



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 8, 2024
MOAHR Docket No.: 24-007353
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: L. Alisyn Crawford

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 July 29, 2024. Petitioner was present at the hearing and represented herself. The Department of Health and Human Services (Department) was represented by Eileen Kott, Family Independence Manager, and Arnesia Woods, Eligibility Specialist.

ISSUE

Did the Department properly deny Petitioner's Food Assistance Program (FAP) application due to excess income?

Did the Department properly close Petitioner's Medical Assistance (MA) case 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. In February 2024, Petitioner was approved for MA coverage under the Healthy Michigan Plan (HMP) for a group size of one based on no income.
2. Petitioner is [REDACTED] years old.
3. On [REDACTED] [REDACTED] 2024, Petitioner completed an assistance application requesting FAP benefits. (Exhibit A, pp. 26-32). On this application, Petitioner reported

employment and income from [REDACTED] (Employer). (Exhibit A, p. 29).
Petitioner submitted the following paystubs from Employer:

Pay Date	Pay Amount
May 3, 2024	\$ [REDACTED]
May 17, 2024	\$ [REDACTED]

(Exhibit A, pp. 33-34).

4. On June 6, 2024, the Department sent a Notice of Case Action (NOCA) to Petitioner informing her that she was denied FAP benefits effective May 30, 2024 ongoing due to her gross income exceeding FAP program limits. (Exhibit A, pp. 35-38). The Notice identified a monthly income limit for the program as \$1,580 and noted Petitioner's monthly gross income as \$ [REDACTED] (Exhibit A, p. 36).
5. On June 6, 2024, the Department sent a Health Care Coverage Determination Notice (HCCDN) to Petitioner informing her that effective July 1, 2024 she was no longer eligible for MA coverage due to excess income based on employment information reported on her FAP application. (Exhibit A, pp. 39-42).
6. On June 17, 2024, the Department received a request for hearing from Petitioner disputing its actions with respect to Petitioner's MA and FAP cases. (Exhibit A, p. 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).

FAP

The Food Assistance Program (FAP) [formerly known as the Food Stamp program] is established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 to 2036a and is implemented by the federal regulations contained in 7 CFR 273. The Department (formerly known as the Department of Human Services) administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011.

In this case, Petitioner applied for FAP benefits for herself. Petitioner's application was denied due to excess gross income. Petitioner disputes the Department's action and argues that other living costs and deductions should be included in her FAP budget.

Even though the NOCA indicated that Petitioner had excess gross income, the Department provided a FAP Net Income Result budget showing that Petitioner had

excess net income that was reviewed on the record. (Exhibit A, pp. 44-46). FAP groups with no senior/disabled/disabled veteran (SDV) members must pass a gross and net income budget test. BEM 550? (February 2024), p. 1. Because Petitioner was not an SDV member of her FAP group, she was required to show net income eligibility for FAP.

All countable earned income available to the client must be considered in determining a client's eligibility for program benefits. BEM 500 (April 2022), pp. 1-5. Petitioner provided two paystubs from Employer to the Department. (Exhibit A, pp. 33-34). Based on the provided paystubs, Petitioner received earned income in the amount of \$[REDACTED] for a pay date of May 3, 2024, and \$[REDACTED] for a pay date of May 17, 2024. For FAP purposes, the Department then converts this income, which is received biweekly, to a standard monthly amount by multiplying the average amount received every two weeks by 2.15. BEM 505 (October 2023), p. 8. Based on this FAP calculation biweekly pay conversion, Petitioner's standard monthly amount for FAP purposes is \$2,583. (Exhibit A, p. 49).

For FAP groups with no SDV members and with earned income, the Department determines the groups' net income by reducing the household's gross countable monthly income by the following deductions: the earned income deduction, the standard deduction, child care expenses, child support expenses, and the excess shelter deduction. BEM 554 (February 2024), p. 1; BEM 556 (May 2024), pp. 3-5.

The earned income is 20% of the earned income, which in this case is \$[REDACTED] (20% * \$[REDACTED] = \$[REDACTED])

The standard deduction is given to all FAP benefit groups, though the amount varies based on the benefit group size. Petitioner's FAP benefit group size of one justifies a standard deduction of \$198, as shown on the net income budget provided by the Department. RFT 255 (October 2023), p. 1. There was no evidence presented that Petitioner had child care or child support expenses, and the budget properly showed no deduction for those expenses. Petitioner's adjusted gross income (AGI) is determined by subtracting allowable non-shelter expenses from the countable gross monthly income. Subtracting the \$198 standard deduction and the \$[REDACTED] earned income deduction from Petitioner's countable income results in an AGI of \$[REDACTED]

In calculating the last deduction, the excess shelter deduction, the Department credited Petitioner with a monthly housing expense of \$600 for rent and the maximum allowable amount for the heat and utility standard of \$680, which resulted in a total shelter amount of \$1,280. To determine the excess shelter deduction, the Department subtracts half of Petitioner's AGI, or \$934, from Petitioner's total shelter obligation (\$1,280 - \$934 = \$346). Therefore, Petitioner's excess shelter deduction amount is \$346.

Petitioner's FAP net income is determined by subtracting the \$346 excess shelter expense from the Petitioner's \$[REDACTED] AGI, and doing so results in \$1,522 in net income. The net income limit for a group size of one with no SDV members is \$1,215. RFT 250 (October 2023), p. 1. Therefore, Petitioner does not pass the applicable net income limit

of \$1,215 and has excess net monthly income rendering her ineligible for FAP benefits. The Department acted in accordance with Department policy when it determined that Petitioner was not eligible for FAP benefits as her net income exceeds the allowable limit for receiving FAP benefits.

MA

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 was an ongoing recipient of MA benefits under the HMP program. When she initially applied for MA coverage, she was unemployed. Petitioner testified that after going through the grievance process at Employer, she was reinstated in her position and her termination was changed to a 15-day suspension. Once the Department became aware of Petitioner's employment, it reassessed her MA eligibility and concluded that, effective July 1, 2024, she was ineligible for MA coverage under any program due to her 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, (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage, and (iv) to individuals who meet the eligibility criteria for Plan First Family Planning (PFFP) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105 (January 2024), p. 1; BEM 137 (January 2024), p. 1; BEM 124 (July 2023), p. 1. Under federal law, an individual eligible under more than one MA category must have eligibility determined for the category selected and is entitled to the most beneficial coverage available, which is the one that results in eligibility and the least amount of excess income or the lowest cost share. BEM 105 (January 2021), p. 2; 42 CFR 435.404.

Because Petitioner was not age 65 or older, blind or disabled, under age 19, the parent or caretaker of a minor child, or pregnant or recently pregnant, Petitioner was potentially eligible for MA coverage only under HMP. HMP is a MAGI-related MA category that provides MA coverage to individuals who (i) are 19 to 64 years of age; (ii) have income under the MAGI methodology at or below 133% of the federal poverty level (FPL); (iii) do not qualify for or are not enrolled in Medicare; (iv) do not qualify for or are not enrolled in other MA programs; (v) are not pregnant at the time of application; and (vi) are residents of the State of Michigan. BEM 137, p. 1; 42 CFR 435.603.

In this case, the Department concluded that Petitioner was not eligible for HMP due to having income that exceeded the applicable income limit for Petitioner's group size. An individual is eligible for HMP if the household's MAGI-income does not exceed 133% of

the FPL applicable to the individual's group size. An individual's group size for MAGI purposes requires consideration of the client's tax filing status. In this case, Petitioner filed taxes and claimed no dependents. Therefore, for HMP purposes, Petitioner has a household size of one. BEM 211 (October 2023), pp. 1-2. 133% of the annual FPL in 2024 for a household with one member is \$20,029.80. See <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed \$20,029.80, or \$1,669 monthly.

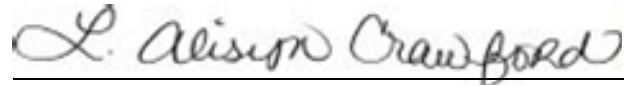
To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. 42 CFR 435.603(e); BEM 500 (April 2022), p. 3. MAGI is based on Internal Revenue Service rules and relies on federal tax information. *Id.* To determine income in accordance with MAGI, 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, 1040-SR or 1040-NR at line 11. 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 retirement savings. See <https://www.healthcare.gov/income-and-household-information/how-to-report/> MDHHS 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 available at https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder3/Folder80/Folder2/Folder180/Folder1/Folder280/SPA_17-0100_Approved.pdf.

When the Department determined that Petitioner was over the income limit for HMP, it based Petitioner's income on her submitted paystubs. Based on those paystubs, Petitioner received earned income in the amount of \$ [REDACTED] for a pay date of May 3, 2024, and \$ [REDACTED] for a pay date of May 17, 2024. The Department properly determined that Petitioner had gross earned income in the amount of \$ [REDACTED] for May 2024. (Exhibit A, p. 49). Because Petitioner's monthly income was more than the \$1,669 monthly income limit for HMP, the Department properly determined Petitioner was ineligible for MA coverage under HMP.

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 MA and FAP eligibility.

DECISION AND ORDER

Accordingly, the Department's decision is **AFFIRMED**.



LC/nr

L. Alisyn Crawford
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

Dora Allen
Wayne-Gratiot/Seven-DHHS
4733 Conner Suite G 7 Lappin
Detroit, MI 48215

MDHHS-Wayne-76-Hearings@michigan.gov

Interested Parties

BSC4
M. Holden
N. Denson-Sogbaka
B. Cabanaw
M. Schaefer
EQAD
MOAHR

Via-First Class Mail :

Petitioner

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