



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: April 24, 2024
MOAHR Docket No.: 24-002949
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 April 18, 2024. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Crystal Hackney, supervisor, and Dequaina McClain, specialist.

ISSUE

The issue is whether MDHHS properly determined Petitioner's Medical Assistance (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 January 2024, Petitioner was a tax filer with one tax dependent.
2. As of January 2024, Petitioner was none of the following: disabled, pregnant, under 21 years of age, over 65 years of age, or a Medicare recipient.
3. Beginning January 19, 2024, Petitioner received the following gross weekly wages: \$ [REDACTED] \$ [REDACTED] \$ [REDACTED] and \$ [REDACTED]
4. On March [REDACTED] 2024, MDHHS determined Petitioner was ineligible for HMP due to excess income.
5. On an unspecified date, MDHHS approved Petitioner for Medicaid subject to a \$ [REDACTED] monthly deductible.

6. On March [REDACTED] 2024, Petitioner requested a hearing to MA eligibility. Petitioner additionally disputed Food Assistance Program (FAP) eligibility.
7. On April 18, 2024, during an administrative hearing, Petitioner withdrew her dispute concerning FAP benefits.

CONCLUSIONS OF LAW

The FAP (formerly known as the Food Stamp program) is established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 to 2036a and is implemented by the federal regulations contained in 7 CFR 273. MDHHS administers the FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011. FAP policies are contained in the BAM, BEM, and RFT.

Petitioner requested a hearing, in part, to dispute a determination of FAP benefits. Exhibit A, pp. 3-9. A Notice of Case Action dated March 9, 2024, terminated Petitioner's FAP eligibility beginning April 2024. Exhibit A, pp 29-30. During the hearing, Petitioner stated she no longer disputed FAP eligibility and withdrew her hearing request concerning FAP benefits. MDHHS had no objections. Concerning FAP benefits, Petitioner's hearing request will be dismissed.

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 BAM, BEM, and RFT.

Petitioner also requested a hearing to dispute a determination of MA benefits. Exhibit A, pp. 3-9. A Health Care Coverage Determination Notice dated March [REDACTED] 2024, stated that Petitioner was ineligible for MA benefits beginning April 2024 due to failing to verify income. Exhibit A, pp. 26-28. During the hearing, MDHHS acknowledged that Petitioner was later deemed eligible for Medicaid, though subject to a \$[REDACTED] monthly deductible.¹ Petitioner contended she should be eligible for Medicaid without a deductible; alternatively, she should be eligible for Medicaid with a lower deductible.

The Medicaid program includes several sub-programs or categories. BEM 105 (January 2020) 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.* 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 is based on Modified Adjusted Gross Income (MAGI) methodology. *Id.*

¹ A summary of Petitioner's MA benefit history verified the deductible amount. Exhibit A, p. 31.

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.*

MA categories are also split into categories of Group 1 and Group 2. *Id.*, p. 1. For Group 1, a group's net income must be at or below a certain income level for eligibility. *Id.*

As of January 2024, Petitioner was not disabled, not a recipient of Medicare, and between 21-65 years of age. Also, Petitioner was a tax filer with one dependent. Under the circumstances, Petitioner is only potentially eligible to receive Group 1 MA benefits under the MAGI program of HMP. A Health Care Coverage Determination Notice dated March 11, 2024, stated that Petitioner was ineligible for HMP due to excess income. Exhibit A, pp. 26-28.

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.² 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.³

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.⁴ 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.⁵

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. No known exceptions are applicable.

It was not disputed that Petitioner was an unmarried tax filer with one dependent. Under the circumstances, Petitioner's MAGI-related MA group composition is two persons.⁶

² 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.

³ https://www.michigan.gov/documents/mdhhs/SPA_17-0100_Approved_638230_7.pdf

⁴ <https://www.investopedia.com/terms/a/agi.asp>

⁵ *Id.*

⁶ See BEM 211 for MA benefit group composition policy.

MDHHS testified it projected Petitioner's income beginning with a 30-day pay period beginning January 15, 2024. From January 15 through February 13, 2024, Petitioner received gross weekly wages totaling \$ [REDACTED] (dropping cents).⁷ MDHHS did not present evidence that other income was relevant.⁸

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 (April 2022) p. 5. Thus, HMP income limits are functionally 138% of the FPL. The 2024 federal poverty level for a 2-person group residing in Michigan is \$20,440. Multiplying the FPL by 1.38 results in an income limit of \$28,207.20 (\$2,350.60). Petitioner's group's income did not exceed the HMP income limit. Thus, MDHHS improperly determined Petitioner to be over the income limit for HMP. As a remedy, MDHHS shall reprocess Petitioner's MA eligibility based on Petitioner's monthly employment income being \$ [REDACTED]

⁷ Petitioner gross weekly wages were \$ [REDACTED] \$ [REDACTED] \$ [REDACTED] and \$ [REDACTED]

⁸ MDHHS testified that Petitioner received unemployment benefits on January 13, and March 2, 2024. Because Petitioner received the benefits outside of the 30-day period of income, the benefits were not counted as income.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that Petitioner withdrew the dispute concerning FAP benefits. Concerning FAP benefits, Petitioner's hearing request is **DISMISSED**.

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS improperly determined Petitioner's MA eligibility. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

- (1) Reprocess Petitioner's Medicaid eligibility beginning April 2024, subject to the finding that Petitioner received \$[REDACTED] in monthly wages, and no other income, over the 30-day period beginning January 15, 2024; and
- (2) Issue supplements and notice, if any, in accordance with policy

The actions taken by MDHHS are **REVERSED**.

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

Denise Key-McCoggle
Wayne-Greydale-DHHS
27260 Plymouth Rd
Redford, MI 48239

**[MDHHS-Wayne-15-Greydale-
Hearings@michigan.gov](mailto:MDHHS-Wayne-15-Greydale-Hearings@michigan.gov)**

Interested Parties

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