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GOVERNOR

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

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DIRECTOR

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Date Mailed: September 13, 2024  
MOAHR Docket No.: 24-008224  
Agency No.: ██████████  
Petitioner: ██████████

**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 15, 2024. Petitioner did not participate and was represented. ██████████, Petitioner's daughter (hereinafter, "Daughter") participated as Petitioner's authorized hearing representative (AHR) The Michigan Department of Health and Human Services (MDHHS) was represented by Bridghetta Ashford, specialist

**ISSUE**

The issue is whether MDHHS properly denied Medical Assistance (MA) benefits to Daughter.

**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 ██████████ 2024, Petitioner applied for cash benefits and reported a household including a spouse, and three children which included Daughter.
2. As of ██████████ 2024, Daughter was ██████ years old, not pregnant, not disabled, and not a caretaker to minor children.
3. As of ██████████ 2024, Daughter received ██████████ in gross monthly wages.
4. On ██████████ 2024, MDHHS approved Medicaid to Petitioner and his spouse and denied MA to Daughter beginning April 2024
5. On ██████████ 2024, Daughter reported to MDHHS an intention to claim her parents and siblings as tax dependents.

6. On July 10, 2024, Daughter requested a hearing to dispute her MA ineligibility.

### **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).

Daughter requested a hearing to dispute MA eligibility for herself. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice dated March 5, 2024, stated that Daughter was ineligible for MA beginning April 2024. Exhibit A, pp. 16-21. To determine if MDHHS properly determined Daughter's MA eligibility, a consideration of MA categories is necessary.

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.<sup>1</sup> *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.*

A cash assistance application dated [REDACTED] 2024 stated that Daughter was [REDACTED] years old, not pregnant, not disabled, and not a caretaker to minor children. Exhibit A, pp. 8-15. Under the circumstances, Daughter is ineligible for SSI-related MA categories. The only MAGI-related MA category for which Daughter may be eligible is HMP. Eligibility factors for HMP are found in BEM 137 and federal regulations. The notice dated [REDACTED], 2024, stated that Daughter was ineligible for HMP due to excess income.

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.<sup>2</sup> 42 CFR 435.603(e). For individuals who have been determined financially-

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

<sup>2</sup> 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.

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.<sup>3</sup>

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.<sup>4</sup> 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.<sup>5</sup>

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.

MDHHS reasonably assumed that Daughter was a group size of one as an unmarried individual without children. It was not disputed that Daughter's gross income was \$ [REDACTED] per month.<sup>6</sup> There was no evidence of applicable deductions which renders Daughter's MAGI to be \$ [REDACTED]. 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.<sup>7</sup> Multiplying the FPL by 1.38 results in an income limit of \$20,782.80 (\$1,731.90). Daughter's benefit group's MAGI of \$ [REDACTED] exceeded the HMP income limit.

Daughter contended that her parents and siblings should be considered tax dependents.<sup>8</sup> In such circumstances, Daughter's HMP group would be five persons. It was not disputed that Daughter reported to MDHHS on June 26, 2024 that she would be claiming her parents and siblings as tax dependents.<sup>9</sup> Based on the reporting, Daughter implicitly contended that MDHHS should have determined her MA eligibility based on the income limit for a five person HMP benefit group.

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<sup>3</sup> [https://www.michigan.gov/documents/mdhhs/SPA\\_17-0100\\_Approved\\_638230\\_7.pdf](https://www.michigan.gov/documents/mdhhs/SPA_17-0100_Approved_638230_7.pdf)

<sup>4</sup> <https://www.investopedia.com/terms/a/agi.asp>

<sup>5</sup> *Id.*

<sup>6</sup> Pay documents were presented; they were not checked to determine if \$ [REDACTED] was correctly calculated as Petitioner's gross income. Exhibit A, pp. 23-28.

<sup>7</sup> <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

<sup>8</sup> Petitioner's AHR should be aware that a change in tax dependents may result in a change in the MA eligibility for her parents and siblings.

<sup>9</sup> The IRS does allow family members other than children to be claimed as parents under certain circumstances (see <https://www.irs.gov/credits-deductions/individuals/dependents>)

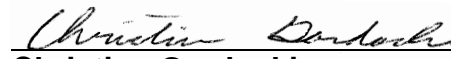
For purposes of this decision, it will be assumed that Petitioner can claim her parents and siblings as tax dependents.

A reporting more than three months after a disputed determination does not create an obligation for MDHHS to alter past determinations.<sup>10</sup> Also, as of June 26, 2024, Daughter had no known open case or pending application.<sup>11</sup> Daughters reporting on June 26, 2024, may impact future eligibility, but not past eligibility. The evidence supports that MDHHS properly terminated Daughter's MA eligibility as of March 5, 2024. Daughter should be aware that a hearing may again be requested if an MDHHS action is disputed since reporting the claim of four tax dependents.

### **DECISION AND ORDER**

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

CG/pt



**Christian Gardocki**

Administrative Law Judge

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<sup>10</sup> In fact, Petitioner's hearing request is arguably untimely because it occurred more than 90 days after written notice was issued. There is no hearing jurisdiction to dispute determination more than 90 days after written notice was issued (see BAM 600).

<sup>11</sup> Petitioner did reapply for MA benefits on July 31, 2024.

**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**  
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**Interested Parties**

BSC4  
M. Schaefer  
EQAD  
MOAHR

**Via-First Class Mail:**

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