



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

MARLON I. BROWN, DPA
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED], MI [REDACTED]

Date Mailed: December 17, 2024
MOAHR Docket No.: 24-012598
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Jeffrey Kemm

HEARING DECISION

On November 4, 2024, Petitioner [REDACTED] requested a hearing to dispute a Medicaid determination. As a result, a hearing was scheduled to be held on December 12, 2024. Public assistance hearings are held 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; 45 CFR 205.10; and Mich Admin Code, R 792.11002.

The parties appeared for the scheduled hearing. Petitioner appeared and represented herself. Respondent Michigan Department of Health and Human Services (Department) had Hearing Facilitator DeVona Gilbert appear as its representative. Neither party had any additional witnesses.

Sworn testimony was provided by both parties, and one exhibit was admitted into evidence. A 36-page packet of documents provided by the Department was admitted collectively as Exhibit A.

ISSUE

Did the Department properly determine Petitioner's Medicaid 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 September 17, 2024, Petitioner applied for Medicaid. In Petitioner's Medicaid application, Petitioner reported the following pertinent information:
 - a. Petitioner is married.
 - b. Petitioner does not have any tax dependents.

- c. Petitioner is blind or disabled.
 - d. Petitioner's spouse is employed full time at Creative Foam, and Petitioner's spouse receives [REDACTED] per week.
2. The Department automatically approved Petitioner for full-coverage Medicaid through the Healthy Michigan Plan without reviewing Petitioner's eligibility.
 3. On September 18, 2024, the Department mailed a health care coverage determination notice to Petitioner to notify her that she was eligible for full-coverage Medicaid, effective September 1, 2024.
 4. Subsequently, the Department reviewed Petitioner's eligibility, and the Department determined that Petitioner's income exceeded the limit to be eligible for full-coverage Medicaid through the Healthy Michigan Plan.
 5. The Department did not consider whether Petitioner met the Department's requirements to be considered disabled, and the Department did not consider whether Petitioner was eligible for Medicaid coverage available to a person who is considered disabled.
 6. On October 18, 2024, the Department mailed a health care coverage determination notice to Petitioner to notify her that she was ineligible for Medicaid, effective November 1, 2024.
 7. Petitioner requested a hearing to dispute the Department's decision.

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).

Medicaid is known as Medical Assistance. The Medical Assistance 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 administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

Medicaid coverage is available through various programs, including the Healthy Michigan Plan. In order for an individual to be eligible for full-coverage Medicaid through the Healthy Michigan Plan, the individual must be age 19 to 64 and the individual's household income must not exceed 133% of the Federal Poverty Limit (FPL). BEM 137 (January 1,

2024), p. 1. However, a 5% disregard is available to make those individuals eligible who would otherwise not be eligible. BEM 500 (April 1, 2022), p. 5. The 5% disregard increases the income limit by an amount equal to 5% of the FPL for the group size. *Id.* at 5.

The household size is determined based on tax filer and tax dependent rules. BEM 211 (October 1, 2023), p. 1. For tax filers, the household size includes the tax filer, the tax filer's spouse, and all dependents claimed. *Id.* at 1-2. Here, Petitioner's household size is two because Petitioner is married, and Petitioner does not claim any tax dependents.

The FPL for a household size of two in 2024 is \$20,440.00. 89 FR 2961 (January 17, 2024). Since the applicable FPL is \$20,440.00, 133% of the FPL is \$27,185.20, and 133% with a 5% disregard is \$28,207.20. Thus, the income limit for Petitioner to be eligible for Medicaid through the Healthy Michigan Plan is \$28,207.20 per year.

Income eligibility is based on modified adjusted gross income (MAGI) for Healthy Michigan. BEM 137 at 1 and 7 CFR 435.603. MAGI is defined as adjusted gross income increased by (1) excluded foreign income, (2) tax exempt interest, and (3) the amount of social security benefits excluded from gross income. 26 USC 36B(d)(2)(B). Adjusted gross income is that which is commonly used for Federal income taxes, and it is defined as gross income minus deductions for business expenses, losses on the sale or exchange of property, retirement contributions, and others. 26 USC 62.

The Department begins its income determination by examining a client's self-reported income. BEM 500 at 5. If the client's self-reported income is over the income limit, then the client is ineligible. *Id.* If the client's self-reported income is below the income limit, the Department compares the client's self-reported income to income obtained from trusted sources to determine if the two are compatible. *Id.* Income is compatible if the difference between the two is 10% or less. *Id.* If the two are compatible, then the Department uses the client's self-reported income. *Id.* If the two are not compatible, and the income obtained from trusted sources is over the income limit; then the Department requires the client to provide proof of the self-reported income. *Id.* at 5-6.

Based on the evidence presented, Petitioner's household income exceeded the income limit for Medicaid through the Healthy Michigan Plan. Petitioner reported in her application for Medicaid that her spouse was receiving ██████████ per week. This is equal to an annual income of ██████████. Thus, Petitioner's annual household income exceeded the income limit for Medicaid coverage through the Healthy Michigan Plan. Therefore, the Department properly determined that Petitioner was ineligible for Medicaid coverage through the Healthy Michigan Plan.

However, the Department did not properly process Petitioner's Medicaid application because the Department did not consider whether Petitioner met the Department's requirements to be considered disabled. Petitioner reported in her Medicaid application that she was blind or disabled. Since the Department found Petitioner ineligible for Medicaid coverage through the Healthy Michigan Plan, and since Petitioner reported that

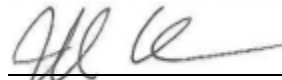
she was blind or disabled, the Department should have determined whether Petitioner met the Department's requirements to be considered disabled. The Department did not, so the Department did not properly process Petitioner's Medicaid application.

DECISION AND ORDER

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 its policies and the applicable law when it determined Petitioner was ineligible for full-coverage Medicaid through the Healthy Michigan Plan, but the Department did not act in accordance with its policies and the applicable law when it determined Petitioner's Medicaid eligibility because the Department did not properly consider Petitioner's reported disability.

IT IS ORDERED the Department's decision is **AFFIRMED IN PART and REVERSED IN PART**. The Department's decision that Petitioner was ineligible for full-coverage Medicaid through the Healthy Michigan Plan is affirmed. The Department's decision that Petitioner was ineligible for other Medicaid coverage is reversed. The Department must reprocess Petitioner's application and consider whether Petitioner met the Department's requirements to be considered disabled. The Department shall begin to implement this decision within 10 days from the date of mailing of this decision and order.

JK/pe



Jeffrey Kemm

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
Elisa Daly
Saginaw County DHHS
411 East Genesee
P.O. Box 5070
Saginaw, MI 48607
**MDHHS-Saginaw-
Hearings@michigan.gov**

Interested Parties

BSC2
M. Schafer
EQAD
MOAHR

Via First Class Mail:

Petitioner

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██████████, MI ██████████