

WASHINGTON STATE  
OFFICE OF ADMINISTRATIVE HEARINGS

OAH docket  
number

In the matter of:

Docket No. 00-2016-HCA-99999

Jane Smith,

**INITIAL ORDER**

Type of order

Agency: Health Care Authority  
Program: Washington Apple  
Agency No. 99999999

HCA client ID  
(agency number)

**I. ISSUE PRESENTED**

- 1.1. Did the Health Care Authority ("HCA") properly terminate Jane Smith's Washington Apple Health benefits effective February 29, 2016, because her household was over income?

**II. ORDER SUMMARY**

Summary of  
judge's  
decision

- 2.1. Jane Smith did not qualify for Washington Apple Health benefits as of February 29, 2016, because her household was over-income, so HCA properly terminated her Washington Apple Health benefits as of February 29, 2016.

**III. HEARING**

- 3.1. Hearing Date: May 5, 2016
- 3.2. Administrative Law Judge: [Judge's Name]
- 3.3. Appellant: Jane Smith
  - 3.3.1. Representative: John Smith
- 3.4. Agency: Health Care Authority
  - 3.4.1. Representative: [HCA Representative Name], HCA Hearing Representative
  - 3.4.2. Witness: [HCA Representative Name]
- 3.5. Exhibits: The Administrative Law Judge admitted HCA's Exhibits 1 through 9 and Appellant's Exhibit A.
- 3.6. Post Hearing Submissions: The HCA and the Appellant each provided post-hearing submissions as permitted by the Administrative Law Judge.

#### **IV. FINDINGS OF FACT**

I find the following facts by a preponderance of the evidence:

##### ***Jurisdiction***

- 4.1. On February 16, 2016, Jane Smith was deemed ineligible for the Washington Apple Health program because her household was over-income and therefore she was ineligible for the Washington Apple Health program. Exhibit 5.
- 4.2. On February 22, 2016, Jane Smith submitted a request for hearing. Exhibit 7.

##### ***Appellant's Household and Household Income***

- 4.3. As of February of 2016, Jane Smith's household included Jane Smith, her spouse John Smith, and their minor children, Jill Smith and Jack Smith. Exhibits 5 and 8.
- 4.4. For the calendar year 2015, Jane and John Smith had a federal adjusted gross income in the total amount of \$34,685. During that year, Jane and John Smith had IRA distributions totaling \$47,000. Exhibit 7.
- 4.5. The IRA account withdrawals made for the benefit of Jane Smith's household were made as needed but not on a set frequency. Exhibit 3.

##### ***Health Care Insurance***

- 4.6. Jane Smith and John Smith's participation in the Washington Apple Health program was terminated effective February 29, 2016. Exhibit 5.
- 4.7. Jane Smith and John Smith were reinstated in the Washington Apple Health program effective March 1, 2016, pending the outcome of the appeal in this matter. Testimony of [HCA Representative Name].

#### **V. CONCLUSIONS OF LAW**

Based upon the facts above, I make the following conclusions of law:

##### ***Jurisdiction***

- 5.1. When HCA terminates someone's Washington Apple Health benefits, that beneficiary has a right to a hearing.<sup>1</sup> I have jurisdiction over a case when a person with a right to a hearing files a timely appeal.<sup>2</sup>

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<sup>1</sup> RCW 74.09.741(1)(a).

<sup>2</sup> RCW 74.09.741(4).

5.2. Because HCA terminated Jane Smith's Washington Apple Health benefits, Jane Smith has a right to a hearing under RCW 74.09.741(1). Because Jane Smith has a right to a hearing and filed a timely appeal, I have jurisdiction over this case.

### **MAGI**

5.3. HCA awards Medical Assistance under several programs. For healthy adults and children, it awards Washington Apple Health medical assistance (WAH) based on Modified Adjusted Gross Income (MAGI).<sup>3</sup> MAGI is based upon "adjusted gross income" as defined by the Internal Revenue Code (IRC).<sup>4</sup> Those who have household MAGI at or below 133% of the Federal Poverty Level (FPL) qualify for MAGI based Medical Assistance.<sup>5</sup> For 2015, 133% of the FPL for a four person household is \$2,688.00 per month.<sup>6</sup>

5.4. A household includes everyone that a taxpayer may claim as deductions under 26 U.S.C. § 151.<sup>7</sup> A taxpayer may claim himself, his spouse, and all dependents as deductions.<sup>8</sup> "Dependents" include qualifying children and qualifying relatives.<sup>9</sup> A "qualifying child" is a natural or adopted child, a grandchild, or a minor sibling who lives with the taxpayer.<sup>10</sup> A "qualifying relative" is a low-income child, grandchild, sibling, parent, niece, nephew, or in-law whom the taxpayer provides over half of that person's support.<sup>11</sup>

5.5. In the present case, Jane Smith has a four person household. Jane Smith's household's adjusted gross income for 2015 was \$34,685.00, and averaged \$2,894.41 per month. Unearned income included in calculating a person's adjusted gross income includes income from IRA distributions.<sup>12</sup> Because the IRA distributions received by Jane Smith were received in multiple distributions as needed throughout the year rather than in one lump sum, the IRA distributions received by Jane Smith do not qualify as lump sum payment excluded from modified adjusted gross income under WAC 182-509-0375, even though Jane Smith never received more than one distribution in any one month.

5.6. The monthly Modified Adjusted Gross Income incorporates a reduction equal to 5% of the FPL based on family size. WAC 182-509-0300(4). The annual FPL for a four person family for 2015 is \$24,250<sup>13</sup>; the monthly FPL for a four person family for 2015 is \$2,020.83. In the case of Jane Smith, the 5% reduction in the monthly FPL for a four person family for 2015 is \$101.04. Therefore, Jane Smith's monthly MAGI for the calendar year 2015 was \$2,894.41 less \$101.04: \$2,793.37.

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<sup>3</sup> WAC 182-503-0510; WAC 182-503-0505 (includes other criteria).

<sup>4</sup> WAC 182-500-0070, definition of "Modified Adjusted Gross Income (MAGI)"; WAC 182-509-0300.

<sup>5</sup> WAC 182-505-0100(1)(b).

<sup>6</sup> Exhibit 4.

<sup>7</sup> 26 U.S.C. § 5000A(c)(4)(A).

<sup>8</sup> 26 U.S.C. § 151(a) – (c).

<sup>9</sup> 26 U.S.C. § 152(a).

<sup>10</sup> 26 U.S.C. § 152(c).

<sup>11</sup> 26 U.S.C. § 152(d).

<sup>12</sup> WAC 182-509-0325(1)(e).

<sup>13</sup> See <https://aspe.hhs.gov/2015-poverty-guidelines>.

5.7. Because Jane Smith's household MAGI of \$2,793.37 was over \$2,668.00 per month on average for the calendar year 2015, he did not qualify for Medical Assistance based on MAGI under WAC 182-503-0510. Therefore, Jane Smith did not qualify for the Washington Apple Health program based on MAGI as of February 29, 2016.

## VI. ORDER

It is hereby ORDERED:

6.1. Jane Smith did not qualify for Washington Apple Health benefits as of February 29, 2016, so HCA properly terminated Jane Smith's Washington Apple Health benefits as of February 29, 2016.

6.2. The Health Care Authority's action is **AFFIRMED**.



Dated: May 25, 2016.

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[Judge's Name]  
Administrative Law Judge  
Office of Administrative Hearings

DECLARATION OF SERVICE

I declare under penalty of perjury under the laws of the State of Washington that today I served a copy of this document, by placing it in the mail with postage prepaid, addressed to the following parties of record:

[HCA Representative Name]  
P. O. Box 45531  
Olympia, WA 98504

Agency Representative

**People who  
received this  
order**

Jane Smith  
123456 Apple Lane  
Tacoma, WA 98402

HCA Appeals Administrator  
P.O. Box 45504  
Olympia, WA 98504-5504

Program Administrator

Dated May 25, 2016, at Tacoma, Washington.  
(DATE OF MAILING)

**Date Mailed  
(used for  
deadlines)**

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OAH Representative  
Office of Administrative Hearings  
949 Market Street Suite 500  
Tacoma, WA 98402

**What if I disagree?**

**APPEAL RIGHTS**

Under WAC 182-526-0525 and RCW 34.05.464, this order becomes final 21 calendar days after the date of mailing, unless:

1. You or any party files an appeal (request for review) with the Board of Appeals within 21 calendar days after the date this order was mailed (see date of mailing in Declaration of Service above); or
2. You or any party files a request for extension of the 21-day deadline, which is granted by the review judge under WAC 182-526-0580(2); or
3. You or any party files a late request for review, no more than 30 calendar days after the 21-day deadline, which is accepted by a review judge in accordance with WAC 182-526-0580(3); or
4. A managed care enrollee requests review by an independent review (IR) organization in accordance with RCW 48.43.535 prior to the initial order becoming final or a final order being entered by a review judge. See WAC 182-526-0200 for more information on enrollee appeals.

A request for extension of the 21-day deadline must be filed within the 21 days and must state a good reason why more time is needed. WAC 182-526-0580(2).

A request for review filed after the 21-day deadline must be filed within 30 calendar days after the 21-day deadline and must state a good reason for missing the 21-day deadline. WAC 182-526-0580(3).

The mailing address for filing a request for review is:

Board of Appeals  
PO Box 42700  
Olympia, WA, 98504-2700

If you choose to file a request for review, you may use the form and instructions that accompany this order.



If You Disagree  
You Can Appeal

1. **DEADLINE for Appeal:** The Board of Appeals must receive your appeal within twenty-one (21) calendar days from the date of mailing the enclosed hearing decision. If you miss the deadline, you may lose all rights to appeal the decision.
2. **If You Need More Time:** A Review Judge can delay (postpone, extend) the deadline, but you must ask within the twenty-one (21) day time limit.
3. **Who May Appeal:** Generally, anyone directly affected by the decision.
4. **How To Appeal:** Use the enclosed form or make your own. You must send or deliver the Appeal to the Board of Appeals (see address below). Be sure to keep a copy.
5. **Copies To Other Parties:** You must send or deliver a copy of the appeal (and attachments) to every other party in this matter.
6. **What Happens Next:** The Board of Appeals will inform all parties when it receives an Appeal or a request for more time. A Review Judge (RJ) will read all the paperwork related to the case and will listen to the tape-recording of the hearing. The RJ will also consider the law and the arguments that the parties submit. The RJ may decide whether to consider new evidence (that is, something that was not considered at the hearing). The RJ will NOT hold a new hearing. The RJ will then write a decision and mail it to all parties. The RJ may agree with or change the decision being appealed. The RJ may order a new hearing and/or a new decision. If you disagree with the RJ's decision on the appeal, you will be able to appeal to superior court, or ask the RJ to reconsider, or both. You will receive more information about the next level of appeal rights when you receive the review decision.
7. **If You Need Help:** If you had a person (such as an attorney or friend) represent you at the hearing, contact him or her. If you think you need an attorney, try to find one that specializes in the type of law involved in your case. Ask friends or relatives for a reference, or contact your local bar association or referral services (usually listed at the end of the "attorney" section in the telephone book advertising section). Evergreen Legal Services, Puget Sound Legal Assistance Foundation, the Northwest Women's Law Center, Spokane Legal Services, some law schools, and other non-profit legal organizations may be able to provide you with legal assistance or referrals. You are not guaranteed an attorney free of charge.
8. **Translations And Visual Challenges:** If you do not read and write English, you may submit and receive papers in your own language. If you are visually challenged, you have the right to submit and receive papers in an alternate format such as Braille or large print. Let the Board of Appeals know your needs.

<b>Send or deliver your Appeal (Request for Review) to the OFFICE OF APPEALS:</b>	
<b><u>MAILING ADDRESS</u></b> BOARD OF APPEALS P.O. BOX 42700 OLYMPIA WA 98504-2700	<b><u>PERSONAL SERVICE LOCATION</u></b> HCA Board of Appeals 626 8 <sup>th</sup> Avenue S.E. Olympia, Washington
<b><u>FAX</u></b> 1-360-507-9018	<b><u>TELEPHONE (for more information)</u></b> 1-360-725-0910 or 1-844-728-5212