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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

MARLON I. BROWN, DPA  
DIRECTOR

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██████████, MI ██████████

Date Mailed: November 21, 2024  
MOAHR Docket No.: 24-010844  
Agency No.: ██████████  
Petitioner: ██████████ ██████████

**ADMINISTRATIVE LAW JUDGE: Kevin Scully**

**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; 45 CFR 99.1 to 99.33; and 45 CFR 205.10. After due notice, a telephone hearing was held on November 7, 2024, from Lansing, Michigan. Petitioner represented herself. The Department was represented by Jennifer Richard.

**ISSUE**

Did the Department of Health and Human Services (Department) properly deny Petitioner's application for Medical Assistance (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. On ██████████ ██████████ 2024, the Department received Petitioner's application for Medical Assistance (MA) as a household of four and claiming three tax dependents. Exhibit A, p 9.
2. Petitioner reported on her ██████████ ██████████ 2024, application for assistance that she is employed and expects to work 40 hours per week at a rate of \$██████████ per hour. Exhibit A, p 13.
3. On August 29, 2024, the Department requested that Petitioner provide verification of her income by September 9, 2024. Exhibit A, pp 15-16.
4. Petitioner reported a Health Care Coverage Supplemental Questionnaire that she received earned income in the gross bi-weekly amount of \$██████████ Exhibit A, p 19.

5. On September 17, 2024, the Department notified Petitioner that she was not eligible for Medical Assistance (MA) as of September 1, 2024. Exhibit A, p 6.
6. On September 18, 2024, the Department received Petitioner's request for a hearing protesting the denial of Medical Assistance (MA). Exhibit A, pp 4-5.

### **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 through 42 USC 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 through 42 CFR 420.25. The Department administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.103 through MCL 400.112k of the Social Welfare Act, MCL 400.1 *et seq.*

Persons may qualify under more than one MA category. Federal law gives them the right to the most beneficial category. The most beneficial category is the one that results in eligibility or the least amount of excess income. Department of Health and Human Services Bridges Eligibility Manual (BEM) 105 (January 1, 2024), p 2.

The Healthy Michigan Plan (HMP) is a category of Medical Assistance (MA) that provides health care coverage for individuals who are 19 to 64 years of age and do not qualify for Medicare or another Medicaid program. Department of Health and Human Services Bridges Eligibility Manual (BEM) 137 (June 1, 2020), p 1. The income limit to participate in the Healthy Michigan Plan (HMP) is 133% of the federal poverty level. Department of Health and Human Services Reference Table Manual (RFT) 246 (April 1, 2014), p 1.

MAGI for purposes of Medicaid eligibility is a methodology which state agencies and the federally facilitated marketplace (FFM) must use to determine financial eligibility. It is based on Internal Revenue Service (IRS) rules and relies on federal tax information to determine adjusted gross income. It eliminates asset tests and special deductions or disregards. Every individual is evaluated for eligibility based on MAGI rules. The MAGI rules are aligned with the income rules that will be applied for determination of eligibility for premium tax credits and cost-sharing reductions through exchanges. Department of Health and Human Services Bridges Eligibility Manual (BEM) 500 (January 1, 2016), pp 3-4.

Modified adjusted gross income (MAGI) is a methodology for how income is counted and how household composition and family size are determined. It is based on federal tax rules for determining adjusted gross income. It eliminates asset tests and special

deductions or disregards. Every individual is evaluated for eligibility based on MAGI rules. The MAGI rules are aligned with the income rules that will be applied for determination of eligibility for premium tax credits and cost-sharing reductions through exchanges. The 5% disregard is the amount equal to 5% of the Federal Poverty Level for the applicable family size. It is not a flat 5% disregard from the income. The 5% disregard shall be applied to the highest income threshold. The 5% disregard shall be applied only if required to make someone eligible for Medicaid.<sup>1</sup>

Household income is the sum of the MAGI-based income of every individual included in the individual's household, minus an amount equivalent to 5 percentage points of the Federal poverty level for the applicable family size. 42 CFR 435.603.

Petitioner applied for MA benefits as a household of four and she claims her three minor children as tax dependents. Petitioner reported to the Department that she is employed and expects to work 40 hours per week at a rate of \$█ per hour. Petitioner's gross monthly income is 154% of the federal poverty level, she is not eligible for MA benefits under the HMP category, and the 5% disregard does not make her eligible.

Petitioner is potentially eligible for MA benefits under the G2C category as the caretaker of minor children. Eligibility for medical coverage under the MA-G2C has an available asset test and a \$3,000 countable asset limit. Department of Health and Human Services Bridges Eligibility Manual (BEM) 400 (October 1, 2024), p 7.

The hearing record supports a finding that Petitioner failed to verify her countable assets in a timely manner and therefore she has not established her eligibility for MA benefits under the G2C category.

Petitioner argues that income and assets are not verified for Children Under 19 and she cites BEM 500 as authority for her argument.

This section of Department policy does not mean that there is no income test or asset test when there are children under 19 in the household. Department policy further states that for Children Under 19, the Department will disregard the earnings of an individual under age 19 who is living with someone who provides care or supervision. Department of Health and Human Services Bridges Eligibility Manual (BEM) 501 (January 1, 2024), p 3. Therefore, BEM 500 should be read in the context that income received by a person under 19 living with a parent does not need to be verified because that income would be excluded.

MiChild is a MAGI-related Medicaid Expansion program for children who are under 19 years of age and who are not enrolled in comprehensive health insurance. Department of Health and Human Services Bridges Eligibility Manual (BEM) 130 (January 1, 2024), p 1. Other Healthy Kids (OHK) and the Healthy Kids Expansion (HKE) are two

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<sup>1</sup> Department of Health and Human Services Modified Adjusted Gross Income (MAGI) Related Eligibility Manual, pp 14-15. This manual is available on the internet at [http://www.michigan.gov/documents/mdch/MAGI\\_Manual\\_457706\\_7.pdf](http://www.michigan.gov/documents/mdch/MAGI_Manual_457706_7.pdf)

programs in the MAGI U-19 Medicaid category. OHK and HKE are available to children under the age of 19 whose household income does not exceed 160 percent of the Federal Poverty Level (FPL). Both programs are defined by age, household income, and whether the child has other comprehensive insurance. Department of Health and Human Services Bridges Eligibility Manual (BEM) 131 (January 1, 2022), p 1.

Medicaid is available to a person who is under age 21 and meets the eligibility factors in this item. Countable assets cannot exceed the asset limit in BEM 400. Department of Health and Human Services Bridges Eligibility Manual (BEM) 132 (April 1, 2018), pp 1-2.

Petitioner reported that she is employed and expects to work 40 hours per week at a rate of \$█ per hour. This is consistent with the \$█ bi-weekly income Petitioner reported on her Health Care Coverage Supplemental Questionnaire. The Department's representative testified that this income was converted to a prospective monthly amount by multiplying by a 2.15 conversion factor to arrive a \$█ per month, or 165% of the federal poverty level for a household of four.

However, reducing the monthly income the Department determined by the 5% disregard leaves Petitioner with a \$█ monthly income, which is 160% of the federal poverty level for a household of four.

Further, this Administrative Law Judge finds no basis in Department policy to apply the 2.15 conversion factor when determining projecting Petitioner's earned income. The Department is directed to project earned income paid bi-weekly by a 2.15 conversion factor by BEM 505, but this policy directive applied to only FAP, SDA, RAP, CDC, and FAP. Department of Human Services Bridges Eligibility Manual (BEM) 505 (October 1, 2017), p 1. Future income is projected for SSI-related and group 2 related categories of MA benefits by multiplying by 2 for bi-weekly or twice a month payments. Department of Health and Human Services Bridges Eligibility Manual (BEM) 530 (April 1, 2020), p 3. Income for MAGI related categories is based on federal tax rules for determining adjusted gross income, and there is no conversion factor.

A monthly income of \$4,000, which is Petitioner's self-attested monthly modified adjusted gross income, is 154% of the federal poverty level for a household of four.

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 did not act in accordance with Department policy when it failed to determine eligibility for Petitioner's children under a MAGI-related category with no asset test.

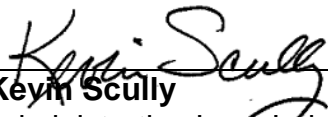
**DECISION AND ORDER**

Accordingly, the Department's decision is REVERSED.

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

Re-register Petitioner's [REDACTED] [REDACTED] 2024, application for Medical Assistance (MA) and initiate a determination of her household's eligibility for Medical Assistance (MA) in accordance with policy.

KS/nr

  
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Kevin Scully  
Administrative Law Judge  
Michigan Office of Administrative Hearings and  
Rules (MOAHR)

**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

