because it only covers family planning services such as birth control (see form DCH-2840-MSA).

one that results in eligibility, the least amount of excess income or the lowest cost share. *Id.*

Petitioner submitted to MDHHS redetermination documents on April 2, 2024. Exhibit A, pp. 7-13. The redetermination documents reported that Petitioner, Spouse, and Adult Children were each of the following: 19-65 years of age, not pregnant, not disabled, and not Medicare recipients. Under the circumstances, Petitioner, Spouse, and Adult Children are potentially eligible for full-coverage Medicaid only through the MAGI-related category of HMP. MDHHS testimony indicated that each person was ineligible for MA benefits under HMP due to excess income.²

MAGI-based income means income calculated using the same financial methodologies used to determine modified adjusted gross income as defined in section 36B(d)(2)(B) of the Code.³ 42 CFR 435.603(e). For individuals who have been determined financially-eligible for Medicaid using the MAGI-based methods set forth in this section, a State may elect in its State plan to base financial eligibility either on current monthly household income and family size or income based on projected annual household income and family size for the remainder of the current calendar year. 42 CFR 435.603(h). MDHHS has chosen to determine HMP eligibility based on current monthly income.⁴

Modified adjusted gross income can be defined as a household's adjusted gross income with any tax-exempt interest income and certain deductions added back.⁵ Common deductions and disregards which should be factored in determining a person's adjusted gross income include alimony payments, unreimbursed business expenses, Health Savings Account (e.g., 401k) payments, and student loan interest.⁶

Group composition for MAGI-related categories follows tax filer and tax dependent rules. BEM 211 (July 2019) p. 1. Generally, the household for an individual who is a tax dependent of someone else consists of the household of the tax filer claiming the individual as a tax dependent. *Id.*, p. 2. It was not disputed that Petitioner was a tax filer with Spouse and four dependents. Thus, Petitioner's group size under HMP is six.

Three wage documents from March 2024 for Spouse listed weekly income of \$ [REDACTED] Exhibit A, pp. 15-18. Multiplying Spouse's weekly income by 52 results in a monthly gross income of \$ [REDACTED] MDHHS acknowledged that it calculated a slightly lower

² Petitioner and Spouse are also potentially eligible for MA under Low-Income Family (also known as LIF). However, LIF eligibility is based on 54% of the Federal Poverty Level: a much lower amount than HMP eligibility (see BEM 110). Thus, HMP ineligibility due to excess income due to excess income would result in LIF eligibility due to excess income.

³ Income exceptions are made for lump-sums which are counted as income only in the month received; scholarships, awards, or fellowship grants used for education purposes and not for living expenses; and various exceptions for American Indians and Alaska natives. No known exceptions are applicable to the present case.

⁴ https://www.michigan.gov/documents/mdhhs/SPA_17-0100_Approved_638230_7.pdf

⁵ <https://www.investopedia.com/terms/a/agi.asp>

⁶ *Id.*

annual income of \$ [REDACTED] for the household. Spouse contended he reported a reduction in wages to MDHHS on May 12, 2024, However, Spouse's testimony was not credible as his hearing requested dated May 29, 2024 acknowledged an annual income of \$ [REDACTED]. The hearing request also did not indicate any reduction in wages. Given the evidence, MDHHS properly calculated Petitioner's group's income to be \$ [REDACTED]

HMP income limits are based on 133% of the federal poverty level. RFT 246 (April 2014) p. 1. Also, MDHHS applies a 5% disregard to the income limit when the disregard is the difference between eligibility and non-eligibility. BEM 500 (July 2017) p. 5. Thus, HMP income limits are functionally 138% of the FPL. The 2024 federal poverty level is \$41,960 for a 6-person group.⁷ Multiplying the FPL by 1.38 results in an income limit of \$57,904.80 (\$4,825.40 per month). Petitioner's group's annual income of \$ [REDACTED] exceeds the HMP income limit. Presumably, the group's income is within the income guidelines of the limited coverage MA category of Plan First.⁸

Spouse testified he has expenses for housing utilities, and food. Spouse's testimony was sincere but not relevant to the determination of Medicaid. Given the evidence, MDHHS properly determined Petitioner, Spouse, and Adult Children were ineligible for Group 1 MA categories other than Plan First.

Though Petitioner and Spouse are ineligible for MA benefits under HMP or any other Group 1 category, each may still receive MA under a Group 2 category.⁹ For Group 2 categories, eligibility is possible even when net income exceeds the income limit for a Group 1 category; this is possible because incurred medical expenses are used when determining eligibility. BEM 105 (January 2023) p. 1. Group 2 categories are considered a limited MA benefit because a deductible is possible.¹⁰ *Id.* Petitioner and Spouse are potentially eligible for the Group 2 category for caretakers of minor children (G2C). One of Petitioner's adult children is potentially eligible for a Group 2 category for persons under 21 years (G2U21).

MDHHS determined that Petitioner and Spouse were eligible for a deductible of \$2,612 on June 12, 2024. It is unknown if MDHHS determined the Group 2 eligibility for Petitioner and Spouse's child under 21 years who was not otherwise eligible to receive Medicaid. Because the deductible determination occurred after the hearing request, it is inferred that Petitioner did not request a hearing to dispute the deductible amount. For the present case, no conclusion is made on the accuracy of the Petitioner's, Spouse's

⁷ <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

⁸ Eligibility for Plan First requires an income within 195% of the federal poverty level BEM 124 (July 2023) p. 2.

⁹ One of Petitioner's adult children is [REDACTED] years old. The [REDACTED]-year-old child may be eligible for the Group 2 category of G2U21 (see BEM 132).

¹⁰ Clients with a deductible may receive MA if sufficient allowable medical expenses are incurred.¹⁰ BEM 545 (April 2018), p. 11. Each calendar month is a separate deductible period. *Id.* The fiscal group's monthly excess income is called the deductible amount. *Id.* Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. *Id.*

or their adult children's Group 2 eligibility. Petitioner is free to request a hearing if the deductible amount is disputed.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Petitioner, Spouse, and Adult Children to be eligible only for the limited-coverage MA category of Plan First beginning June 2024. The actions of MDHHS are **AFFIRMED**.

CG/nr



Christian Gardocki
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

Tara Roland 82-17
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Interested Parties

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Via-First Class Mail :

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Petitioner

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