

**BEFORE THE ALASKA OFFICE OF ADMINISTRATIVE HEARINGS
ON REFERRAL BY THE COMMISSIONER OF HEALTH AND SOCIAL SERVICES**

In the Matter of)
)
 M T) OAH No. 12-0890-DKC
) DPA Case No.

DECISION

I. Introduction

M T applied for Denali KidCare benefits for her son.¹ The Division of Public Assistance (Division) determined that Ms. T' household's monthly countable income exceeded the Denali KidCare program's countable income limit for a household of three persons and denied her application.² Ms. T requested a hearing,³ which was held on December 11, 2012. Based on the undisputed facts, the Division's eligibility determination is affirmed.

II. Facts

Ms. T' household is composed of herself, her husband, her mother, and her four month old son.⁴ Ms. T' son was born premature by emergency C-section.⁵ The T household incurred approximately \$100,000 in medical bills, the majority of which are still owed.⁶ The T household has no health insurance coverage.⁷

Ms. T' monthly gross household income consists of her husband's retirement pay of \$3,945.09 per month, and rental property income of \$1,300.00 per month.⁸ The T household's expenses include approximately \$18,000 in back taxes owed to the Internal Revenue Service, as well as the \$100,000 in medical bills.⁹

Ms. T applied for Denali KidCare benefits on October 16, 2012.¹⁰ On November 1, 2012 the Division processed Ms. T' application and concluded that her household income exceeded the applicable Denali KidCare income limit.¹¹ On November 2, 2012 the Division notified Ms. T that it had denied her application for Denali KidCare benefits because her

¹ Exhibit 2.0.

² Exhibits 4, 5, 6.

³ Exhibit 5.1.

⁴ Exhibit 2.0.

⁵ Exhibit 2.2.

⁶ K T hearing testimony. Although previously retired, Mr. T has now been forced to go back to work in an effort to pay off debts, including these medical bills. *Id.*

⁷ Exhibit 2.2.

⁸ Exhibit 2.1.

⁹ K T hearing testimony.

¹⁰ Exhibit 2.0.

¹¹ Exhibit 3.

household's countable income of \$5,245.09 exceeded the \$3,482.00 Denali KidCare income limit for a household of three persons without health insurance.¹²

On November 16, 2012 Ms. T requested a hearing with regard to the Division's denial of her application.¹³ In her hearing request Ms. T stated that almost all of the \$1,300 per month in rental income received by her household must be used to pay for the rental property's utilities and taxes.¹⁴ Ms. T also stated that her household's medical bills totaled twice her household's annual income, and that if these medical bills could not be covered her family might be forced to file bankruptcy.¹⁵

Ms. T' hearing was held on December 11, 2012. Ms. T' husband participated in the hearing by telephone and represented the household. Public Assistance Analyst Jeff Miller participated in the hearing by telephone, represented the Division, and testified on its behalf. The record closed at the end of the hearing.

III. Discussion

With certain exceptions not applicable here, financial eligibility for the Denali KidCare program is determined according to the Family Medicaid eligibility requirements stated in 7 AAC 100.100 - 7 AAC 100.199.¹⁶ The procedure for determining income eligibility under the Family Medicaid Program has two steps. First, the Division determines the applicant's total monthly income.¹⁷ Next, the Division subtracts any applicable deductions from the applicant's total income; the resulting figure is the applicant's countable or net income.¹⁸

Initially, some categories of income are classified as *exempt* and are therefore not included in calculating a household's gross income.¹⁹ The retirement income and rental income at issue here are not among the 37 categories of income exempted by regulation.²⁰ The T household's retirement income and rental income are included in its gross income.

¹² Exhibits 4, 5, 6.

¹³ Exhibit 5.1.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ See 7 AAC 100.300(a); 7 AAC 100.310(a).

¹⁷ 7 AAC 100.102(c) and 7 AAC 100.180(a). 7 AAC 100.199(7) defines "total monthly income" as "the sum of a household's nonexempt earned income, self-employment income, and unearned income that is received or anticipated to be received in a month"

¹⁸ 7 AAC 100.180(b). 7 AAC 100.199(1) defines "countable income" as "total monthly income less all applicable deductions and disregards from income under 7 AAC 100.184 and 7 AAC 100.186"

¹⁹ 7 AAC 100.160.

²⁰ *Id.*

In addition to exempt income (which is not included as gross income in the first instance), the Family Medicaid program also provides several income deductions or disregards.²¹ Where applicable, deductions and disregards lower the household's countable income (i.e. the income counted when determining eligibility). Deductions include things like child support payments made by a household member, costs of caring for a child or for a disabled parent, as well as some fixed-amount reductions on income earned from employment.²² None of these deductions have been shown to apply here. In particular, because the fixed-amount reductions on income are available only for income earned from employment, they are not available to reduce the retirement income and rental income at issue here.

Since March 1, 2012, the Denali KidCare countable income limit for a household of three persons with no health insurance has been \$3,482.²³ The T household has \$5,245.09 in monthly gross income. None of this income is exempt, and there are no applicable deductions or disregards. The entire amount of the T household's monthly gross income is therefore countable for purposes of the Denali KidCare program. The T household's monthly countable income of \$5,245.09 exceeds the applicable monthly countable income limit of \$3,482.00 by \$1,763.09.

IV. Conclusion

The T household's countable income exceeds the Denali KidCare program's applicable countable income limit. The T household is not eligible for Denali KidCare benefits. The Division's decision denying those benefits is therefore affirmed.

Dated this 15th day of January, 2013.

Signed

Jay Durych

Administrative Law Judge

²¹ 7 AAC 100.184; 7 AAC 100.186.

²² *Id.*

²³ Alaska Family Medicaid Manual, Addendum 1 (Exhibit 7).

Adoption

The undersigned, by delegation from of the Commissioner of Health and Social Services, adopts this Decision, under the authority of AS 44.64.060(e)(1), as the final administrative determination in this matter.

Judicial review of this decision may be obtained by filing an appeal in the Alaska Superior Court in accordance with Alaska R. App. P. 602(a)(2) within 30 days after the date of this decision.

DATED this 28th day of January, 2013.

By: Signed
Name: Jay D. Durych
Title: Administrative Law Judge

[This document has been modified to conform to the technical standards for publication.]