



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: February 3, 2025
MOAHR Docket No.: 24-013952
Agency No.: ██████████
Petitioner: ██████████ ██████████

ADMINISTRATIVE LAW JUDGE: Julia Norton

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 telephone hearing was held on January 29, 2025. Petitioner was present and self-represented. The Department of Health and Human Services (Department) was represented by Rebecca Scott, Eligibility Specialist.

ISSUE

Did the Department properly determine Petitioner's eligibility for Medicaid (MA) coverage?

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 was an ongoing recipient of MA coverage under Healthy Michigan Plan (HMP).
2. Petitioner is █████ years old and has two children, █████year-old Son and █████year-old Daughter.
3. Petitioner is not married, files taxes and claims Son.
4. Petitioner is employed at ██████████ ██████████ ██████████ ██████████ ██████████ (Employer) and is paid bi-weekly.

5. On September 13, 2024, Petitioner's gross paycheck was \$ [REDACTED] Exhibit A, p. 16.
6. On September 27, 2024, Petitioner's gross paycheck was \$ [REDACTED] Exhibit A, p. 18.
7. On October 28, 2024, Petitioner submitted to the Department her Semi-Annual review for MA coverage.
8. On November 4, 2024, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) informing Petitioner that she was eligible for Plan First Family Planning (PFFP) limited coverage MA effective October 1, 2024 ongoing. Exhibit A, pp. 8-11.
9. On December 6, 2024, the Department received Petitioner's request for hearing disputing the Department's determination of her MA coverage. Exhibit A, p. 3.

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.

In this case, Petitioner disputed the Department's determination of her eligibility for MA coverage. The Department testified that Petitioner was eligible for PFFP and had excess income for full coverage MA.

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, (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage, and (iv) to individuals who meet the eligibility criteria for Plan First Family Planning (PFFP) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105 (January 2024), p. 1; BEM 137 (January 2024), p. 1; BEM 124 (July 2023), p. 1. Under federal law, an individual eligible under more than one MA category must have eligibility determined for the category selected and is entitled to the most beneficial coverage available, which is the one that

results in eligibility and the least amount of excess income or the lowest cost share. BEM 105, p. 2; 42 CFR 435.404.

In this case, Petitioner was not age 65 or older, blind or disabled, under age 19, pregnant or recently pregnant or receiving Medicare. Therefore, the Department properly reviewed Petitioner's eligibility for MA coverage under full coverage HMP.

HMP is a Modified Adjusted Gross Income (MAGI)-related MA category that provides MA coverage to individuals who (i) are 19 to 64 years of age; (ii) have income under the MAGI methodology at or below 133% of the federal poverty level (FPL); (iii) do not qualify for or are not enrolled in Medicare; (iv) do not qualify for or are not enrolled in other MA programs; (v) are not pregnant at the time of application; and (vi) are residents of the State of Michigan. BEM 137, p. 1; 42 CFR 435.603.

An individual is eligible for HMP if the household's 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 and dependents. Petitioner files taxes and claims one tax dependent, Son. Therefore, for HMP purposes, Petitioner has a household size of two.

The FPL for a group size of two is \$21,150.00. 133% of the annual FPL for a household of two is \$28,129.50. See <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed \$28,129.50 or \$2,344.12 monthly. Additionally, Department policy provides that if an individual's group's income is within 5% of the FPL for the applicable group size, a disregard is applied, making the person eligible for MA. BEM 500 (April 2022), pp. 3-5. With the 5% disregard applied, the household annual income limit is \$29,187.00, or \$2,432.25 monthly.

To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. 42 CFR 435.603(e); BEM 500, p. 3. MAGI is based on Internal Revenue Service rules and relies on federal tax information. *Id.* To determine income in accordance with MAGI, a client's adjusted gross income (AGI) is added to any tax-exempt foreign income, tax-exempt Social Security benefits, and tax-exempt interest. AGI is found on line 11 of IRS tax forms 1040, 1040-SR, and 1040-NR. Alternatively, it is calculated by taking the "federal taxable wages" for each income earner in the household as shown on the paystub or, if not shown on the paystub, by using gross income before taxes reduced by any money the employer takes out for health coverage, childcare, or retirement savings. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>. When determining financial eligibility of current beneficiaries for MAGI-related MA, the State of Michigan has elected to base eligibility on current monthly household income and family size and further consider reasonably predictable changes in income. Michigan Medicaid State Plan Amendment Transmittal 17-0100, effective November 1, 2017 and approved by the Center for Medicare and Medicaid Services on March 13, 2018, available at <https://www.michigan.gov/mdhhs/>

[/media/Project/Websites/mdhhs/Folder3/Folder80/Folder2/Folder180/Folder1/Folder280/SPA_17-0100_Approved.pdf.](#)

In this case, the Department testified that it determined Petitioner's annual MAGI was \$39,024.00 and monthly MAGI was \$3,252.00. The Department relied on income information obtained from Petitioner's check stubs for the period of September 1, 2024 to September 30, 2024. Specifically, the Department considered Petitioner's bi-weekly gross earnings for the pay dates of September 13, 2024 for \$1,494.96 and September 27, 2024 for \$1,516.74. Petitioner did not dispute the accuracy of the income used by the Department and confirmed that there were no health insurance or retirement savings deductions withheld from her pay. Based on these check stubs, Petitioner's monthly MAGI was \$3,011.70, which is less than the amount the Department calculated. Although the Department did not establish that it properly determined Petitioner's monthly MAGI, because Petitioner's current monthly MAGI of \$3,011.70 exceeds the eligibility limit for HMP, which is capped at \$2,432.25 per month for a household of two when the 5% disregard is applied, the Department correctly determined that Petitioner was not income eligible for MA under HMP.

Petitioners who are ineligible for full-coverage MA because of excess income may still receive MA benefits subject to a monthly deductible through a Group 2 MA category. BEM 105, p. 1. Petitioner is the parent of a minor child and therefore may qualify for MA through the Group 2-Caretaker (G2C) MA program. Under a deductible program, a client is eligible for MA coverage with a monthly deductible equal to the amount that a client's net income (less any allowable needs deductions) exceeds the applicable Group 2 MA protected income levels (PIL).

The Department presented no evidence that it considered Petitioner for G2C coverage. Instead, the Department determined she was eligible for PFFP coverage. Petitioner is entitled to the most beneficial coverage available, which is the one that results in eligibility and the least amount of excess income or the lowest cost share. BEM 105, p. 2. G2C coverage is a more beneficial coverage than PFFP. The Department did not act in accordance with Department policy when it failed to consider Petitioner for G2C coverage.

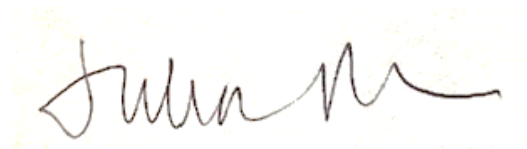
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department did not act in accordance with Department policy when it determined Petitioner's eligibility for MA coverage.

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:

1. Redetermine Petitioner's eligibility for MA coverage, effective October 1, 2024 ongoing in accordance with policy;
2. If eligible for MA coverage, provide Petitioner with the best available coverage for October 1, 2024 ongoing; and
3. Notify Petitioner of its decision in writing.



JN/nr

Julia Norton
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

Tracy Felder
Wayne-Southwest-DHHS
2524 Clark Street
Detroit, MI 48209

MDHHS-Wayne-41-Hearings@michigan.gov

Interested Parties

BSC4
M. Schaefer
EQAD
MOAHR

Via-First Class Mail :

Petitioner

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