



GRETCHEN WHITMER
GOVERNOR

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

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DIRECTOR

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Date Mailed: January 27, 2025
MOAHR Docket No.: 24-012918
Agency No.: [REDACTED]
Petitioner: [REDACTED] [REDACTED]

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 Microsoft Teams on January 13, 2025; the parties participated by telephone. Petitioner participated and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Brigette Riley, supervisor.

ISSUE

The issue is whether MDHHS properly reduced Petitioner's Medical Assistance (MA) eligibility.

FINDINGS OF FACT

The administrative law judge, based on competent, material, and substantial evidence on the whole record, finds as material fact:

1. As of August 2024, Petitioner was an ongoing recipient of full-coverage Medicaid.
2. On August 30, 2024, MDHHS received redetermination documents from Petitioner reporting the following circumstances: residency with parents, being aged 21-65 years, non-pregnancy, non-disability, and not being a caretaker to a child. Petitioner also reported being a tax dependent to her parents.
3. On October 10, 2024, MDHHS determined Petitioner's MA eligibility for Healthy Michigan Plan (HMP) based on a group size of one person resulting in a denial of full-Medicaid and approval only for the limited-coverage MA category of Plan First beginning November 2024.

4. On November 6, 2024, Petitioner disputed the reduction of MA benefits.

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).

Petitioner requested a hearing to dispute a reduction in MA eligibility. Exhibit A, pp. 3-4. MDHHS acknowledged that Petitioner was an ongoing full-Medicaid recipient until it processed Petitioner's MA redetermination and determined Petitioner eligible only for the limited-coverage MA category of Plan First.¹ A Health Care Coverage Determination Notice dated October 10, 2024, stated that Petitioner, for unspecified reasons, was eligible only for the limited-coverage Medicaid category of Plan First beginning November 2024.² Exhibit A, pp. 15-17.

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.³ *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.*

Petitioner returned redetermination documents to MDHHS on August 30, 2024. Exhibit A, pp. 8-14. On a Redetermination form, Petitioner reported being 21-65 years of age, not pregnant, not a Medicare recipient, and not a caretaker to minor children. As a non-disabled person aged 21-65 years, Petitioner is potentially eligible only for full-coverage

¹ Plan First is a MAGI-related limited-coverage MA category available to any United States citizen or individual with a qualified immigration status. BEM 124 (July 2023) p. 1. Plan First coverage is a "limited-coverage" because it only covers family planning services such as birth control (see form DCH-2840-MSA).

² The notice was written in Spanish; thus, the unspecified reasons for the MA reduction may have been overlooked by the non-Spanish speaking administrative law judge.

³ Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

Medicaid under HMP. Eligibility factors for HMP, a MAGI category, are found in BEM 137 and federal regulations.

MDHHS provided no explanation for terminating Petitioner's MA eligibility under HMP. Generally, MDHHS terminates HMP eligibility under 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.⁴ 42 CFR 435.603(e). For individuals who have been determined financially-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.⁵

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.⁶ 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.⁷

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 testimony acknowledged that Petitioner was deemed ineligible for HMP based on a benefit group including only Petitioner. There was no evidence that Petitioner had income. Thus, any termination of Medicaid under HMP based on excess income appears flawed.

MDHHS also acknowledged that Petitioner's HMP eligibility perhaps should be based on a benefit group of three persons. On a Redetermination form dated August 30, 2024, Petitioner reported being a tax dependent to her parents. Exhibit A, p. 13. As a tax dependent to her parents, Petitioner is potentially eligible to receive HMP based on a

⁴ 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.

⁵ https://www.michigan.gov/documents/mdhhs/SPA_17-0100_Approved_638230_7.pdf

⁶ <https://www.investopedia.com/terms/a/agi.asp>

⁷ *Id.*

group size of 3 persons. MDHHS further acknowledged it needed to process Petitioner's potential HMP eligibility based on a group including Petitioner's parents.⁸

Regardless if Petitioner's HMP benefit group is three persons or one person, MDHHS failed to establish that it properly terminated Petitioner's MA eligibility under HMP. As a remedy, Petitioner is entitled to a reinstatement of MA eligibility since termination; however, nothing in this decision prevents MDHHS from evaluating Petitioner's future MA eligibility.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS failed to establish it properly terminated Petitioner's HMP eligibility. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

- (1) Reinstatement of Petitioner's HMP eligibility beginning November 2024; and
- (2) Issue notice and supplements, if any, in accordance with policy.

The actions taken by MDHHS are **REVERSED**.

CG/nr



Christian Gardocki

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

⁸ The Hearing Summary from MDHHS stated it was in the process of requesting current income information from Petitioner's father so HMP eligibility could be determined based on a benefit group including Petitioner and her parents.

Via-Electronic Mail :

DHHS

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Interested Parties

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Via-First Class Mail :

Petitioner

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