



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 1, 2024  
MOAHR Docket No.: 24-004961  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Zainab A. Baydoun**

**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 telephone hearing was held on June 20, 2024, from Detroit, Michigan. Petitioner appeared for the hearing and represented himself. The Department of Health and Human Services (Department) was represented by Avery Smith, Assistance Payments Supervisor.

**ISSUE**

Did the Department properly close Petitioner's Medical Assistance (MA) case?

**FINDINGS OF FACT**

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

1. Petitioner was an ongoing recipient of MA benefits under the Healthy Michigan Plan (HMP).
2. On or around January 9, 2024, Petitioner submitted a change report to the Department that he started a job on November 13, 2023, received his first paycheck on November 24, 2023, and that his employment will last 5 to 7 months.
3. On or around [REDACTED] 2024, Petitioner applied for Food Assistance Program (FAP) benefits. Petitioner's FAP application triggered a review of his MA eligibility.
4. On the FAP application, Petitioner reported that he was employed 40 hours weekly and earning [REDACTED] per hour.

5. On or around April 11, 2024, the Department sent Petitioner a Health Care Coverage Determination Notice advising him that effective May 1, 2024, he was ineligible for MA benefits because his income exceeded the limit. (Exhibit A, pp. 13-16)
6. On or around April 25, 2024, Petitioner requested a hearing disputing the Department's closure of his MA case. On his request for hearing, Petitioner indicated that his contract job began in November 2023 and will be ending on May 31, 2024. (Exhibit A, pp. 3-4)
7. On or around May 3, 2024, the Department sent Petitioner a Verification of Employment that he was instructed to have completed and returned by May 13, 2024.
8. On or around May 10, 2024, Petitioner returned the Verification of Employment form. On the verification of Employment form, the employer noted that Petitioner's employment was temporary and expected to end on May 31, 2024.

### **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.

In this case, Petitioner disputed the Department's determination that he was ineligible for MA benefits 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, (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage, and (iv) to individuals who meet the eligibility criteria for Plan First Medicaid (PF-MA) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105 (July 2021), p. 1; BEM 137 (June 2020), p. 1; BEM 124 (July 2023), p. 1. Under federal law, an individual eligible under more than one MA category must have eligibility determined for the category selected and is entitled to the most beneficial coverage available, which is the one that results in

eligibility and the least amount of excess income or the lowest cost share. BEM 105 (January 2021), p. 2; 42 CFR 435.404.

In this case, because Petitioner is under age 64, and not blind or disabled, under age 19, the parent or caretaker of a minor child, or pregnant or recently pregnant, the Department properly determined that Petitioner was potentially only eligible for MA coverage under full coverage HMP or the limited coverage Plan First Medicaid category.

HMP is a MAGI-related MA category that provides MA coverage to individuals who (i) are 19 to 64 years of age; (ii) have income under the MAGI methodology at or below 133% of the federal poverty level (FPL); (iii) do not qualify for or are not enrolled in Medicare; (iv) do not qualify for or are not enrolled in other MA programs; (v) are not pregnant at the time of application; and (vi) are residents of the State of Michigan. BEM 137, p. 1; 42 CFR 435.603.

The Department representative testified that Petitioner was previously approved for MA benefits under the HMP category. The Department representative testified that after receiving Petitioner's [REDACTED] 2024, FAP application the Department reviewed Petitioner's MA eligibility and found that effective May 1, 2024, he was no longer eligible for MA under the HMP because his income exceeded the applicable income limit for his group size.

An individual is eligible for HMP if the household's MAGI-income does not exceed 133% of the FPL applicable to the individual's group size. An individual's group size for MAGI purposes requires consideration of the client's tax filing status and dependents. Petitioner files taxes and does not claim any dependents. Family size means the number of persons counted as members of an individual's household. 42 CFR 435.603(b). Therefore, for HMP purposes, Petitioner has a household size of one. The FPL for a group size of one in 2024 is [REDACTED]. 133% of the annual FPL in 2024, for a household with one member is [REDACTED]. See <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed [REDACTED], and thus, the monthly income cannot exceed [REDACTED], as he was a current beneficiary. Additionally, Department policy provides that if an individual's group's income is within 5% of the FPL for the applicable group size, a disregard is applied, making the person eligible for MA. MREM, § 7.2; BEM 500 (April 2022), pp. 3-5. With the 5% disregard applied, the household income limit is [REDACTED], or [REDACTED], monthly.

To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. 42 CFR 435.603(e); BEM 500 (April 2022), p. 3. MAGI is based on Internal Revenue Service rules and relies on federal tax information. *Id.* To determine 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. 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, child care, or retirement savings. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>. When determining financial eligibility of current beneficiaries of MAGI-related MA, the State of Michigan has elected to base eligibility on current monthly income and family size. Additionally, the Department is to consider reasonably predictable changes in income. For individuals who are seasonal workers who know that they will only work for some portion of the year, the Department will consider the reasonably predictable future income decrease within the upcoming 12 months. The seasonal income reported will be averaged to arrive at a monthly amount, which is then added to any other non-fluctuating income. Michigan Medicaid State Plan Amendment Transmittal 17-0100, effective November 1, 2017 and approved by the Center for Medicare and Medicaid Services on March 13, 2018 available at [https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder3/Folder80/Folder2/Folder180/Folder1/Folder280/SPA\\_17-0100\\_Approved.pdf](https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder3/Folder80/Folder2/Folder180/Folder1/Folder280/SPA_17-0100_Approved.pdf).

The Department representative did not identify Petitioner's household MAGI and it was unknown what income amounts were relied upon in the Department's determination that Petitioner had excess income and was ineligible for HMP. Petitioner credibly testified that his job is temporary, that it began in November 2023 and ended on May 31, 2024. Petitioner's testimony was supported by the change report he submitted to the Department on January 9, 2024, as well as the Verification of Employment form submitted to the Department on or around May 10, 2024. Additionally, there was no evidence presented that the Department took into consideration the predictable decrease in Petitioner's income, as his employment was temporary and not expected to continue. Upon review, the Department failed to establish that Petitioner's household income exceeded the MAGI limit based on his group size. At the hearing, the Department representative reviewed Petitioner's case in Bridges and testified that his eligibility is now showing as approved for HMP effective May 1, 2024. However, the Department did not explain whether this was due to a case correction and finding that Petitioner's income did not exceed the limit or some other reason. The Department also did not present any eligibility notice or other documentation such as an eligibility summary or MA eligibility summary/MA interface to show that the issue Petitioner requested a hearing to dispute had been resolved with the reinstatement of his MA case under the HMP.

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 did not act in accordance with Department policy when it closed Petitioner's MA case effective May 1, 2024, due to excess income.


**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. Reinstate Petitioner's MA case effective May 1, 2024;
2. Provide MA coverage to Petitioner under the HMP from May 1, 2024, ongoing, if otherwise eligible, and
3. Notify Petitioner in writing of its decision.

ZB/ml

  
**Zainab A. Baydoun**  
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:**

**Respondent**

Yaita Turner

Oakland County Southfield District III

25620 W. 8 Mile Rd

Southfield, MI 48033

**MDHHS-Oakland-6303-Hearings@michigan.gov**

**Interested Party**

BSC4

M Schaefer

EQAD

MOAHR

**Via First Class Mail:**

**Petitioner**

[REDACTED]  
[REDACTED]  
[REDACTED] MI [REDACTED]