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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES
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Date Mailed: February 6, 2025
MOAHR Docket No.: 24-014073
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 hearing was held via Microsoft Teams on February 3, 2025; the parties participated by telephone. Petitioner participated and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Lori Turner, eligibility specialist.

ISSUE

The issue is whether MDHHS properly terminated Medical Assistance (MA) eligibility for Petitioner’s minor child.

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 resided in a household with her minor child, ██████████ (hereinafter, “Child”).
2. As of ██████████ 2024, Child was a Medicaid recipient under 18-years-old, not pregnant, not disabled, and not pregnant.
3. As of ██████████ 2024, Child was Petitioner’s tax dependent.
4. In ██████████ 2024, Petitioner received gross biweekly earnings of \$██████████, \$██████████, and \$██████████
5. On November 22, 2024, MDHHS terminated MA eligibility for Child beginning December 2024.

6. On December 13, 2024, Petitioner requested a hearing to dispute the termination of Child's 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 MA eligibility for Child. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice dated November 22, 2024, stated that Child was ineligible for the MA categories of MICHild and HMP beginning December 2024 due to excess income.¹ Exhibit A, pp. 11-17.

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.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.*

MDHHS testified that Child's MA eligibility after a redetermination of MA benefits. Redetermination documents from Respondent reported Child as under 18 years of age, not disabled, not pregnant, and not a Medicare recipient. Exhibit A, pp. 18-24. As such, Child is potentially eligible to receive MA under the MAGI categories of MICHild and/or HMP. The analysis will begin with HMP.

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 MDHHS indicated that a failure to verify self-employment income and/or a federal tax refund were reasons for MA closure. The evidence did not support that Child's MA eligibility ended due to unreturned verifications.

² Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

the Code.³ 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.⁴

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.⁵ 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.⁶

A MAGI-MA benefit group for a tax filer consists of the tax filer, spouse, and tax dependents. BEM 211 (October 2023) p. 2. It was not disputed that Petitioner reported a household of two persons: her self and Child. Under the circumstances, Petitioner's group size is presumably two.

For all programs, MDHHS generally counts gross wages.⁷ BEM 501 (October 2022) p. 7. It was not disputed that Petitioner submitted wage documents verifying receipt of three pays in ██████████ 2024 of \$██████████, \$██████████, and \$██████████. Adding the wages and dividing by three results in an average gross biweekly wage of \$██████████: the same wage calculated by MDHHS. Multiplying the biweekly income by 26 and dividing by 12 results in a monthly income of \$██████████ (dropping cents).

HMP income limits are based on 133% of the federal poverty level (FPL). RFT 246 (April 2014) p. 1. Also, MDHHS applies a 5% disregard to the income limit when the disregard is the difference between eligibility and non-eligibility. BEM 500 (July 2017) p. 5. Thus, HMP income limits are functionally 138% of the FPL. The 2024 FPL for a 2-person group residing in Michigan is \$20,440.⁸ Multiplying the FPL by 1.38 results in an income limit of \$██████████ (\$██████████ per month). Petitioner's benefit group's MAGI exceeded the HMP income limit. Given the evidence, MDHHS properly determined Child (and Petitioner) to be ineligible for MA benefits under HMP.

Child is also potentially eligible to receive MA benefits under the MICHild. MICHild is a MAGI-related Medicaid Expansion program for children who are under 19 years of age

³ 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.

⁴ https://www.michigan.gov/documents/mdhhs/SPA_17-0100_Approved_638230_7.pdf

⁵ <https://www.investopedia.com/terms/a/agi.asp>

⁶ *Id.*

⁷ Exceptions to counting gross wages include student earnings, striker benefits, census worker pay, flexible benefits, strikers worker pay and earned income tax credits.

⁸ <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

and who are not enrolled in comprehensive health insurance. BAM 130 (July 2019) p. 1. For children between 1 and 19 years of age, the income limit is 161 percent to 212 percent of the FPL. *Id.*

As a MAGI category, the benefit group of 2 and income of \$ [REDACTED] remains unchanged. After a 5% income disregard, the income limit is functionally 217% of the FPL: \$42,792.40 (\$3,566 per month). The group's income of \$ [REDACTED] exceeds the MICHild income limit.

Given the evidence, Child had excess income for MA benefits. Thus, MDHHS properly terminated Child's MA eligibility beginning December 2024.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly terminated Child's MA benefits beginning December 2024. The actions of MDHHS are **AFFIRMED**.

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

Via-Electronic Mail:

DHHS
Tara Roland 82-17
Wayne-Greenfield/Joy-DHHS
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Interested Parties

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Via-First Class Mail:

Petitioner

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