



Date Mailed: May 2, 2025

Docket No.: 25-010410

Case No.: [REDACTED]

Petitioner: [REDACTED]

This is an important legal document. Please have someone translate the document.

هذه وثيقة قانونية مهمة. يرجى أن يكون هناك شخص ما يترجم المستند.

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

Este es un documento legal importante. Por favor, que alguien traduzca el documento.

这是一份重要的法律文件。请让别人翻译文件。

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

[REDACTED] MI [REDACTED]

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 teleconference on April 30, 2025 and the parties participated jointly by Microsoft Teams from the Michigan Department of Health and Human Services (Department) local office. Petitioner appeared and represented herself. The Department was represented by Danielle Moton, Assistance Payments Worker.

ISSUE

Did the Department properly close Petitioner's Medicaid (MA) case effective April 1, 2025?

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 is a [REDACTED] year old single tax filer who does not receive Medicare and has two adult children (Children).

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1. On January 21, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that approved Petitioner for full coverage MA effective February 1, 2025 ongoing.
 2. On February 6, 2025, the Department received a completed redetermination application for FAP benefits from Petitioner. (Exhibit A, pp. 12 – 13).
 3. Petitioner is employed by [REDACTED] (Employer), contributes to a 401(k) retirement plan, has a pre-tax 401(k) loan repayment, and is paid bi-weekly. (Exhibit A, pp. 15 – 16).
 4. On March 7, 2025, the Department sent Petitioner a HCCDN that closed Petitioner's MA case effective April 1, 2025 ongoing, due to excess income. (Exhibit A, pp. 17 – 20).
 5. On March 14, 2025, the Department received a request for hearing from Petitioner disputing the Department's closure of her MA coverage. (Exhibit A, pp. 3 – 9).

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 closure of her MA case. The Department closed Petitioner's MA case effective April 1, 2025, due to excess income.

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, p. 1; BEM 137 (January 2024), p. 1. Individuals

who do not qualify for one of the foregoing coverages may qualify for Plan First Family Planning (PFFP), which is a limited coverage MA category. BEM 124 (July 2023), p. 1.

Here, Petitioner is ■ years old, has no minor children, and is not disabled or receiving Medicare. However, Petitioner is a tax filer and testified she claims Children as tax dependents. Therefore, Petitioner is potentially eligible for full-coverage HMP and/or PFFP MA coverage only. HMP and PFFP are Modified Adjusted Gross Income (MAGI)-related MA programs. Because HMP offers full MA coverage, it is a more beneficial coverage for Petitioner than 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 income at or below 133 percent Federal Poverty Level (FPL).

BEM 137, p. 1.

An individual is eligible for HMP if their 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. BEM 211 (October 2023), pp. 1 – 2. Additionally, for MAGI-related plans, a 5% disregard is available to make those individuals eligible who would otherwise not be eligible and increases the income limit by an amount equal to 5% of the FPL for the group size. BEM 500 (April 2022), p. 5. In this case, Petitioner testified that she is a tax filer and claims Children as dependents. Therefore, Petitioner is a fiscal group of three for purposes of MAGI. BEM 211, p. 2.

Beginning in January 2025, the annual FPL for a fiscal group of three is \$26,650, and the 5% disregard is \$1,333. (<https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>. Last accessed January 24, 2025). Based on the FPL, the HMP income limit for a fiscal group of three is \$35,444.50 annually, or \$2,953.71 per month. With the 5% disregard, the total income limit for HMP, is \$36,777, or \$3,064.75 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 income. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>.

In this case, the Department determined that Petitioner had \$[REDACTED] in monthly income based on paystubs she provided for the bi-weekly periods ending January 24, 2025 and February 7, 2025. (Exhibit A, p. 14). A review of the paystubs established that Petitioner contributes to a retirement plan and has a retirement plan loan repayment. The Department testified that it did not reduce Petitioner's gross income by the amount of either her retirement contribution or retirement plan loan repayment, determined Petitioner's eligibility based on her being a tax filer with no dependents, and concluded that she had income in excess of the limits for HMP for a one-person group. However, as previously stated, Petitioner testified that she is a tax filer and claims Children as tax dependents, and there was no evidence that the Department properly concluded otherwise. Additionally, notwithstanding the foregoing, it was unclear how the Department determined Petitioner had \$[REDACTED] in monthly income based on the bi-weekly paystubs provided where Petitioner's total gross earnings for the period ending January 24, 2025 was \$[REDACTED], and for the period ending February 7, 2025 was \$[REDACTED]; the total of which is less than \$[REDACTED].

Therefore, the Department failed to establish that it properly determined Petitioner's MAGI-income or her fiscal group for purposes of MAGI and that she was ineligible for HMP effective April 1, 2025 ongoing.

DECISION AND ORDER

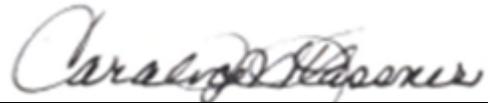
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department failed to act in accordance with Department policy when it determined Petitioner's MAGI-income and fiscal group and determined she was ineligible for HMP effective April 1, 2025 ongoing.

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:

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1. Redetermine Petitioner's eligibility for MA for April 1, 2025 ongoing, including determining her MAGI-income and fiscal group in accordance with MAGI methodology, requesting verifications if necessary;
 1. If eligible, provide Petitioner with the most beneficial MA coverage she is eligible to receive for April 1, 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://lrs.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

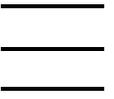
- by email to MOAHR-BSD-Support@michigan.gov, **OR**
- by fax at (517) 763-0155, **OR**
- by mail addressed to
Michigan Office of Administrative Hearings and Rules
Rehearing/Reconsideration Request
P.O. Box 30639
Lansing Michigan 48909-8139

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Via Electronic Mail:

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Interested Parties

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Via First Class Mail:

Petitioner

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