

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

In the Matter of	)	
	)	
N. E. J. SR.	)	OAH No. 23-0662-CMB
_____	)	

**DECISION**

**I. Introduction**

N. E. J. Sr. was an Adult Public Assistance and Medicaid recipient in the fall of 2023. He was notified by the Division of Public Assistance (Division) on October 2, 2023 that his Adult Public Assistance and associated Medicaid benefits would be terminated after October 2023. He was also simultaneously notified that he was not eligible for Medicaid benefits under the Modified Adjusted Gross Income (MAGI) category, and that his Medicaid benefits would end after October 2023.

Mr. J. requested a hearing to challenge the termination of his Adult Public Assistance and Medicaid benefits. His hearing was held on December 11, 2023. Mr. J. represented himself and testified on his own behalf. Sally Dial, a Fair Hearing Representative with the Division represented the Division.

The evidence in this case shows that Mr. J. was approved for Social Security Disability benefits in April 2023, with those payments to begin in May 2023. Those Social Security payments, when combined with his monthly retirement pension benefits, caused him to exceed both the Adult Public Assistance program's and the Medicaid program's income limit. This made him financially not eligible for both Adult Public Assistance and Medicaid benefits. Consequently, the termination of his Adult Public Assistance and Medicaid benefits is **AFFIRMED**.

**II. Facts**

Mr. J. is a 61-year-old man with multiple severe health conditions. His household consists of himself and his minor son.<sup>1</sup> Mr. J.'s income prior to April of 2023 consisted of a \$1,149.60 pension benefit per month.<sup>2</sup> On April 21, 2023, the Social Security Administration

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<sup>1</sup> Exs. 3.14 – 3.15.

<sup>2</sup> Ex. 3.31.

informed him that he was approved for disability benefits in the amount of \$1,570 per month and that he would start receiving payments in May 2023.<sup>3</sup>

Mr. J., who was then receiving both Adult Public Assistance and Medicaid benefits, notified the Division on May 4, 2023 and July 7, 2023 that he was approved for Social Security benefits.<sup>4</sup> He applied to renew his Medicaid and Adult Public Assistance benefits on August 31, 2023.<sup>5</sup> As part of the application, he provided the Division with documentation showing that he received a \$1,149.60 gross monthly payment from his retirement pension, and a \$1,570 gross monthly payment from Social Security.<sup>6</sup> In addition to receiving these benefits, both he and his minor son were eligible for and were to receive the 2023 Alaska Permanent Fund Dividend (PFD).<sup>7</sup> The 2023 PFD amount was \$1,312.<sup>8</sup>

On October 2, 2023, the Division notified Mr. J. that his August 31, 2023 Adult Public Assistance and Medicaid renewal application was denied because his monthly income exceeded the Adult Public Assistance income limit of \$1,276.<sup>9</sup> That same date, October 2, 2023, the Division sent Mr. J. notice that he was also not financially eligible for Medicaid under the Modified Adjusted Gross Income (MAGI) category for two-person household because his monthly household income, which consisted of his pension (\$1,149.60), his Social Security payment (\$1,570), and he and his son's PFDs (\$109.33<sup>10</sup> monthly apiece) totaled \$2,938.26. Because this amount exceeded the Medicaid MAGI's income limit of \$2,779 for his two-person household, the notice informed Mr. J. that his Medicaid benefits would be terminated after October 2023.<sup>11</sup>

### **III. Discussion**

The Medicaid program has numerous eligibility categories. Mr. J. has two potential eligibility categories. The first is Adult Public Assistance related. Individuals who are eligible for Adult Public Assistance are eligible for Medicaid.<sup>12</sup> In addition, parents, and other caretaker

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<sup>3</sup> Ex. 3.30.

<sup>4</sup> Exs. 2 – 2.3.

<sup>5</sup> Exs. 3.13 – 3.29.

<sup>6</sup> Exs. 3.30 – 3.31.

<sup>7</sup> Ex. 3.12.

<sup>8</sup> See <https://pfd.alaska.gov/>.

<sup>9</sup> Ex. 4.

<sup>10</sup> The Division arrives at a monthly amount for the PFD by taking the total amount of the yearly PFD, in this case \$1,312, and dividing it by 12. This results in a monthly amount of \$109.33 for 2023.

<sup>11</sup> Exs. 4.1 – 4.2.

<sup>12</sup> 7 AAC 100.410.

relatives, who have their minor children residing with them are eligible for Medicaid in the MAGI category.

There is a financial eligibility test for Adult Public Assistance and its associated Medicaid benefits. To financially qualify for Adult Public Assistance and its associated Medicaid benefits, an unmarried person living independently in their own home may not have more than \$1,276 in monthly income.<sup>13</sup> The monthly income limit for the MAGI Medicaid category for a two-person household, which would be Mr. J. and his minor child, is higher, \$2,779 per month.<sup>14</sup>

The pertinent issue is whether Mr. J.'s monthly income exceeded the limit for Adult Public Assistance and its related Medicaid of \$1,276 or the Magi Medicaid category limit of \$2,779. Mr. J.'s monthly income undisputedly consists of his Social Security (\$1,570) and his retirement pension (\$1,149.60). Social Security and retirement pensions are counted as income for both the Adult Public Assistance and the MAGI Medicaid categories.<sup>15</sup> While PFDs are not counted as income for Adult Public Assistance financial eligibility purposes, they are counted as income for MAGI financial eligibility purposes.<sup>16</sup>

Mr. J.'s monthly countable income is therefore as follows:

Type	Adult Public Assistance and Related Medicaid – countable income	MAGI Medicaid – countable income
Social Security	\$1,570.00	\$1,570.00
Retirement Pension	\$1,149.60	\$1,149.60
Mr. J.'s PFD (\$1,312 divided by 12)	-0-	\$ 109.33
Mr. J.'s son's PFD (\$1,312 divided by 12)	-0-	\$ 109.33

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<sup>13</sup> The Adult Public Assistance income limit for someone in Mr. J.'s situation was \$1,276 in 2023. *Alaska Adult Public Assistance Manual Addendum 1. Also see Ex. 6.*

<sup>14</sup> The monthly income limit for a two-person household that includes a parent/caretaker relative and a minor child is \$2,676. This amount is increased by \$103 as an "income disregard." See Exs. 7 – 7.1. The monthly income limit for Mr. J.'s two-person household is therefore \$2,676 + \$103 = \$2,779.

<sup>15</sup> See 7 AAC 40.300 and *Alaska Adult Public Assistance Manual Addendum 3* for a list of countable income for Adult Public Assistance financial eligibility purposes. See *Alaska Modified Adjusted Gross Income Medicaid Manual Addendum 3* for a list of countable income for MAGI financial eligibility purposes.

<sup>16</sup> See fn. 15 above. It should be noted that if Mr. J.'s son's PFD was under \$1,150, it would not have been counted as income. See *Alaska Modified Adjusted Gross Income Medicaid Manual* § 818. However, because the 2023 PFD amount was \$1,312, it is countable as income.

Income disregards/deductions	<\$ 20.00> <sup>17</sup>	-0-
Total Countable Monthly Income	\$2,699.60	\$2,938.26

Mr. J.'s countable income for Adult Public Assistance and its related Medicaid is \$2,699.60. This exceeds the income cap for those programs of \$1,276. Mr. J.'s countable income for MAGI Medicaid is \$2,938.26. This exceeds the income cap for that program of \$2,779. Accordingly, Mr. J. is no longer eligible for Adult Public Assistance or its related Medicaid. Nor is he eligible for Medicaid under the MAGI category.

The Medicaid program, however, does not immediately terminate Medicaid coverage for households containing children under the age of 21, upon the parents/caretaker relatives exceeding the program's income limits for the household. Instead, if certain conditions are met, it provides the household with Medicaid benefits for a period of 12 months (Transitional Medicaid), starting with the month after which the household became financially ineligible for Medicaid benefits.<sup>18</sup> In order to qualify for Transitional Medicaid, the increase in income must be caused by an increase in earnings.<sup>19</sup> Mr. J.'s income went over the income limit, however, due to his receipt of Social Security Disability benefits, not an increase in his earnings.<sup>20</sup> Accordingly, he does not qualify for Transitional Medicaid benefits.

#### **IV. Conclusion**

Mr. J.'s receipt of Social Security Disability benefits caused him to exceed the income limit for Adult Public Assistance. This also meant that he was not eligible for the Medicaid benefits that accompany Adult Public Assistance eligibility. His income increase also caused him to not be eligible for the MAGI Medicaid category. Accordingly, the termination of his Adult Public Assistance and Medicaid benefits is AFFIRMED.

<sup>17</sup> 7 AAC 40.320(a)(23) An Adult Public Assistance applicant/recipient is entitled to very few deductions/exclusions from their income. The list of available exclusions/deductions is contained at 7 AAC 40.320.

<sup>18</sup> 7 AAC 100.200, 7 AAC 100.204; Ex. 12.1.

<sup>19</sup> 7 AAC 100.200(a)(2).

<sup>20</sup> Social Security payments, of any nature whatsoever, along with retirement/pension benefits, are all considered unearned income. They are not considering earnings. See 7 AAC 100.158(d), 7 AAC 100.199, and 7 AAC 100.209.

Dated: January 11, 2024

By: Signed  
Signature  
Lawrence A. Pederson  
Name  
Administrative Law Judge  
Title

[This document has been modified to conform to the technical standards for publication. Names may have been changed to protect privacy.]

## Adoption

The undersigned, by delegation from the Commissioner of Health, 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 5th day of February, 2024.

By: Signed  
Signature  
Daniel R. Phelps II  
Name  
Process Improvement Manager  
Title

[This document has been modified to conform to the technical standards for publication. Names may have been changed to protect privacy.]