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GOVERNOR

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

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Date Mailed: September 16, 2024
MOAHR Docket No.: 24-007233
Agency No.: ██████████
Petitioner: ██████████

ADMINISTRATIVE LAW JUDGE: Linda Jordan

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 on August 21, 2024, via teleconference. Petitioner appeared and represented herself. A representative from the Michigan Department of Health and Human Services (MDHHS or Department) did not appear. The documents prepared by MDHHS were admitted at the hearing as Petitioner's Exhibit 1, pp. 1-47.

ISSUE

Did MDHHS properly determine Petitioner's eligibility for Medicaid (MA)?

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 Healthy Michigan Plan (HMP) MA.
2. On May 14, 2024, MDHHS sent Petitioner a Wage Match Client Notice requesting verification of income from ██████████ (Employer 1) (Exhibit 1, p. 15). Petitioner returned the wage match to MDHHS.
3. On ██████████ 2024, Petitioner submitted a renewal for MA, reporting income from Employer 1, ██████████ (Employer 2), and ██████████ (Exhibit 1, pp. 8-10). At the hearing, Petitioner clarified that Employer ██████████ and ██████████ were the same employer.
4. On June 6, 2024, MDHHS sent Petitioner a Health Care Coverage Determination Notice indicating that she was approved for Plan First MA, a limited coverage

category, effective July 1, 2024 ongoing (Exhibit 1, p. 33). The notice indicated that she was over the income limit for HMP MA (Exhibit 1, p. 33). MDHHS determined that Petitioner had a household of one for the purposes of MA and that her total annual income was \$ [REDACTED] (Exhibit 1, p. 33).

5. On June 17, 2024, Petitioner submitted a Request for Hearing to dispute the determination regarding her MA coverage (Exhibit 1, 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).

Medicaid (MA) 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 MA pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MA is also known as Medical Assistance. BEM 105 (January 2024), p. 1.

In this case, MDHHS determined that Petitioner was eligible for Plan First MA, a limited MA coverage category. At the hearing, MDHHS testified that Petitioner was previously receiving Healthy Michigan Plan (HMP) MA, but the HMP MA was closed due to excess income.

MA includes several sub-programs or categories. BEM 105, p. 1. 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.* MA eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild, Flint Water Group and Health Michigan Plan (HMP) is based on Modified Adjusted Gross Income (MAGI) methodology. *Id.*

HMP MA provides health care coverage for a category of eligibility authorized under the Patient Protection and Affordable Care Act and Michigan Public Act 107 of 2013 effective April 1, 2014. BEM 137 (January 2024), p. 1. HMP is based on MAGI methodology. *Id.* To be eligible for HMP, an individual's income must be at or below 133% of the Federal Poverty Level (FPL). *Id.* Plan First MA is a MAGI-related limited coverage MA category, that covers services related to family planning and reproductive health. To be eligible for Plan First, a person must meet all non-financial eligibility factors, and their income cannot exceed 195% of the FPL. BEM 124 (July 2023), p. 1. 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.*

To evaluate Petitioner's eligibility for MA, MDHHS must determine Petitioner's MA fiscal group size, net income and assets. No evidence was presented that Petitioner was blind, disabled, over age 65, under age 19, pregnant, the parent of minor children, or a Medicare recipient. Thus, Petitioner was only potentially eligible to receive HMP MA or Plan First MA. MDHHS determined that Petitioner had a household of one. Petitioner did not dispute this determination.

To determine financial eligibility for MAGI-related MA programs, income must be calculated in accordance with MAGI under federal tax law. BEM 500 (April 2022), pp. 5-6. MAGI is based on Internal Revenue Service rules and relies on federal tax information. BEM 500, p. 4. In order to determine earned 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. AGI is found on IRS tax form 1040 at line 37, 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.¹ 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, and can take into account any reasonably predictable increase or decrease in income.²

MDHHS did not appear at the hearing to explain how it calculated Petitioner's income. However, it included an explanation in the Hearing Packet that it prepared for the hearing. It stated that it based Petitioner's monthly income on Petitioner receiving \$██████ from Employer 1 and \$██████ from Employer 2 per month, which equaled \$██████ total (Exhibit 1, pp. 1. 32). Petitioner did not dispute this amount. Additionally, she testified that her income occasionally varied from month-to-month. Although MDHHS can take into account any reasonably predictable increase or decrease in income, Petitioner did not establish that she informed MDHHS of a predictable change prior to MDHHS' determination.

HMP income limits are based on 133% of the Federal Poverty Level (FPL).³ RFT 246 (April 2014), p. 1. MDHHS also applies a 5% disregard to the income limit when the disregard is the difference between eligibility and non-eligibility. BEM 500, p. 5. Thus, HMP income limits are functionally 138% of FPL. The 5% disregard is the amount equal

¹ See Healthcare.gov, Count Income & Household Size, available at <<https://www.healthcare.gov/income-and-household-information/how-to-report/>> (last accessed September 16, 2024).

² Michigan Medicaid State Plan, December 18, 2017 Submission, available at <https://www.michigan.gov/documents/mdhhs/MAGI-Based_Income_Methodologies_SPA_17-0100_-_Submission_615009_7.pdf> (last accessed September 16, 2024).

³ Federal Poverty Level (FPL) refers to the Federal Poverty Guidelines published annually in the Federal Registrar. See <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines> (last accessed September 16, 2024).

to 5% of the FPL, not a flat 5% disregard of income. BEM 500, p. 5; See *also*: Modified Adjusted Gross Income Related Eligibility Manual (May 2014), p. 15, *available at*: https://www.michigan.gov/documents/mdch/MAGI_Manual_457706_7.pdf.

Effective January 17, 2024, 100% of FPL was \$15,060.00 annually for a one-person household residing in the contiguous 48 states. For Petitioner to be eligible for HMP MA in 2024, her net income would have to be at or below \$20,782.80 per year or \$1,731.90 per month, which represents 138% of FPL. Persons with income less than 200% of FPL (applying the 5% disregard), which was \$30,120.00 annually or \$2,510.00 monthly in 2024, can qualify for Plan First MA.

Given that Petitioner's income exceeded the limit for HMP MA, MDHHS properly determined that Petitioner was not eligible for HMP and approved her for Plan First MA. If Petitioner experiences a decrease in monthly income, she may report the decrease to MDHHS, and MDHHS is required to process the change and redetermine her eligibility for MA, pursuant to Department policies.

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 eligibility for MA.

DECISION AND ORDER

Accordingly, MDHHS' decision is **AFFIRMED**.

LJ/pt


Linda Jordan
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
Abigail Norton
St Joseph County DHHS
692 E. Main
Centreville, MI 49032
MDHHS-StJosephCo-Hearings@michigan.gov

Interested Parties
BSC3
M. Schaefer
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Via-First Class Mail:

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