

**Date Mailed:** May 7, 2025

**Docket No.:** 25-010609

**Case No.:** [REDACTED]

**Petitioner:** [REDACTED] [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; 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 telephone conference on April 8, 2025. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Colleen McKenna and David Scott FIM. Department Exhibit 1, pp. 1-28 was received and admitted.

### **ISSUE**

Did the Department properly determine 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. On March [REDACTED] 2025, Petitioner submitted redetermination paperwork for her MA benefits.
2. On March [REDACTED] 2025, a Health Care Coverage Determination Notice was sent to Petitioner informing her that household member and minor child [REDACTED] [REDACTED] was eligible for full coverage MA and Petitioner and household member [REDACTED] [REDACTED] were not eligible for MA-HMP and eligible for MA-Plan First. Petitioner was found to have Household Total Countable Annual Income of \$[REDACTED]
3. On March 14, 2025, Petitioner requested hearing disputing the determination of MA benefits.
4. Petitioner had gross employment earnings of \$[REDACTED] and Adjusted Gross Income of \$[REDACTED] in 2024.
5. Petitioner is earning \$[REDACTED] per hour in 2025.

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6. Petitioner contributed \$[REDACTED] towards her simple IRA and an additional \$[REDACTED] towards a traditional IRA. The Department deemed the additional \$[REDACTED] contribution as being a post-tax contribution.
  7. Petitioner's 2024 1040 tax return line 9 shows Adjusted Gross Income of \$[REDACTED]
  8. Petitioner's 2024 1040 tax return line 11 shows Adjusted Gross Income of \$[REDACTED]

### **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.

#### **Modified Adjusted Gross Income (MAGI)**

MAGI for purposes of Medicaid eligibility is a methodology which state agencies and the federally facilitated marketplace (FFM) must use to determine financial eligibility. It is based on Internal Revenue Service (IRS) rules and relies on federal tax information to determine adjusted gross income. It eliminates asset tests and special deductions or disregards. Every individual is evaluated for eligibility based on MAGI rules. The MAGI rules are aligned with the income rules that will be applied for determination of eligibility for premium tax credits and cost-sharing reductions through exchanges. BEM 500

#### **Pre-tax Deductions**

Pre-tax deductions should not be counted toward an individual's MAGI income. BEM 500

#### **Targeted Population**

The Healthy Michigan Plan (HMP) provides health care coverage for individuals who: • Are 19-64 years of age. • Do not qualify for or are not enrolled in Medicare. • Do not qualify for or are not enrolled in other Medicaid programs. • Are not pregnant at the time of application. • Meet Michigan residency requirements. • Meet Medicaid citizenship requirements. • Have income at or below 133 percent Federal Poverty Level (FPL). BEM 137

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In this case, the Department determined that Petitioner had \$[REDACTED] in Household Total Countable Annual Income based on line 9 of her 2024 1040 tax return. Petitioner's position is her MAGI income should be \$[REDACTED] because that is what line 11 of her 2024 1040 tax return shows, following the \$[REDACTED] deduction for her traditional IRA contribution. The Department's position is that the \$[REDACTED] contribution for her traditional IRA is post tax and pursuant to BEM 500 should not be deducted when determining Petitioner's MAGI income.

The \$[REDACTED] contribution to Petitioner's traditional IRA is pretax because she was able to use it to lower her MAGI income on her 2024 tax return. Line 11 of the 1040 tax form is labeled "adjusted gross income" BEM 500 states that "It (MAGI) is based on Internal Revenue Service (IRS) rules and relies on federal tax information to determine adjusted gross income." Using IRS rules and federal tax information Petitioner's adjusted gross income is \$35,194. Therefore, Petitioner is under the income limits and her MA-HMP should not have closed.

### **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 did not act in accordance with Department policy when it closed Petitioner's MA-HMP case due to excess income.

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. Reinstate Petitioner's MA-HMP case going back to the date of closure.
2. Correct Petitioner's MAGI income to \$[REDACTED]



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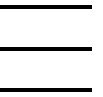
**AARON MCCLINTIC**  
**ADMINISTRATIVE LAW JUDGE**

**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](http://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](mailto: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.



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**BSC2HEARINGDECISIONS**

**MOAHR**

**Via First Class Mail:**

[REDACTED]  
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[REDACTED]