



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: August 1, 2024
MOAHR Docket No.: 24-006071
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 July 3, 2024. Petitioner appeared and represented himself. The Department of Health and Human Services (Department) was represented by Shyla Coleman, Hearings Facilitator and Eligibility Specialist.

ISSUE

Did the Department properly deny Petitioner's application for Medicaid (MA) 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] [REDACTED] 2024, the Department received an application for MA from Petitioner on which Petitioner disclosed he is [REDACTED] years old and disabled, and that his sole source of income is from home help for [REDACTED] [REDACTED] (Employer) in the amount of \$ [REDACTED] per month. (Exhibit A, pp. 6 – 10).
2. Petitioner's income is payable to him through the [REDACTED] [REDACTED] (Exhibit 1, p. 11).
3. The Department obtained a Consolidated Income Inquiry (CI) to verify Petitioner's income. (Exhibit A, p. 1).

4. The CI reported Petitioner's earnings as \$ [REDACTED] in December 2023, \$ [REDACTED] in January 2024, and \$ [REDACTED] in May 2024 with no earnings for February, March, or April 2024. (Exhibit A, p. 1; see also Exhibit B, p. 2).
5. The Department budgeted Petitioner's monthly income as \$ [REDACTED] (Exhibit A, p. 1).
6. On April 18, 2024, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) denying Petitioner's application for MA effective May 1, 2024 ongoing due to excess income. (Exhibit A, pp. 15 – 18).
7. On May 20, 2024, the Department received a request for hearing from Petitioner, disputing the denial of his MA application and the amount of income budgeted by the Department in determining his eligibility. (Exhibit A, pp. 3 – 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 1396-1396w-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 the denial of his MA application and the amount of income budgeted by the Department in determining his eligibility. The Department budgeted Petitioner's January 2024 income when processing his [REDACTED] [REDACTED] 2024 MA application and denied his application 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 [REDACTED] years old and reported he was an individual tax filer with no tax dependents, disabled, and that his sole source of income was from providing

home health care to Employer. (Exhibit A, pp. 6 – 10). Therefore, Petitioner is potentially eligible for under full-coverage HMP or limited coverage PFFP, both of which are Modified Adjusted Gross Income (MAGI)-related MA policies. To be eligible for HMP, which provides greater coverage than PFFP and is therefore more beneficial to Petitioner, Petitioner’s income cannot exceed 133% of the federal poverty level based on his group size. BEM 137, p. 3. Based on Petitioner’s tax filing status, he was a fiscal group of one.

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, pp. 3 – 4. MAGI is based on Internal Revenue Service rules and relies on federal tax information from current income sources. BEM 500, pp. 3 – 4; see also 42 CFR 435.603(h)(1),(2).

The Department uses current monthly income, and reasonably predictable changes in income, to calculate a client’s MAGI-income. (MAGI-Based Income Methodologies (SPA 17-0100), eff. 11/01/2017, app. 03/13/2018)¹; 42 CFR 435.603(h). MAGI-income is calculated for each income earner in the household by using the “federal taxable wages” reported on earner’s paystubs or, if federal taxable wages are not reported on the paystub, by using “gross income” minus amounts deducted by the employer for child care, health coverage, and retirement plans. Under both the federal and Michigan methodology, 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. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>.

On his [REDACTED] [REDACTED] 2024 MA application, Petitioner reported his only source of income to be from Employer in the amount of \$ [REDACTED] per month. (Exhibit A, p. 9). The Department did not present a budget for Petitioner at the hearing but explained that when it processed Petitioner’s application, it obtained a CI report and budgeted Petitioner’s earned income from January 2024 in the amount of \$ [REDACTED] (Exhibit A, p. 1). Based on Petitioner’s January 2024 income, the Department concluded he had excess income and sent him a HCCDN denying him MA, effective May 1, 2024 ongoing, due to excess income. (Exhibit A, pp. 15 – 18). However, due to the discrepancy between Petitioner’s reported income and the CI, the Department was required to give Petitioner the opportunity to resolve the discrepancy between his application and the CI. BAM 130 (October 2023), p. 9. Additionally, the Department testified that it was aware that Petitioner’s most recent income, as reported on the CI, was:

December 2023	\$ [REDACTED]
January 2024	[REDACTED]
February 2024	[REDACTED]

¹ [MAGI-Based Income Methodologies \(SPA 17-0100\) Approved \(michigan.gov\)](https://www.healthcare.gov/income-and-household-information/how-to-report/), p. 7.

March 2024
April 2024
May 2024



(Exhibit A, p. 1; Exhibit B, p. 2). Given that Petitioner's application was submitted on [REDACTED] [REDACTED] 2024, the Department should have determined Petitioner's eligibility based on his current monthly income, not his income from January 2024. Therefore, the Department did not act in accordance with Department policy budgeting Petitioner's January 2024 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 did not act in accordance with Department policy when it denied Petitioner's MA application 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. Redetermine Petitioner's eligibility for MA for April 2024 ongoing based on a calculation of his income and in accordance with MAGI methodology;
2. If eligible, provide Petitioner with the most beneficial MA coverage he is eligible to receive for April 2024 ongoing; and
3. Notify Petitioner of its decision in writing.

CML/nr

A handwritten signature in cursive script, appearing to read "Caralyce M. Lassner".

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
Jeanenne Broadnax
Wayne-Taylor-DHHS
25637 Ecorse Rd.
Taylor, MI 48180
MDHHS-Wayne-18-Hearings@michigan.gov

Interested Parties

BSC4
M. Schaefer
EQAD
MOAHR

Via-First Class Mail :

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