



Minnesota Department of **Human Services**

**DECISION OF
STATE AGENCY
ON APPEAL**

In the Appeal of: [REDACTED]
For: Medical Assistance
MinnesotaCare
Agency: Minnesota Department of Human Services
Docket: 174223

On April 8, 2016 Human Services Judge Kelly A. Vargo held an evidentiary hearing under Minnesota Statutes § 256.045, subdivision 3.

The following people appeared at the hearing:

[REDACTED], Appellant;
[REDACTED], Appellant's Husband
[REDACTED], Appellant's Witness.

The Human Services Judge, based on the evidence in the record and considering the arguments of the parties, recommends the following findings of fact, conclusions of law, and order.

STATEMENT OF ISSUES

The issue raised in this appeal is:

Whether the agency properly terminated Appellant's MinnesotaCare coverage effective December 31, 2015 because Appellant's household income exceeded income limits for the program.

FINDINGS OF FACT

1. On December 23, 2015, MinnesotaCare sent Appellant a Health Care Notice informing her that her MinnesotaCare benefits would be terminated effective December 31, 2015 and she was notified that she did not qualify for Medical Assistance coverage. *Exhibit 2*. On February 23, 2016, Appellant submitted an Appeal to State Agency to the Appeals Office. *Exhibit 1*.

2. An evidentiary hearing was scheduled for March 21, 2016 but was continued pursuant to the agreement of Appellant. On April 8, 2016, Human Services Judge Kelly A. Vargo held an evidentiary hearing by telephone conference. The record was held open until April 13, 2016 to allow time for Appellant to submit additional documents. The record closed on April 13, 2016 consisting of the testimony and three exhibits.¹

3. On December 23, 2015 Appellant's renewal application for her MinnesotaCare was processed by the agency. *Exhibit 2*. On that same day, a Health Care Notice was sent to Appellant notifying her that her MinnesotaCare benefits would terminate effective December 31, 2015 and that she did not qualify for Medical Assistance coverage. *Id.*

4. Appellant (age 60) lives with her husband, [REDACTED]. *Exhibit 2*.

5. Appellant listed yearly wages for herself of \$6,248 on her renewal application. *Exhibit 2*. Appellant also reported bi-weekly income in the amount of \$525 for her husband. *Id.* Appellant's projected annual income was \$6,248 and her husband's projected annual income was \$32,699.00 *Id.*

6. The agency determined that Appellant was not eligible for Medical Assistance benefits because her household income exceeded \$21,186.00, the income limit for adults without children. *Exhibit 2*. The agency determined that Appellant was not eligible for MinnesotaCare coverage because her household income exceeded \$31,860.00, the income limit for the MinnesotaCare program. *Id.*

¹ Exhibit 1 – Appeal Request. Exhibit 2 –State Agency Appeal Summary with attachments.

7. Appellant contends that the agency incorrectly calculated her household income. *Testimony of Mr. and Mrs. [REDACTED]* Appellant contends that she was working at a school district but because of her current medical condition, she is unable to work. *Testimony of Appellant.* Appellant contends that her and her husband reported her income to be \$6,248 because that was what she made in 2014. *Id.* Appellant reports her 2015 W-2 shows she only made \$3,107 in gross yearly wages. *Exhibit 3.*

8. Appellant's husband does have employer sponsored insurance. *Testimony of Mr. [REDACTED]* Appellant's husband does have the ability to add his spouse to his insurance but has not done that. *Id.*

APPLICABLE LAW

9. A person may request a state fair hearing by filing an appeal either: 1) within thirty days of receiving written notice of the action; or 2) within ninety days of such notice if the appellant can show good cause why the request for an appeal was not submitted within the thirty day time limit. *Minn. Stat. 256.045, subd. 3(h).*

10. The Commissioner of the Minnesota Department of Human Services has the legal authority to review and decide issues about, among other things, any person applying for, receiving or having received public assistance, medical care, or a program of social services granted by the state agency or a county agency or the federal Food Stamp Act whose application for assistance is denied, not acted upon with reasonable promptness, or whose assistance is suspended, reduced, terminated, or claimed to have been incorrectly paid. *Minn. Stat. § 256.045, subd. 3.*

11. Minn. R. 7700.0105, subp. 1(A) provides that MNsure appeals are available for the following actions:

- (1) initial determinations and redeterminations made by MNsure of individual eligibility to purchase a qualified health plan through MNsure;
- (2) initial determinations and redeterminations made by MNsure of eligibility for and level of advance payment of premium tax credit, and eligibility for and level of cost sharing reductions;
- (3) initial determinations and redeterminations made by MNsure of employer eligibility to purchase coverage for qualified employees through the Small Business Health Options Program;
- (4) initial determinations and redeterminations made by MNsure of employee eligibility to purchase coverage through the Small Business Health Options Program;

- (5) initial determinations and redeterminations made by MNsure of individual eligibility for an exemption from the individual responsibility requirement;
- (6) a failure by MNsure to provide timely notice of an eligibility determination;
- (7) in response to a notice from MNsure under Code of Federal Regulations, title 45, section 155.310 (h), a determination by MNsure that an employer does not provide minimum essential coverage through an employer-sponsored plan or that the employer does provide coverage but is not affordable coverage with respect to an employee; and
- (8) in response to a denial of a request to vacate a dismissal.

12. The state laws about Medical Assistance are set forth in Minnesota Statutes, Chapter 256B. An applicant must verify residency, all income and assets, and the existence of any liable third-party payers of health care benefits. *Minn. Stat. § 256B.056, subd. 10.*

13. Effective January 1, 2014, to be eligible for Medical Assistance a parent or caretaker relative, children ages 19-20 and adults without children may have an income up to 133 percent of the federal poverty level (FPL) ² for the household size. *Minn. Stat. § 256B.056, subd. 4(b).*³

14. The modified adjusted gross income methodology as defined in the Affordable Care Act must be used for eligibility categories based on: (i) children under age 19 and their parents and relative caretakers; (ii) children ages 19 to 20; (iii) pregnant women; (iv) infants; and (v) adults without children. *Minn. Stat. § 256B.056, subd. 1a(b)(1).*

15. “Modified adjusted gross income” (MAGI) means adjusted gross income increased by: (i) amounts excluded from gross income under 26 U.S.C. §911 (foreign income and housing costs); (ii) tax exempt interest the taxpayer receives or accrues during the taxable year; and (iii) social security benefits not included in gross income under 26 U.S.C. §86. *26 C.F.R. §1.36B-1(e)(2).* Pursuant to the Affordable Care Act “household income” means the sum of a taxpayer's modified adjusted gross income plus the aggregate modified adjusted gross income of all other individuals who are included in the taxpayer's family and are required to file a tax return for the taxable year. *26 C.F.R. §1.36B-1(e)(1).*

² *Federal Register, Vol. 80, No. 14, January 22, 2015, pp. 3236-3237.* The Federal poverty line means the most recently published poverty guidelines (updated periodically in the FEDERAL REGISTER by the Secretary of Health and Human Services under the authority of 42 U.S.C. 9902(2)) as of the first day of the regular enrollment period for coverage by a qualified health plan offered through an Exchange for a calendar year. *26 C.F.R. § 1.36B-1(h).* The FPL for a household of two people for 2015 is \$15,930.

³ 133% of the FPL for a household of two people is \$21,186.90.

16. For individuals whose income eligibility is determined using the modified adjusted gross income methodology in Minnesota Statute § 256B.056, subdivision 1a(b)(1), the Commissioner must subtract from the individual's modified adjusted gross income an amount equivalent to five percent of the federal poverty guidelines. *Minn. Stat. § 256B.056, subd. 1a(b)(2)*; See also *42 C.F.R. § 435.603(c)(4)*.

17. The eligibility of Medical Assistance beneficiaries whose financial eligibility is determined using MAGI based income must be renewed once every 12 months. *42 CFR § 435.916 (a)(1)*; *Minn. Stat. § 256B.056, subd. 7*.

18. If the commissioner cannot renew eligibility based on information contained in the enrollee's case file and other information available to the agency, the Commissioner must provide the enrollee with a prepopulated renewal form containing eligibility information available to the agency and permit the enrollee to submit the form with any corrections or additional information to the agency and sign the renewal form via any of the modes of submission specified in section 256B.04, subdivision 18. *Minn. Stat. § 256B.056, subd. 7a(b)*.

19. Effective January 1, 2014 or upon federal approval, adults without children and families with children with income above 133 percent of the federal poverty guidelines and equal to or less than 200 percent of FPL for the applicable family size are eligible for MinnesotaCare.⁴ *Minn. Stat. § 256L.04, subd. 1 as amended in the Minnesota Session Laws, Chapter 108, Article 1, Section 55*. When determining eligibility for MinnesotaCare coverage as of January 1, 2014, "income" is determined by using modified adjusted gross income methodology, as defined in *26 C.F.R. § 1.36B-1*. *Minn. Stat. § 256L.01, subd. 5*. To be eligible for MinnesotaCare coverage, a family or individual must not have minimum essential health coverage, as defined by section 5000A of the Internal Revenue Code. *Minn. Stat. § 256L.07, subd. 3(a)*.

20. The agency must give beneficiaries timely and adequate notice of a proposed action to terminate, discontinue, or suspend their eligibility or to reduce or discontinue services they may receive under Medicaid. *42 C.F.R. § 435.919(a)*. The notice must meet the requirements of subpart E of part 431 of this subchapter. *42 C.F.R. § 435.919(b)*. The State or local agency must send a notice at least 10 days before the date of action. *42 C.F.R. § 431.211*.

CONCLUSIONS OF LAW

21. With respect to Appellant's eligibility for Medical Assistance benefits and MinnesotaCare coverage, the evidence shows that Appellant submitted her appeal within

⁴ 200 percent of FPL for a household of two people is \$31,860.00 annually.

60 days of receipt of the notice. Appellant wanted to discuss the issue with her authorized representative and so waited until they were able to meet. I find this is good cause and therefore, the appeal is timely and the Commissioner of Human Services has jurisdiction over this appeal under Minnesota Statutes § 256.045, subdivision 3.

22. The preponderant evidence shows that Appellant and her husband are tax filers who expect to claim no tax dependents. Therefore, Appellant has a household of two people for Medical Assistance and MinnesotaCare purposes. Appellant's verified income for 2015 was \$3,107.44 and her husband's projected annual income was \$32,699 which amounts to a total projected household income for 2016 in the amount of \$35,806.44. The percent of the FPL represented by Appellant's household income is calculated as follows:

Projected 2015 Household MAGI	\$ 35,806
Household Size	2
2015 FPL for Household Size	\$ 15,930
MAGI % of FPL	224.77%

23. Five percent is subtracted from the household's MAGI for determining eligibility for Medical Assistance benefits [$224.77\% - 5\% = 219.77\%$]. Appellant does not qualify for Medical Assistance benefits because the household MAGI, after subtraction of 5% FPL, exceeds 133% FPL for a household of two people, the income limit for adults without children.

24. Because Appellant's household income is above 200% of the federal poverty level, the agency correctly determined that Appellant is also not eligible for MinnesotaCare coverage. Additionally, testimony presented at the hearing shows Appellant has insurance available to her through her husband's employer sponsored insurance.

25. For these reasons, the determinations of the agency to terminate Appellant's MinnesotaCare benefits effective December 31, 2015 and deny Appellant's eligibility for Medical Assistance coverage should be upheld.

RECOMMENDED ORDER

THE HUMAN SERVICES JUDGE RECOMMENDS THAT the Commissioner of Human Services AFFIRM the determination that the Appellant is ineligible for MinnesotaCare benefits effective December 31, 2015.

THE HUMAN SERVICES JUDGE RECOMMENDS THAT the Commissioner of Human Services AFFIRM the determination that the Appellant is ineligible for Medical Assistance coverage effective December 23, 2015.

Kelly A. Vargo
Human Services Judge

Date

ORDER OF THE COMMISSIONER

IT IS THEREFORE ORDERED THAT based upon all the evidence and proceedings, the Commissioner of Human Services adopts the Human Services Judge's recommendation as her final decision.

FOR THE COMMISSIONER OF HUMAN SERVICES:

Date

cc: [REDACTED], Appellant
Teressa Saybe, Minnesota Department of Human Services – 0838
[REDACTED]