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GOVERNOR

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

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Date Mailed: February 6, 2025
MOAHR Docket No.: 24-014043
Agency No.: ██████████
Petitioner: ██████████

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 telephone hearing was held via Microsoft Teams on February 3, 2025. Petitioner participated and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Michael Fritz, manager.

ISSUE

The issue is whether MDHHS properly terminated Petitioner's Medical Assistance (MA) 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. As of ████████ 2024, Petitioner was an ongoing recipient of Medicaid.
2. Beginning ████████ 2024, Petitioner received respective biweekly gross wages of \$██████ and \$██████ based on an average of ██████ hours. Exhibit A, pp. 12-15.
3. On November 22, 2024, MDHHS calculated Petitioner's monthly wages to be \$██████ and determined Petitioner to be eligible only for the limited-coverage MA category of Plan First beginning November 2024.
4. On December 16, 2024, Petitioner requested a hearing to dispute the termination 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 termination of MA benefits for herself. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice dated November 22, 2024 stated that Petitioner was eligible only for the limited-coverage MA category of Plan First beginning November 2024.¹ Exhibit A, pp. 8-10.

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.² *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.*

The evidence suggested that Petitioner was aged 21-65 years, not disabled, not pregnant, and not a Medicare recipient. As a non-disabled individual, aged 19-65 years, and a caretaker to minor children, the full-coverage Group 1 MA category with the highest income limit for which Petitioner is eligible is the MAGI category of HMP. MDHHS testified that Petitioner was ineligible for HMP due to excess income.³

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

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

³ As a caretaker to a minor child, Petitioner is potentially eligible to receive MA under the category of Low-Income Family (LIF). LIF has an income limit lower than HMP (see BEM 110). Thus, LIF eligibility need not be considered if Petitioner is not eligible for HMP due to excess income unless Petitioner received recent Family Independence Program (FIP) benefits. The evidence did not indicate recent issuances of FIP benefits.

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. Petitioner testified she was a caretaker to two minor children; presumably, the children are Petitioner's only tax dependents. Under the circumstances, Petitioner's group size is three persons.

MDHHS contended it properly calculated Petitioner's MAGI to be \$[REDACTED] based on Petitioner's gross biweekly wages beginning [REDACTED] 2024. TheWorkNumber documents listed gross income of \$[REDACTED] on [REDACTED], 2024, and \$[REDACTED] on [REDACTED] 2024. Petitioner's biweekly wages and dividing by two results in an average biweekly wage of \$[REDACTED]. Multiplying the amount by 26 and dividing by 12 results in an average monthly wage of \$[REDACTED]: a slightly lower income amount than calculated by MDHHS.

Problematic for MDHHS is that it determined Petitioner's income based on gross pays averaging 105 hours per two weeks. Petitioner testified that she recently performed significant overtime resulting in temporary increased income. In other words, Petitioner contended that MDHHS projected her income based on unrepresentative income. Petitioner's testimony could have been verified or disproven; however, MDHHS was unable to present updated TheWorkNumber documents during the hearing.

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.*

Given the evidence, MDHHS might have properly calculated Petitioner's income, but this was not established. Accordingly, Petitioner is entitled to a reprocessing of MA eligibility beginning November 2024.⁸

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 determined Petitioner's MA eligibility. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

- (1) Reprocess Petitioner's MA eligibility beginning November 2024 subject to the finding that MDHHS failed to establish it properly calculated Petitioner's monthly income to be \$[REDACTED]; and
- (2) Issue notice and supplements, if any, in accordance with policy.

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

CG/pt



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 If Petitioner's income was properly calculated to be \$[REDACTED] per month, the income appears to substantially exceed the HMP income limit of \$2,969 for a 3-person group. Thus, a reprocessing may result in the same outcome of MA closure.

Via-Electronic Mail:

DHHS

Jeanenne Broadnax
Wayne-Taylor-DHHS
25637 Ecorse Rd.
Taylor, MI 48180

MDHHS-Wayne-18-Hearings@michigan.gov

Interested Parties

BSC4
M. Schaefer
EQAD
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Via-First Class Mail:

Petitioner

[REDACTED]
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