



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

MARLON BROWN  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: August 7, 2024  
MOAHR Docket No.: 24-006996  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Ellen McLemore**

### **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 August 5, 2024, via conference line. Petitioner was present and was unrepresented. The Department of Health and Human Services (Department) was represented by Shyla Coleman, Hearing Facilitator.

### **ISSUE**

Did the Department properly determine Petitioner's group'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. Petitioner's group members were ongoing MA recipients.
2. Petitioner's household consisted of herself, her husband and their three minor children.
3. Petitioner's husband had income from employment (Exhibit A, pp. 21-24).
4. On January [REDACTED] 2024, Petitioner completed a redetermination related to her group's MA benefit cases (Exhibit A, pp. 8-14).
5. The Department determined that Petitioner's group members were eligible for MA benefits subject to a monthly deductible effective August 1, 2024, ongoing.

6. On June 12, 2024, Petitioner submitted a request for hearing disputing the Department's actions.

### **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 decision that her group members were not eligible for full coverage MA benefits. Petitioner completed a redetermination on January █ 2024. The Department determined that Petitioner's group members were eligible for MA programs with a monthly deductible. The Department determined that Petitioner and her husband were not eligible under the full coverage Healthy Michigan Plan (HMP) program. The Department also determined that Petitioner's children were not eligible under the full coverage Under 19 (U19) or MiChild MA programs.

The Department concluded that Petitioner, Petitioner's husband and their children were not eligible for HMP, U19, or MiChild because the household income exceeded the applicable income limit for the group size. HMP, U19 and MiChild use a Modified Adjusted Gross Income (MAGI) methodology. BEM 137 (October 2016), p. 1. An individual is eligible for HMP if the household's income does not exceed 133% of the Federal Poverty Level (FPL) applicable to the individual's group size. BEM 137, p. 1. There are three U19 categories for children under age 6: the Low Income Families (LIF) program applies when the household's income does not exceed 54% of the federal poverty level (FPL); the Other Healthy Kids (OHK) program applies when the household's income is between 54% and 143% of the FPL; and the Healthy Kids Expansion (HKE) program applies when the household's income is between 143% and 160% of the FPL. BEM 131, p. 1. A child between age 1 through 18 whose household income is between 160% and 212% of the FPL is income eligible for MiChild subject to a monthly \$10 premium per family. BEM 130, pp. 1-2. Additionally, for MAGI-related MA programs, the Department allows a 5 percent disregard in the amount equal to five percent of the FPL level for the applicable family size. BEM 500 (July 2017), p. 5. It is not a flat 5 percent disregard from the income. BEM 500, p. 5. The 5 percent disregard is applied to the highest income threshold. BEM 500, p. 5. The 5 percent disregard shall be applied only if required to make someone eligible for MA benefits. BEM 500, p. 5.

An individual's group size for MAGI-related purposes requires consideration of the client's tax filing status. In this case, Petitioner and her husband filed taxes and claimed all three children as their dependents. Therefore, for HMP purposes, each individual in the household has a group size of 5. BEM 211 (January 2016), pp. 1-2.

138% of the annual FPL in 2024 for a household with five members is \$50,480.40. See <https://aspe.hhs.gov/poverty-guidelines>. The monthly income limit for a group size of five is \$4,206.70. Therefore, for Petitioner and her husband to be income eligible for HMP, Petitioner's household's income cannot exceed \$50,480.40 annually or \$4,206.70 monthly. 165% of the FPL of the annual 2024 FPL for HKE, for a five-member household is \$60,357 per year or \$5,029.75 per month. 217% of the annual 2024 FPL for MICHild, which has the highest income threshold, for a five-member household is \$77,549.60, or \$6,462.47 per month, when the 5% disregard is applied. Therefore, for Petitioner's children to be eligible for full coverage MA, the household income must be below \$6,462.47.

To determine financial eligibility under MAGI MA programs, income must be calculated in accordance with MAGI under federal tax law. BEM 500 (July 2017), p. 3. MAGI is based on Internal Revenue Service rules and relies on federal tax information. BEM 500, p. 3. Income is verified via electronic federal data sources in compliance with MAGI methodology. MREM, § 1. In order to determine income in accordance with MAGI, a client's adjusted gross income (AGI) is added to any tax-exempt foreign income, Social Security benefits, and tax-exempt interest. AGI is found on IRS tax form 1040 at line 11, form 1040 EZ at line 4, and form 1040A at line 21. 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, childcare, or retirement savings. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>. For MAGI MA benefits, if an individual receives RSDI benefits and is a tax filer, all RSDI income is countable. BEM 503 (January 2019), p. 29.

Effective November 1, 2017, when determining eligibility for ongoing recipients of MAGI related MA, the State of Michigan has elected to base financial eligibility on current monthly income and family size. See:

[https://www.michigan.gov/documents/mdhhs/MAGI-Based\\_Income\\_Methodologies\\_SPA\\_17-0100\\_-\\_Submission\\_615009\\_7.pdf](https://www.michigan.gov/documents/mdhhs/MAGI-Based_Income_Methodologies_SPA_17-0100_-_Submission_615009_7.pdf)

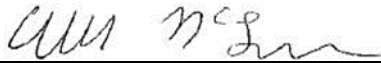
The Department presented Petitioner's husband's paychecks from his income from employment. Petitioner's husband was paid weekly. Petitioner's husband was paid on May █ 2024, in the gross amount of \$█ on May █ 2024, in the gross amount of \$█ on June █ 2024, in the gross amount of \$█ and on June █ 2024, in the gross amount of \$█ Petitioner's husband did not have any pretax deductions for medical insurance or retirement savings. Petitioner's husband did have a weekly deduction in the amount of \$█ for child support payments. However, child support

payments are not a deduction to AGI. See: [Dependents 6 | Internal Revenue Service \(irs.gov\)](#). Therefore, Petitioner's countable household MAGI-based income is \$[REDACTED] per month. Petitioner's household income exceeds the income limit under the HMP and MiChild MA programs. Therefore, the Department properly determined that Petitioner's group members were not eligible for full coverage MA benefits.

### **DECISION AND ORDER**

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 acted in accordance with Department policy when it determined Petitioner's group's MA eligibility. Accordingly, the Department's decision is **AFFIRMED**.

EM/dm

  
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**Ellen McLemore**  
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  
**MDHHS-Wayne-18-  
Hearings@michigan.gov**

**SchaeferM**

**EQADHearings**

**BSC4HearingDecisions**

**MOAHR**

**Via-First Class Mail :**

**Petitioner**

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