



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], MI [REDACTED]

Date Mailed: August 12, 2024
MOAHR Docket No.: 24-007478
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 on August 8, 2024. Petitioner participated and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Markita Mobley, supervisor.

ISSUE

The issue is whether MDHHS properly terminated 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. On May 2, 2024, MDHHS received redetermination documents from Petitioner reporting he was 19-65 years old, not disabled, not pregnant, and not a caretaker to a minor child.
2. As of May 2024, Petitioner was a tax filer with no dependents.
3. As of May 2024, Petitioner received \$772 in gross monthly Retirement, Survivors, Disability Insurance (RSDI).
4. As of May 2024, Petitioner received \$1,192 in gross monthly disability payments.

5. On May 31, 2024, MDHHS terminated Petitioner's MA eligibility beginning July 2024.
6. On June 20, 2024, Petitioner disputed the termination 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 MA eligibility. Exhibit A, p. 3. A Health Care Coverage Determination Notice dated May 31, 2024, stated that Petitioner was ineligible for Medicaid beginning July 2024.

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.¹ *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.*

Petitioner testified he stopped working in February 2024 following a work-related injury. Petitioner's testimony implied he was currently disabled because he receives disability income through employment. For the month being tested, disability is established by any of the following: death; eligibility through SSA of Early Widow(er), Disabled Adult Child, or 503; eligibility for SSI, or eligibility for RSDI based on disability.² Petitioner's receipt of disability income through employment does not establish disability. Thus, for

¹ Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

² The evidence suggested that Petitioner received RSDI for retirement benefits and not disability. Petitioner's testimony acknowledged not seeking RSDI benefits based on a disability.

purposes of MA benefits, Petitioner is not disabled and not eligible for SSI-related MA categories.³

On May 2, 2024, Petitioner submitted to MDHHS a Redetermination form reporting that he was 19-65 years of age, not pregnant, not a Medicare recipient, and not a caretaker to minor children. Exhibit A, pp. 7-13. As a non-disabled person aged 19-65 years, Petitioner is potentially eligible only for the MA category of HMP. MDHHS testified that Petitioner was ineligible for HMP due to excess income.⁴ Eligibility factors for HMP are found in BEM 137 and federal regulations.

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. 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.

³ Petitioner is ■ years old. Petitioner testified he will turn ■ years old in March 2025. Upon turning 65, Petitioner will be eligible for SSI-related categories based on being aged.

⁴ The termination notice dated May 31, 2024, notably did not specify that Petitioner was ineligible for HMP due to excess income. The notice at least included a chart of the income limits for HMP and Petitioner's calculated income which was more than the income limit as stated on the included chart. Exhibit A, pp. 15-18.

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.*

It was not disputed that Petitioner received gross monthly RSDI of \$772. Generally, MDHHS counts the gross amount of RSDI in determining Medicaid eligibility.⁹ BEM 503 (January 2023) p. 29. Petitioner also received \$1,192 in gross monthly disability income through employment. MDHHS counts gross worker's compensation income in determining SSI-related MA eligibility.¹⁰ *Id.*, p. 43. Adding the RSDI and disability income results in a total monthly income of \$1,964.¹¹

Petitioner testified that he requires Medicaid to continue physical therapy appointments which would allow him to continue working. Petitioner's testimony was sincere but ultimately not relevant to determining income eligibility.

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 (July 2017) p. 5. Thus, HMP income limits are functionally 138% of the FPL. The 2024 FPL for a 1-person group residing in Michigan is \$15,060.¹² Multiplying the FPL by 1.38 results in an income limit of \$20,782.80 (\$1,731.90). Petitioner's benefit group's MAGI of \$1,964 exceeded the HMP income limit. Given the evidence, MDHHS properly terminated Petitioner's MA eligibility.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly terminated Petitioner's MA eligibility beginning July 2024. The actions of MDHHS are **AFFIRMED**.

CG/nr



Christian Gardocki

Administrative Law Judge

⁹ Exceptions to counting gross RSDI include the following: certain former SSI recipients (e.g., disabled-adult children, 503 individuals, and early widowers), retroactive RSDI benefits, Medicare premium refunds, fee deductions made by qualified organizations acting as payee, and "returned benefits" (see BAM 500). No exceptions were applicable to the present case.

¹⁰ Petitioner's testimony suggested that the disability income was not paid through federal or state regulations. However, if it was, the income would be excluded in determining MAGI-MA eligibility BEM 503 (April 2024) p. 43.

¹¹ MDHHS's Hearing Summary alleged that Petitioner also received \$1,556 in monthly unemployment compensation benefits (UCB). During the hearing, MDHHS acknowledged that Petitioner received UCB only one in January 2024 and that further UCB should not have been counted in determining Medicaid eligibility.

¹² <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

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
Caryn Jackson
Wayne-Hamtramck-DHHS
12140 Joseph Campau
Hamtramck, MI 48212
MDHHS-Wayne-55-Hearings@michigan.gov

Interested Parties

BSC4
M. Schaefer
EQAD
MOAHR

Via-First Class Mail :

Petitioner
[REDACTED]
MI