



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

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██████████, MI ██████████

Date Mailed: January 10, 2025
MOAHR Docket No.: 24-012330
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 December 12, 2024. Petitioner appeared and represented himself. The Department of Health and Human Services (Department) was represented by Rosemary Molsbee-Smith, Eligibility Specialist.

ISSUE

Did the Department properly close Petitioner's and his spouse's (Spouse) Medicaid (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. Petitioner and Spouse were ongoing recipients of MA coverage.
2. On October 10, 2024, the Department received a completed new hire employment report (NH form) and recent paystub from Petitioner for his employment with ██████████ ██████████ ██████████ ██████████ (Employer). Petitioner reported that he began working for Employer on a seasonable basis on September 16, 2024. (Exhibit A, pp. 1, 9 – 12).
3. On October 17, 2024, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that denied Petitioner and Spouse MA effective November 1, 2024 ongoing due to excess income. The HCCDN reflected that the

Department determined Petitioner had annual income of \$ [REDACTED] (Exhibit A, pp. 13 – 17).

4. On October 28, 2024, the Department received a request for hearing from Petitioner that disputed the closure of his and Spouse's MA and the Department's determination of Petitioner's annual income. (Exhibit A, pp. 4 – 6).
5. As of the date of the hearing, Petitioner was still working for Employer.

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 the closure of his and Spouse's MA case. The Department closed Petitioner's and Spouse's MA case due to excess income effective November 1, 2024.

Under federal law, an individual is entitled to the most beneficial category, which is the one that results in a) eligibility, b) the least amount of excess income, or c) the lowest cost share. BEM 105 (January 2024), p. 2. All MA category options must be considered in order for the Petitioner's right of choice to be meaningful. BEM 105, p. 2. 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.

In this case, Petitioner and Spouse are under 65 years old, married, and Petitioner testified that they have two dependent children. There was no evidence that he or Spouse were blind, disabled, or pregnant. Therefore, they are each potentially eligible

for under a) full-coverage HMP, b) Group 2 Caretaker (G2C) if the children meet the age or age and school attendance requirements, and/or c) PFFP MA coverage.

HMP and PFFP are MAGI-related MA programs, while G2C is not SSI-related or MAGI-related MA and is a Group 2 program for parents and other caretaker relatives of dependent children, and subject to an individual monthly deductible for each eligible recipient when the group has excess income. BEM 135 (October 2015), p. 1 – 2. While Petitioner and Spouse may qualify for coverage under three MA programs, because HMP offers full MA coverage and does not have a deductible, it is a more beneficial coverage than the others.

One of the eligibility criteria for HMP is income and an individual is eligible for HMP if their 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. Here, Petitioner testified that he files income taxes with Spouse and claims two of their children as dependents. Therefore, for HMP purposes, they each have a household size of four. BEM 211 (October 2023), pp. 1 – 2.

Beginning in January 2024, the annual FPL for a household size of four was \$31,200. 89 Fed Reg 2961 (January 2024). The HMP income limit, 133% of the FPL, for a household size of four is \$41,496 annually, or \$3,458 per month. For HMP, a 5% disregard is available to make those individuals eligible who would otherwise not be eligible. BEM 500, 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. 5% of the FPL of \$31,200 is \$1,560. Therefore, the total income limit, with the disregard, was \$43,056, or \$3,588 per month.

To determine Petitioner's MAGI-income, the Department must calculate the countable income of the fiscal group. BEM 500, p. 1. For MAGI-related MA, countable income is 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); 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, are added to the client's adjusted gross income (AGI) from the client's tax return. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>.

In this case, the Department did not present a budget for Petitioner at the hearing but explained that budgeted Petitioner's and Spouse's income based on the income information Petitioner reported on his NH form and the support paycheck stub he provided. On the NH form Petitioner reported that he earned an hourly wage, was paid a weekly basis, and that worked 59.3 hours per pay period. The paystub Petitioner provided was consistent with the NH form and reflected that Petitioner earned \$[REDACTED] for a 59.3-hour work week. The Department testified that based on the NH form and supporting paystub, it added Petitioner's income from Employer to his case and determined he was earning a total annual income of \$[REDACTED] from his work for Employer plus Petitioner's budgeted earnings from another employer. Although Petitioner testified that he does not have any other income from employment, he also testified that he did not notify the Department when his employment with a prior employer stopped in August 2024. For purposes of MA, it is the client's responsibility to report all changes in income to the Department. BAM 105 (March 2024), p. 10. Therefore, the Department acted in accordance with policy when it added Petitioner's current earned income to his case and did not end Petitioner's prior income.

Petitioner's failure to report that his prior income ended did not result in his and Spouse's excess income. Because Petitioner's reported and verified income from Employer alone was \$[REDACTED] per week, when that amount is multiplied by four to determine Petitioner's current monthly income, the total is more than the \$3,588 per month HMP limit including the disregard. Therefore, the Department properly determined Petitioner and Spouse were ineligible for HMP due to excess income.

Although Petitioner and Spouse may each be eligible for G2C, because a) Petitioner did not report when his prior income ended and the Department properly added Petitioner's current earned income to his case without ending his prior income, b) Petitioner's prior income did actually end, and c) as of the date of the hearing Petitioner had not submitted a change report to the Department to report the end of that income, the undersigned will not order the Department to redetermine Petitioner's and Spouse's eligibility for MA under G2C effective November 1, 2024 because to do so would not be beneficial to Petitioner or Spouse under the totality of the circumstances. The Department advised Petitioner that based on the changes he reported during the hearing, he may reapply for MA and request retroactive coverage if necessary.

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 closed Petitioner's and Spouse's MA cases based on excess income.

DECISION AND ORDER

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



Caralyce M. Lassner
Administrative Law Judge

CML/nr

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
Yvonne Hill
Oakland County DHHS Madison Heights Dist.
30755 Montpelier Drive
Madison Heights, MI 48071
MDHHS-Oakland-DistrictII-Hearings@michigan.gov

Interested Parties

BSC4
M. Schaefer
EQAD
MOAHR

Via-First Class Mail :

Petitioner

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██████████
██████████, MI ██████████