



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 9, 2024
MOAHR Docket No.: 24-006660
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 31, 2024. Petitioner participated and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Jamilla Goods, 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 March 2024, Petitioner was an ongoing recipient of MA benefits.
2. As of March 2024, Petitioner was aged 19-65 years, not disabled, not pregnant, not a caretaker to minor children, and not a Medicare recipient.
3. On an unspecified date, MDHHS determined Respondent's monthly MAGI to be \$1,647.
4. On April 9, 2024, MDHHS determined Petitioner was eligible for Medicaid beginning April 2024.

5. On [REDACTED] 2024, Petitioner submitted to MDHHS an application for MA benefits and reported monthly wages of \$700.
6. On April 23, 2024, MDHHS determined Petitioner was eligible beginning June 2024 only for the limited-coverage MA category of Plan First based on monthly wages of \$[REDACTED]
7. On June 5, 2024, Petitioner requested a hearing to dispute the determination of MA benefits.

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 requested a hearing to dispute a determination of MA eligibility. Exhibit A, pp. 3-6. A Health Care Coverage Determination Notice dated April 9, 2024, stated that Petitioner was eligible for Medicaid beginning April 2024¹. Exhibit A, pp. 7-10. A Health Care Coverage Determination Notice dated April 23, 2024, stated that Petitioner was only eligible for the limited coverage MA category of Plan First beginning June 2024.² Exhibit A, pp. 13-15.

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 is based on Modified Adjusted Gross Income (MAGI) methodology.³ *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 The notice also stated that Petitioner was ineligible for Medicare Savings Program (MSP) due to not meeting the basic criteria for the program. MSP eligibility was not disputed by Petitioner.

² 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).

³ Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

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.* Group 2 categories are considered a limited benefit (not limited coverage) because a deductible is possible. *Id.*

As of the disputed benefit month, Petitioner was 19-65 years of age, not pregnant, not a caretaker to minor children, and not a Medicare recipient. Given the circumstances, Petitioner is potentially eligible for full-coverage Medicaid only through the MAGI-related category of HMP. MDHHS testified that Petitioner was ineligible for MA benefits under HMP due to excess income.

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.⁴ 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.⁵

MAGI can be defined as a household's adjusted gross income with any tax-exempt interest income and certain deductions added back.⁶ 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.⁷

Group composition for MAGI-related categories follows tax filer and tax dependent rules. BEM 211 (October 2023) p. 1. The household for a tax filer, who is not claimed as a tax dependent, consists of: the tax filer, the tax filer's spouse, and tax dependents. *Id.*, p. 2. The evidence supported that Petitioner was a tax filer with no tax dependents. Under the circumstances, Petitioner's MAGI-related MA group size is one.

MDHHS presented documentation of Petitioner's wage history, Exhibit A, pp. 11-12. MDHHS provided no explanation for how Petitioner's MAGI was calculated, but acknowledged in its Hearing Summary that Petitioner's MAGI per month was \$ [REDACTED]

⁴ 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.

⁵ https://www.michigan.gov/documents/mdhhs/SPA_17-0100_Approved_638230_7.pdf

⁶ <https://www.investopedia.com/terms/a/agi.asp>

⁷ *Id.*

Exhibit A, p. 1. Based on MDHHS's acknowledgement, Petitioner's monthly MAGI will be accepted as \$ [REDACTED]

HMP income limits are based on 133% of the federal poverty level (FPL). 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 FPL for a 1-person group residing in Michigan is \$15,060.⁸ Multiplying the FPL by 1.38 results in an income limit of \$20,782.80 (\$1,731.90 per month). The monthly income of \$ [REDACTED] calculated by MDHHS is less than the income limit; Thus, MDHHS erred by concluding that Petitioner's MAGI exceeded the income limit.

A second reason exists for reversing MDHHS's determination. As stated above, MDHHS generally considers *current* monthly income and family size (except for individuals who report seasonal work and complete a projected annual income field on the MA application to show work for only a portion of the year with reasonably predictable changes in income within the upcoming 12 months). 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, 2018.⁹ Petitioner alleged reporting to MDHHS having seasonal employment. Petitioner's testimony was not corroborated, but it was also not rebutted by any evidence from MDHHS. Furthermore, Petitioner worked for a school district; generally, employment with a school district is consistent with seasonal employment. There was no evidence that MDHHS calculated Respondent's income based on employment being seasonal or having "reasonably predictable changes".

Given the evidence, MDHHS failed to establish it correctly determined Respondent's income eligibility for HMP. As a remedy, Petitioner is entitled to a reprocessing of HMP eligibility.

⁸ <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

⁹ https://www.michigan.gov/mdhhs//media/Project/Websites/mdhhs/Folder3/Folder80/Folder2/Folder180/Folder1/Folder280/SPA_17-0100_Approved.pdf.

DECISION AND ORDER

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) Reinstate and reprocess Petitioner's MA eligibility beginning June 2024 subject to the findings that MDHHS failed to establish it properly determined Petitioner's eligibility and that Petitioner reported to MDHHS having reasonably predictable changes in income; and

(2) Issue benefit 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

Susan Noel
Wayne-Inkster-DHHS
26355 Michigan Ave
Inkster, MI 48141

MDHHS-Wayne-19-Hearings@michigan.gov

Interested Parties

BSC4
M. Schaefer
EQAD
MOAHR

Via-First Class Mail :

Petitioner

[REDACTED]
[REDACTED], MI [REDACTED]