



Date Mailed: July 15, 2025
Docket No.: 25-016601
Case No.: [REDACTED]
Petitioner: [REDACTED]

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

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Petitioner: [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 June 18, 2025. Petitioner appeared for the hearing and represented herself. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Kayla Richards, Family Independence Specialist and William Shoulders, Family Independence Manager.

ISSUE

Did the Department properly determine Medical Assistance (MA) eligibility for Petitioner's daughter?

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's daughter (MM, age [REDACTED] was previously an ongoing recipient of full coverage MA benefits under the Other Healthy Kids (OHK) category.
2. In connection with a redetermination, MA eligibility was reviewed.
3. On or around April 1, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice advising that effective May 1, 2025, Child MM was ineligible for MA benefits due to excess income.
4. On or around April 28, 2025, Petitioner requested a hearing disputing the Department's actions.
5. After receiving Petitioner's request for hearing, the Department reprocessed the child's MA eligibility.
6. On or around May 2, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice advising that effective May 1, 2025, Child MM was approved for MA subject to a monthly deductible of \$4,051.

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 disputed the Department's determination that her daughter MM was ineligible for a full coverage MA program and only eligible for MA under a Group 2 category subject to a monthly deductible.

The Department representative testified that Petitioner's daughter MM who was ■ years old at the time of the redetermination, was previously receiving full coverage MA under the OHK category and that after processing the redetermination, because of the income in the household, she was no longer eligible for OHK or any other full coverage program.

Children over age one and under age 19 are potentially eligible for three programs: (1) the Under Age 19 (U19) program; (2) the MiChild program; and (3) the Group 2 Under 21 (G2U) program. BEM 105 (January 2024), pp. 1, 3-4; BEM 130 (January 2024), p. 1; BEM 131 (January 2022), p. 1; BEM 132 (April 2018), p. 1. The U19 and MiChild programs are Modified Adjusted Gross Income (MAGI)-related Group 1 MA categories, meaning that these categories provide full-coverage MA without a deductible for children under the age of 19 whose household's income, calculated in accordance with MAGI rules, meets the income eligibility limits. BEM 131, p. 1. Children whose household income exceeds the income limit for U19 or MiChild eligibility are eligible for MA under the G2U category, with a deductible equal to the amount the child's net income (countable income minus allowable income deductions) which exceeds the applicable Group 2 MA protected income level (PIL) based on the county in which the child resides and child's fiscal group size. BEM 132, p. 2; BEM 544 (January 2020), p. 1; RFT 240 (December 2013), p. 1. Under federal law, the child is entitled to the most beneficial category, which is the one that results in eligibility, the least amount of excess income, or the lowest cost share. BEM 105, p. 2.

Eligibility for U19 categories is for children under the age of 19 whose household income does not exceed 160% of the federal poverty level and consists of (1) the Low Income Families (LIF) program (when the household's income does not exceed 54% of FPL); (2) the Other Healthy Kids (OHK) program (for children ages 1 through 5 when the

household's income is more than 54% and less than 144% of the FPL or, if the child has other comprehensive insurance, from 144% up to 160% of the FPL and for children ages 6 through 18, when the household's income is more than 54% and less than 110% of the FPL or, if the child has other comprehensive insurance, from 110% to 160% of the FPL); and (3) the Healthy Kids Expansion (HKE) program (for children ages 1 through 5 with no other comprehensive insurance when the household's income is from 144% to 160% of the FPL and for children ages 6 through 18 with no other comprehensive insurance when the household's income is from 110% to 160% of the FPL). BEM 131, p. 1. A child under age 1 with household income between 196% to 212% of the FPL or age 1 through 18 whose household income is between 161% and 212% of the FPL is income eligible for MiChild subject to a monthly \$10 premium per family. BEM 130 (July 2016), pp. 1-2. Additionally, if an individual's group's income is within 5% of the FPL for the applicable group size, a disregard is applied, making the person eligible for MA.

Although the Department testified that Child MM was no longer income eligible for MA coverage under the OHK, the Department representative testified that she was unsure whether Child MM's eligibility for MiChild was considered. Because the income limit for the MiChild program is higher than the other children's MA programs, eligibility for MiChild will be discussed first. In order to determine income eligibility for the MAGI-related MiChild program, the household's MAGI income must be considered. In this case, Petitioner testified that she files taxes and claims her daughter as a tax dependent. Based on the evidence presented at the hearing, Child MM has a household size of two. See 42 CFR 435.603; BEM 211 (October 2023), pp. 1-2. The FPL for a group size of two in 2025 is [REDACTED] 212% of the annual FPL in 2025, for a household with two members is [REDACTED]. See <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for MiChild, the annual income cannot exceed [REDACTED] and thus, the monthly income cannot exceed [REDACTED] as Child MM was a current MA beneficiary. Additionally, Department policy provides that if an individual's group's income is within 5% of the FPL for the applicable group size, a disregard is applied, making the person eligible for MA. MREM, § 7.2; BEM 500 (April 2022), pp. 3-5. With the 5% disregard applied, the household income limit is [REDACTED] or [REDACTED] monthly.

Generally, household income for MAGI-related MA eligibility is the sum of the MAGI-based income of every individual included in the individual's household, minus an amount equivalent to five percentage points of the FPL for the applicable family size. 42 CFR 435.603(d)(1). However, the MAGI-based income of a child who is included in the household of his or her natural parent and is **not** expected to be required to file a tax return for the taxable year in which eligibility for MA is being determined is not included in the household income whether or not such tax dependent files a tax return. 42 CFR 435.603(d)(2)(i).

Additionally, to determine financial eligibility under MiChild, income must be calculated in accordance with MAGI under federal tax law. 42 CFR 435.603(e); BEM 500 (April 2022), p. 3. MAGI is based on Internal Revenue Service rules and relies on federal tax information. *Id.* To determine income in accordance with MAGI, a client's adjusted gross income (AGI) is added to any tax-exempt foreign income, tax-exempt Social Security

benefits, and tax-exempt interest. Alternatively, it is calculated by taking the “federal taxable wages” for each income earner in the household as shown on the paystub or, if not shown on the paystub, by using gross income before taxes reduced by any money the employer takes out for health coverage, child care, or retirement savings. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>. When determining financial eligibility of current beneficiaries of MAGI-related MA, the State of Michigan has elected to base eligibility on current monthly income and family size. Michigan Medicaid State Plan Amendment Transmittal 17-0100, effective November 1, 2017 and approved by the Center for Medicare and Medicaid Services on March 13, 2018 available at https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder3/Folder80/Folder2/Folder180/Folder1/Folder280/SPA_17-0100_Approved.pdf.

At the hearing, the Department representative testified that the MAGI for the household was determined to be [REDACTED]. Specifically, the Department representative testified that it considered Petitioner’s gross pay as retrieved from the Work Number and reflected [REDACTED] paid on March 7, 2025, [REDACTED] paid on March 14, 2025, [REDACTED] paid on March 21, 2025, and [REDACTED] paid on March 28, 2025. It is noted that the total of the paystubs identified by the Department is [REDACTED] and not the [REDACTED] identified by the Department. The Department testified that no other income was available or countable in the household. Petitioner testified that while the gross income from the Work Number is correct, health insurance coverage and 401k contributions are withheld from her weekly pay. Petitioner’s testimony was confirmed by two paystubs presented for review which show federal taxable wages in an amount lower than the gross income and reflect deductions for retirement savings, medical, vision and other allowable deductions. As referenced above, the Department is to consider federal taxable earnings and not gross wages. Thus, the total MAGI is lower than that determined by the Department. Notwithstanding the Department’s failure to consider federal taxable earnings, Petitioner’s total gross wages of [REDACTED] are below the income limit identified above for MiChild eligibility. The Department provided no explanation as to whether Child MM’s MiChild eligibility was considered.

Upon review, the Department failed to establish that the household had excess income or that Child MM was otherwise ineligible for MA benefits under the MiChild category. Although there was some discussion at the hearing concerning the child’s eligibility for MA under the G2U with a monthly deductible, because MA coverage under MiChild is more beneficial than the limited coverage G2U with a monthly deductible, the calculation of the MA deductible will not be addressed.

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 finds that the Department did not act in accordance with Department policy when it processed MA eligibility for Petitioner's daughter.

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. Provide Petitioner's daughter (MM, age [REDACTED] with MA coverage under the MiChild category from May 1, 2025, ongoing; and
2. Notify Petitioner in writing of its decision.



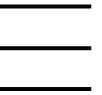
ZAINAB A BAYDOUN
ADMINISTRATIVE LAW JUDGE

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

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

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Interested Parties

BSC4

M SCHAEFER

EQAD

MOAHR

Via First Class Mail:

Petitioner

[REDACTED]
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[REDACTED] MI [REDACTED]