



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

MARLON I. BROWN, DPA  
DIRECTOR

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██████████, MI ██████████

Date Mailed: November 6, 2024  
MOAHR Docket No.: 24-009760  
Agency No.: ██████████  
Petitioner: ██████ ██████

**ADMINISTRATIVE LAW JUDGE: Caralyce M. Lassner**

**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 by telephone on October 10, 2024. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Layana Jefferson, Hearings Facilitator and Eligibility Specialist.

**ISSUE**

Did the Department properly determine Petitioner’s eligibility for Medicaid (MA) coverage effective June 1, 2024?

**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, the Department received an application for MA from Petitioner. Petitioner reported that she was ██████ years old, unmarried, had no dependents, and was not pregnant or disabled. Petitioner reported income from ██████ ██████████ (Employer) and Retirement, Survivors, and Disability Insurance (RSDI). Petitioner also provided two recent paystubs. (Exhibit A, pp. 9 – 24).
2. On June 11, 2024, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) approving Petitioner for Plan First Family Planning (PFFP) MA. (Exhibit A, pp. 27 – 29).

3. On August 28, 2024, the Department received a request for hearing from Petitioner, disputing her approval for MA under PFFP only and requesting approval under Freedom to Work (FTW). (Exhibit A, pp. 5 – 7).

### **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.

Petitioner requested a hearing to dispute her approval for PFFP MA coverage effective June 1, 2024.

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, and (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105 (January 2024), p. 1; BEM 137 (January 2024), p. 1. Individuals who do not qualify for one of the foregoing coverages may qualify for Plan First Family Planning (PFFP), which is a limited coverage MA category. BEM 124 (July 2023), p. 1.

While Petitioner specifically inquired about her eligibility for FTW, FTW is an SSI-related MA category available only to disabled clients from age 16 through 64. BEM 174 (January 2020), p. 1. In this case, Petitioner was 63 years old and reported she was not blind, disabled, the caretaker of a minor child, or pregnant. (Exhibit A, pp. 9 – 22). Therefore, Petitioner is not eligible for FTW and is potentially eligible for MA under full-coverage HMP or limited coverage PFFP only.

HMP and PFFP are both Modified Adjusted Gross Income (MAGI)-related MA policies. Because HMP offers full coverage, it is a more beneficial coverage for Petitioner than PFFP. However, an individual is only eligible for HMP if their MAGI-income does not exceed 133% of the Federal Poverty Level (FPL) applicable to the individual's group size, while an individual is eligible for PFFP if their MAGI-income does not exceed 195% of the FPL applicable to the individual's group size. BEM 137, p. 1; BEM 124, p. 1. For MAGI-related plans, a 5% disregard is available to make those individuals eligible who

would otherwise not be eligible. BEM 500 (April 2022), p. 5. The 5% disregard increases the income limit by an amount equal to 5% of the FPL for the group size. BEM 500, p. 5.

An individual's group size for MAGI purposes requires consideration of the client's tax filing status. Here, Petitioner filed her own taxes and claimed no dependents. (Exhibit A, p. 20). Therefore, for MAGI-related MA purposes, Petitioner has a fiscal group of one. BEM 211 (October 2023), pp. 1 – 2. When the additional 5% disregard is added, the monthly income limit for HMP eligibility is \$1,731.90. When the additional 5% disregard is added, the monthly income limit for PFFP eligibility is \$2,510.

To determine Petitioner's MAGI-income, the Department must calculate the countable income of the fiscal group. BEM 500, p. 1. To determine financial eligibility for MAGI-related MA, income must be calculated in accordance with MAGI under federal tax law. 42 CFR 435.603(e); BEM 500, pp. 3 – 4. MAGI is based on Internal Revenue Service rules and relies on federal tax information from current income sources. BEM 500, pp. 3 – 4; see also 42 CFR 435.603(h)(1),(2).

The Department uses current monthly income, and reasonably predictable changes in income, to calculate a client's MAGI-income. (MAGI-Based Income Methodologies (SPA 17-0100), eff. 11/01/2017, app. 03/13/2018)<sup>1</sup>; 42 CFR 435.603(h). MAGI-income is calculated for each income earner in the household by using the "federal taxable wages" reported on earner's paystubs or, if federal taxable wages are not reported on the paystub, by using "gross income" minus amounts deducted by the employer for child care, health coverage, and retirement plans. A client's tax-exempt foreign income, tax-exempt Social Security benefits, and tax-exempt interest, if any, from the client's tax return are added back to the client's adjusted gross income (AGI) to determine MAGI income. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>.

In this case, there was no dispute that Petitioner receives \$864 per month in RSDI income and has earned income from Employer. (Exhibit A, pp. 14, 25). Petitioner reported that she works an average of 22 hours per week, earns \$330 per week, is paid bi-weekly, and provided two paystubs that were generally consistent with her self-attested earned income. (Exhibit A, pp. 14, 23 – 24). Petitioner's paystubs reflected that she had \$645.25 in gross earnings on May 9, 2024, and \$649.25 in gross earnings on May 23, 2024, which total \$1,294.50. (Exhibit A, pp. 23 – 24). Although the Department testified that it used the paystubs provided by Petitioner, it determined that Petitioner has \$1,402 in gross monthly earned income, which was more than Petitioner's paystubs or self-attestation. (Exhibit A, p. 26). However, when Petitioner's actual gross earnings and RSDI are totaled, Petitioner's countable income exceeds the monthly income limit for HMP, with the 5% disregard, but is less than the monthly

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<sup>1</sup> [https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder3/Folder80/Folder2/Folder180/Folder1/Folder280/SPA\\_17-0100\\_Approved.pdf?rev=223500fb0cf44dd78fd995e635fbaec8&hash=6A39DE5525422009644221A5E57513D7](https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder3/Folder80/Folder2/Folder180/Folder1/Folder280/SPA_17-0100_Approved.pdf?rev=223500fb0cf44dd78fd995e635fbaec8&hash=6A39DE5525422009644221A5E57513D7), p. 7.


income limit for PFFP. Therefore, the Department properly determined Petitioner was ineligible for HMP and eligible for PFFP.

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 approved Petitioner for PFFP MA coverage.

**DECISION AND ORDER**

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

CML/nr



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**Caralyce M. Lassner**  
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**

Dawn Tromontine  
Macomb County DHHS Sterling Heights Dist.  
41227 Mound Rd.  
Sterling Heights, MI 48314

**MDHHS-Macomb-36-Hearings@michigan.gov**

**Interested Parties**

BSC4  
M. Schaefer  
EQAD  
MOAHR

**Via-First Class Mail :**

**Petitioner**

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