



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

Date Mailed: August 9, 2024
MOAHR Docket No.: 24-006676
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 August 1, 2024. Petitioner participated and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Shyla Coleman, hearings facilitator.

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 May 2024, Petitioner was 19-65 years old, not disabled, not pregnant, and a caretaker to a minor child.
2. As of May 2024, Petitioner was a tax filer with one dependent.
3. As of May 2024, Petitioner received \$ [REDACTED] in monthly child support income.
4. On May 2, 2024, MDHHS determined that Petitioner was eligible for the limited-coverage MA category of Plan First beginning February 2024. MDHHS also determined Petitioner was eligible for Medicaid subject to a \$1,562 monthly deductible.

5. Beginning May 10, 2024, Petitioner received the following respective gross biweekly wages: \$ [REDACTED] \$ [REDACTED] and \$ [REDACTED]
6. On June 7, 2024, Petitioner requested a hearing to dispute the termination of MA benefits.
7. On June 14, 2024, MDHHS determined Petitioner was eligible for Medicaid subject to a monthly deductible of \$1,359. Exhibit A, pp. 16-18.

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 MA eligibility.¹ Exhibit A, pp. 3-4. MDHHS testified that a Health Care Coverage Determination Notice dated May 2, 2024, stated that Petitioner was eligible only for the Group 1 MA category of Plan First beginning February 2024 and a Medicaid deductible of \$1,144 beginning March 2024.²

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 one that results in eligibility, the least amount of excess income or the lowest cost share. *Id.*

¹ Petitioner testified she wanted to dispute MA eligibility back to November 2023; however, Petitioner's hearing request did not indicate a concern of benefits back so far. Due to Petitioner's lack of specificity, an MA benefit dispute for the benefit month stated within the benefit notice immediately before the hearing request will be inferred.

² Plan First is a Group 1 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 is considered a "limited" coverage because it covers only 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.

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.*

Petitioner's testimony acknowledged being 19-65 years of age, not pregnant, not a Medicare recipient, and a caretaker to minor children. As a non-disabled individual, aged 19-65 years, and a caretaker to minor children, the full-coverage Group 1 MA category with the highest income limit for which Petitioner is eligible is the MAGI-MA category of HMP. MDHHS testified that Petitioner was ineligible for HMP due to excess income.⁴

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.⁵ 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.⁶

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.⁷ 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.⁸

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. Petitioner was a tax filer who resided with a tax dependent child. Petitioner's group size is two persons.

It was not disputed that Petitioner was employed. MDHHS testified it factored Petitioner's wages from May 10 through June 8, 2024 in determining Petitioner's HMP eligibility. TheWorkNumber documents listed gross biweekly wages for Petitioner

⁴ As a caretaker to a minor child, Petitioner is potentially eligible to receive MA under the category of Low-Income Family (LIF). LIF has an income limit lower than HMP (see BEM 110). Thus, LIF eligibility need not be considered if Petitioner is not eligible for HMP due to income.

⁵ 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.

⁶ https://www.michigan.gov/documents/mdhhs/SPA_17-0100_Approved_638230_7.pdf

⁷ <https://www.investopedia.com/terms/a/agi.asp>

⁸ *Id.*

beginning May 10, 2024 of \$ [REDACTED] \$ [REDACTED] and \$ [REDACTED] Exhibit A, pp. 7-12. Adding the wages and dividing by three results in an average gross biweekly wage of \$ [REDACTED]. Multiplying the average gross biweekly wage by 26 results in an annual income of \$ [REDACTED].

It was not disputed that Petitioner also received monthly child support of \$ [REDACTED]. Multiplying the child support by 12 and adding the income to Petitioner's wages results in annual MAGI of \$36,700.

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 (July 2017) 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 \$20,440.00.¹⁰ Multiplying the FPL by 1.38 results in an income limit of \$28,207.20. Petitioner's benefit group's income exceeded the HMP income limit. Given the evidence, MDHHS properly determined Petitioner to be ineligible for Group 1 MA categories other than Plan First.¹¹

Though Petitioner is ineligible for unlimited-coverage Group 1 categories, Petitioner may still be eligible for Group 2 MA categories. For Group 2 categories, eligibility is possible even when net income exceeds the income limit for a Group 1 category; this is possible because incurred medical expenses are used when determining eligibility. *Id.* Group 2 categories are considered a limited benefit because a deductible is possible. *Id.* MDHHS testified that Petitioner's deductible beginning July 2024 was \$1,443.¹²

As a caretaker to a minor child, Petitioner is potentially eligible to receive Medicaid subject to a deductible under G2C. BEM 536 outlines the following procedure for determining a client's prorated income for purposes of G2C eligibility:

- Step 1 Determine countable employment income using BEM 500 and BEM 530.
- Step 2 Deduct \$90 from each member's employment income.
- Step 3 Subtract \$30 + 1/3 of a group member's employment income if the person received FIP or LIF benefits in any one of the four previous months.
- Step 4 Subtract \$200 from any remaining employment income if member has dependent care expenses.
- Step 5 Determine countable child support income using BEM 500 and BEM 530.
- Step 6 Subtract \$50 for countable child support income.
- Step 7 Determine countable unearned income using BEM 500 and BEM 530.

⁹ MDHHS testified it did not factor an extra pay on May 10, 2024 for \$357.

¹⁰ <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

¹¹ Plan First income limits are based on 195% of the FPL. BEM 124 (July 2023) p. 2. Presumably, Petitioner's income is within the income limits to receive Plan First.

¹² A Health Care Coverage Determination Notice dated June 14, 2024, stated that Petitioner was eligible Medicaid subject to a monthly deductible of \$1,359 in June 2024. Exhibit A, pp. 16-18. Petitioner had a deductible of \$1,144 in March 2024. The analysis will focus on the deductible for July 2024, the most recent benefit month, because Petitioner stated she was concerned with ongoing MA eligibility.

- Step 8 Add countable earned and unearned income.
- Step 9 Subtract child support paid by a group member (not to exceed the monthly obligation).
- Step 10 Subtract \$83 if client has court-appointed guardian paid by a group member. The result is the group's total net income.
- Step 11 Determine the number of dependents. A spouse and children under 18 are dependents.
- Step 12 Add 2.9 to the number of dependents to determine the prorate divisor.
- Step 13 Divide the prorated divisor into each group member's income to determine each member's prorated share of income.
- Steps 14-16 Applicable for non-parent caretakers only.

The adult's net income for purposes of G2C is calculated by adding the following:

- 2.9 x adult's prorated income (if adult has dependents)
- 3.9 x spouse's prorated income
- Prorated share of adult's income

As calculated above, Petitioner received an average of gross biweekly wages of \$ [REDACTED] as of the date of the disputed notice. Multiplying the income by 2 results in monthly wages of \$ [REDACTED]. Subtracting \$90 results in countable wages of \$2,446. There was no evidence that Petitioner recently received LIF, had day care expenses, or paid dependent care expenses. Petitioner received child support income, but it was inexplicably not factored in the deductible budget. Dividing \$2,446 by 3.9 (the prorated divisor of 2.9 + one dependent child) results in a prorated income of \$627 for Petitioner. Because Petitioner was unmarried, the prorated income is multiplied by 2.9 resulting in \$ [REDACTED] in countable net income.

Subtractions to income are allowed only for insurance premiums, remedial services, and increases in Social Security Administration benefits (for January-March only). No subtractions were applicable to Petitioner's budget.

A client's deductible is calculated by subtracting the protected income level (PIL) from the group's net income. A PIL is a standard allowance for non-medical need items such as shelter, food and incidental expenses. The PIL for Petitioner's shelter area and group size is \$375. RFT 240 (December 2013), p. 1. Subtracting the PIL from Petitioner's net income of \$ [REDACTED] results in a monthly deductible of \$1,443; MDHHS calculated the same deductible for Petitioner beginning July 2024. Given the evidence, MDHHS properly determined Petitioner's Medicaid eligibility.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Petitioner to be eligible for the limited-coverage MA category of Plan First beginning May 2024 and for Medicaid subject to a \$1,443 monthly deductible beginning July 2024. The actions of MDHHS are **AFFIRMED**.

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

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]