



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

MARLON I. BROWN, DPA
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: March 29, 2024
MOAHR Docket No.: 24-001810
Agency No.: [REDACTED]
Petitioner: [REDACTED] [REDACTED]

ADMINISTRATIVE LAW JUDGE: Kevin Scully

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; 45 CFR 99.1 to 99.33; and 45 CFR 205.10. After due notice, a telephone hearing was held on March 26, 2024, from Lansing, Michigan. Petitioner represented [REDACTED] [REDACTED]. The Department was represented by Jarrod Swartz.

ISSUE

Did the Department of Health and Human Services (Department) properly determine Petitioner's eligibility for Medical Assistance (MA)?

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 January [REDACTED] 2024, the Department received Petitioner's application for assistance as a household of two and she reported that she was living with her husband. Exhibit A, pp 6-12.
2. Petitioner reported on her January [REDACTED] 2024, application form that she expects to work 27 hours per week at a rate of \$[REDACTED] per hour. Exhibit A, p 10.
3. Petitioner's husband is employed, and he received earned income semi-monthly in the gross amount of \$[REDACTED]. Exhibit A, p 15.
4. Petitioner is employed and she received earned income in the gross bi-weekly amounts of \$[REDACTED] on January 5, 2024, and \$[REDACTED] on December 22, 2023. Exhibit A, p 20.
5. On February 2, 2024, the Department notified Petitioner that she is not eligible for Food Assistance Program (FAP) benefits. Exhibit A, p 26.

6. On February 21, 2024, the Department received Petitioner's request for a hearing protesting her eligibility for Medical Assistance (MA) benefits. 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).

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act, 42 USC 1396 through 42 USC 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 through 42 CFR 420.25. The Department administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.103 through MCL 400.112k of the Social Welfare Act, MCL 400.1 *et seq.*

The household composition for MA benefits consists of the individual and the individual's spouse regardless of their tax filer status unless the individual is the tax dependent of another person. Department of Health and Human Services Bridges Eligibility Manual (BEM) 211 (October 1, 2023), p 2.

MAGI for purposes of Medicaid eligibility is a methodology which state agencies and the federally facilitated marketplace (FFM) must use to determine financial eligibility. It is based on Internal Revenue Service (IRS) rules and relies on federal tax information to determine adjusted gross income. It eliminates asset tests and special deductions or disregards. Every individual is evaluated for eligibility based on MAGI rules. The MAGI rules are aligned with the income rules that will be applied for determination of eligibility for premium tax credits and cost-sharing reductions through exchanges. Department of Health and Human Services Bridges Eligibility Manual (BEM) 500 (January 1, 2016), pp 3-4.

Modified adjusted gross income (MAGI) is a methodology for how income is counted and how household composition and family size are determined. It is based on federal tax rules for determining adjusted gross income. It eliminates asset tests and special deductions or disregards. Every individual is evaluated for eligibility based on MAGI rules. The MAGI rules are aligned with the income rules that will be applied for determination of eligibility for premium tax credits and cost-sharing reductions through exchanges. The 5% disregard is the amount equal to 5% of the Federal Poverty Level for the applicable family size. It is not a flat 5% disregard from the income. The 5% disregard shall be

applied to the highest income threshold. The 5% disregard shall be applied only if required to make someone eligible for Medicaid.¹

Household income is the sum of the MAGI-based income of every individual included in the individual's household, minus an amount equivalent to 5 percentage points of the Federal poverty level for the applicable family size. 42 CFR 435.603.

Petitioner is married and she lives with her husband. Their combined earned income is greater than 138% of the federal poverty level or \$2,265.43 per month for a household of two, and the 5% income disregard does not make them eligible for HMP benefits based on that income.

Petitioner argued that her eligibility for HMP benefits should be determined solely by her income alone, but also argued that their combined expenses should also be considered. Petitioner argued that the Department is not considering their student loan expenses.

Department policy requires that Petitioner's eligibility for MA benefits be determined as a household of two and that their combined income be applied towards their eligibility. This would apply regardless of their tax filer status. Further, Petitioner failed to offer verification of student loan expenses, but eligibility for MA benefits is based on IRS methodology, and only student loan interest is deductible from taxable income, not student loan payments. The hearing record supports a finding that the household's modified adjusted gross income exceeds 133% of the federal poverty level.

The Food Assistance Program (FAP) is funded under the federal Supplemental Nutrition Assistance Program (SNAP) established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 through 7 USC 2036a. It is implemented by the federal regulations contained in 7 CFR 273. The Department administers FAP pursuant to MCL 400.10 of the Social Welfare Act, MCL 400.1 *et seq*, and Mich Admin Code, R 400.3001 through 400.3011.

FAP group composition is established by determining who lives together, the relationship of the people who live together, whether the people living together purchase and prepare food together or separately, and whether the persons reside in an eligible living situation. Spouses that live together are required to be in the same FAP benefit group. Department of Human Services Bridges Eligibility Manual (BEM) 212 (July 1, 2019), p 1.

Petitioner and her husband applied for FAP benefits on January 2024. Petitioner is required to be in the same FAP benefit group as her husband. Their combined gross monthly income exceeds the \$2,137 gross monthly income limit for a household of two to receive any FAP benefits. Department of Health and Human Services Reference Table Manual (RFT) 250 (October 1, 2023), p 1. Therefore, Petitioner is not eligible for FAP benefits.

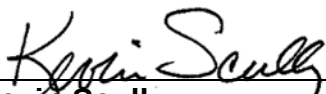
¹ Department of Health and Human Services Modified Adjusted Gross Income (MAGI) Related Eligibility Manual, pp 14-15. This manual is available on the internet at http://www.michigan.gov/documents/mdch/MAGI_Manual_457706_7.pdf

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 acted in accordance with Department policy when it determined Petitioner's eligibility for Medical Assistance (MA) and Food Assistance Program (FAP) benefits based on household income.

DECISION AND ORDER

Accordingly, the Department's decision is AFFIRMED.

KS/dm



Kevin Scully
Administrative Law Judge
Michigan Office of Administrative Hearings
and Rules (MOAHR)

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
Kimberly Kornoelje
Kent County DHHS
MDHHS-Kent-
Hearings@michigan.gov

SchaeferM

EQADHearings

BSC3HearingDecisions

Via-First Class Mail :

MOAHR
Petitioner

[REDACTED]
[REDACTED]
[REDACTED]