



Date Mailed: April 28, 2025

Docket No.: 25-009618

Case No.: [REDACTED]

Petitioner: [REDACTED]

LUBNA KHAN
4989 OAK HILL DR
WATERFORD, MI 48329

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এটি একটি গুরুত্বপূর্ণ আইনি ডকুমেন্ট। দয়া করে কেউ দস্তাবেজ অনুবাদ করুন।

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Ky është një dokument ligjor i rëndësishëm. Ju lutem, kini dikë ta përktheni dokumentin.

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 by telephone on April 7, 2025. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Princess Ogundipe, Assistance Payments Supervisor.

ISSUE

Did the Department properly determine Petitioner had excess income for full coverage Medicaid (MA)?

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 March 1, 2025, Petitioner was [REDACTED] years old, had a [REDACTED] year old son (Son) who she claimed as a dependent on her income tax returns, and was not disabled or receiving Medicare. (Exhibit A, pp. 20, 22).
2. On December 9, 2024, the Department received a completed redetermination application for MA from Petitioner. (Exhibit A, pp. 28 – 34).

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3. On January 22, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that denied Petitioner Healthy Michigan Plan (HMP) and Plan First Family Planning (PFFP) MA coverage effective March 1, 2025, due to excess income. (Exhibit A, pp. 14 – 15).
 4. On February 13, 2025, the Department sent Petitioner a second HCCDN that denied Petitioner Group 2 MA coverage effective March 1, 2025, for failure to return verifications regarding assets. (Exhibit A, pp. 10 – 11).
 5. On [REDACTED] 2025, the Department received a completed application for MA and Food Assistance Program (FAP) benefits from Petitioner. (Exhibit A, pp. 19 – 27).
 6. On February 28, 2025, the Department interviewed Petitioner and received Petitioner's recent paystubs. (Exhibit A, pp. 45 – 55).
 7. On February 28, 2025, the Department received a request for hearing from Petitioner, disputing the Department's January 22, 2025 denial of her MA coverage. (Exhibit A, pp. 4 – 9).
 8. On March 7, 2025, the Department sent Petitioner a third HCCDN that approved Petitioner for full coverage transitional MA coverage effective February 1, 2025 to January 31, 2026, and for Group 2 Caretaker Relative (G2C), subject to a \$1,943 monthly deductible, effective March 1, 2025 ongoing. (Exhibit A, p. 42).
 9. On March 10, 2025, the Department sent Petitioner a Verification Checklist (VCL) that requested verification of a joint bank account.
 10. On March 21, 2025, the Department closed Petitioner's MA case for failure to return requested verifications.

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.

Petitioner requested a hearing to dispute the Department's determination dated January 22, 2025, regarding her eligibility for MA coverage. The Department denied Petitioner HMP and PFFP MA coverage due to excess income, based on annual income of \$ [REDACTED].

As a preliminary matter, prior to Petitioner's request for hearing, the Department also denied Petitioner for Group 2 MA coverage for failure to return verification of assets but discovered that it did not send Petitioner a VCL. Although the Department erred when it initially denied Petitioner Group 2 MA, the Department corrected its error when it reopened Petitioner's MA case, issued a third HCCDN on March 7, 2025 that approved Petitioner for G2C MA, subject to a monthly deductible of \$1,943, effective March 1, 2025 ongoing, and sent Petitioner a VCL. The Department testified that Petitioner's MA case was then closed again on March 21, 2025, for failure to return requested verifications. Because Petitioner requested a hearing to dispute the Department's determination that she was not eligible for full coverage MA, and the Department's most recent determination related to Petitioner's eligibility for G2C was made after Petitioner's request for hearing, this decision will address only whether the Department properly denied Petitioner full coverage HMP and/or PFFP MA.

Under federal law, an individual is entitled to the most beneficial category, which is the one that results in a) eligibility, b) the least amount of excess income, or c) the lowest cost share. BEM 105 (January 2024), p. 2. All MA category options must be considered in order for the Petitioner's right of choice to be meaningful. BEM 105, p. 2.

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, and (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105 (January 2024), p. 1; BEM 137 (January 2024), p. 1. Individuals who do not qualify for one of the foregoing coverages may qualify for PFFP, which is a limited coverage MA category. BEM 124 (July 2023), p. 1.

In this case, the evidence established that as of March 1, 2025, the effective date of the Department's action, Petitioner is [REDACTED] years old, not married, has one dependent child, and has earned income only. There was no evidence that Petitioner was blind, disabled, or pregnant. Therefore, Petitioner is potentially eligible for full-coverage HMP, G2C, and/or PFFP MA coverage. HMP and PFFP are Modified Adjusted Gross Income (MAGI)-related MA programs, with HMP providing full coverage and PFFP providing limited coverage. HMP and PFFP are MAGI-related MA programs, with HMP providing full coverage and PFFP providing limited coverage. G2C is not SSI-related or MAGI-related MA and is a Group 2 program for parents and other caretaker relatives of dependent children, and subject to an individual monthly deductible for each eligible recipient when the group has excess income. BEM 135 (October 2015), p. 1 – 2. Because HMP offers full MA coverage and does not have a deductible, it is a more beneficial coverage for Petitioner than G2C or PFFP.

To qualify for health care coverage under HMP, the individual must:

- be 19 – 64 years of age,
- not qualify for or be enrolled in Medicare,
- not qualify for or be enrolled in other Medicaid programs,
- not be pregnant at the time of application,
- meet Michigan residency requirements,
- meet Medicaid citizenship requirements, and
- have MAGI-income at or below 133% of the Federal Poverty Level (FPL) for their group size.

BEM 137, p. 1.

An individual's group size for MAGI purposes requires consideration of the client's tax filing status. BEM 211 (October 2023), pp. 1 – 2. Additionally, for MAGI-related plans, a 5% disregard, which increases the income limit by an amount equal to 5% of the FPL for the group size, is available to make those individuals eligible who would otherwise not be eligible. BEM 500 (April 2022), p. 5. In this case, the evidence established that Petitioner reported she is a tax filer and claims Son as a dependent. Therefore, Petitioner has a fiscal group of two for purposes of MAGI.

Beginning in January 2025, the annual FPL for a household size of two is \$20,440¹, and the 5% disregard is \$1,022. Based on the FPL, the HMP income limit for a household size of two is \$28,129.50 annually, or \$2,344.13 per month. With the 5% disregard, the total income limit for HMP is \$29,187, or \$2,432.25 per month.

To determine Petitioner's MAGI-income, the Department must calculate the countable income of the fiscal group. BEM 500, p. 1. To determine financial eligibility for MAGI-related MA, income must be calculated in accordance with MAGI under federal tax law. 42 CFR 435.603(e); BEM 500, pp. 3 – 4. MAGI is based on Internal Revenue Service rules and relies on federal tax information from current income sources. BEM 500, pp. 3 – 4; see also 42 CFR 435.603(h)(1),(2).

The Department uses current monthly income, and reasonably predictable changes in income, to calculate a client's MAGI-income. (MAGI-Based Income Methodologies (SPA 17-0100), eff. 11/01/2017, app. 03/13/2018); 42 CFR 435.603(h). MAGI-income is calculated for each income earner in the household by using the "federal taxable wages" reported on earner's paystubs or, if federal taxable wages are not reported on the paystub, by using "gross income" minus amounts deducted by the employer for child care, health coverage, and retirement plans. A client's tax-exempt foreign income, tax-exempt Social Security benefits, and tax-exempt interest, if any, from the client's tax return are added back to the client's adjusted gross income (AGI) to determine MAGI

¹ <https://aspe.hhs.gov/sites/default/files/documents/dd73d4f00d8a819d10b2fdb70d254f7b/detailed-guidelines-2025.pdf>. Last accessed April 24, 2025.

income. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>.

Here, a review of Petitioner's paystub established that her only MAGI-related deduction from her gross pay is for a 401(k) plan, and for the bi-weekly pay date of:

- February 7, 2025, she earned \$ [REDACTED] and contributed \$145.10 to the plan, which established that her gross MAGI-income for that pay period was \$ [REDACTED] (Exhibit A, p. 54), and
- February 21, 2025 she earned \$ [REDACTED] and contributed \$167.33 to the plan, which established that Petitioner's gross MAGI-income was \$ [REDACTED] for that pay period (Exhibit A, p. 52).

Although Petitioner's gross earning history as reported on the Work Number report obtained through Equifax does not reflect her post-401(k) earnings (Exhibit A, p. 40), a review of:

- a) Petitioner's reported gross earnings from January and February 2025,
- b) her year to date earnings of \$ [REDACTED] as of February 21, 2025, and
- c) the year to date 401(k) contributions of \$ [REDACTED] as of February 21, 2025,

established that Petitioner's MAGI-related monthly income exceeded \$2,432.25 per month. (Exhibit A, pp. 38 – 40, 52, 54). Because \$2,432.25 per month is more than the income limit for HMP with the 5% disregard, and Petitioner's income exceeded that amount, the Department properly determined Petitioner was not eligible for HMP.

However, an individual may be eligible for PFFP if their MAGI-income is no more than 195% of the FPL applicable to the individual's group size. BEM 124, p. 1. Based on the FPL, the income limit for PFFP for Petitioner's household size of two is \$41,242.50 annually, or \$3,436.88 per month. When the 5% disregard is added, the total income limit for PFFP is increased to \$42,300, or \$3,525 per month.

A review of the Work Number report and Petitioner's redetermination application do not clearly identify how the Department determined on January 22, 2025 that Petitioner had \$ [REDACTED] per month in countable MAGI-related income. (Exhibit A, p. 44). Therefore, because the total income limit for PFFP is more than the Department's calculation of Petitioner's MAGI-related income, and it is unclear how the Department calculated Petitioner's MAGI-related income, the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it denied Petitioner PFFP MA effective March 1, 2025.

As explained previously, if Petitioner disputes the Department's March 7, 2025 determination regarding her eligibility for G2C, Petitioner may request a hearing to address that issue.

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 properly determined Petitioner was not eligible for HMP MA but failed to satisfy its burden of showing that it acted in accordance with Department policy when it denied Petitioner PFFP MA.

Accordingly, the Department's January 22, 2025 MA 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 PFFP MA effective March 1, 2025 ongoing, including determining her MAGI-related income in accordance with MAGI methodology;
1. If eligible, provide Petitioner with the most beneficial MA coverage she is eligible to receive for March 2025 ongoing; and
2. Notify Petitioner of its decision in writing.



CARALYCE M. LASSNER
ADMINISTRATIVE LAW JUDGE

APPEAL RIGHTS: Petitioner may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at courts.michigan.gov. The Michigan Office of Administrative Hearings and Rules (MOAHR) cannot provide legal advice, but assistance may be available through the State Bar of Michigan at <https://irs.michbar.org> or Michigan Legal Help at <https://michiganlegalhelp.org>. A copy of the circuit court appeal should be sent to MOAHR. A circuit court appeal may result in a reversal of the Hearing Decision.

Either party who disagrees with this Hearing Decision may also send a written request for a rehearing and/or reconsideration to MOAHR within 30 days of the mailing date of this Hearing Decision. The request should include Petitioner's name, the docket number from page 1 of this Hearing Decision, an explanation of the specific reasons for the request, and any documents supporting the request. The request should be sent to MOAHR

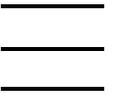
- by email to MOAHR-BSD-Support@michigan.gov, **OR**
- by fax at (517) 763-0155, **OR**
- by mail addressed to
Michigan Office of Administrative Hearings and Rules
Rehearing/Reconsideration Request
P.O. Box 30639
Lansing Michigan 48909-8139

Documents sent via email are not secure and can be faxed or mailed to avoid any potential risks. Requests MOAHR receives more than 30 days from the mailing date of this Hearing Decision may be considered untimely and dismissed.

Via Electronic Mail:

Respondent

OAKLAND COUNTY DHHS PONTIAC
WOODWARD DIST
51111 WOODWARD AVE 5TH FL
PONTIAC, MI 48342
**MDHHS-OAKLAND-DISTRICT-IV-
HEARINGS@MICHIGAN.GOV**



Interested Parties

EQAD HEARINGS
M. SCHAEFER
BSC4

Via First Class Mail:

Petitioner

