



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES  
SUZANNE SONNEBORN  
EXECUTIVE DIRECTOR

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DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED], MI [REDACTED]

Date Mailed: August 7, 2024  
MOAHR Docket No.: 24-006174  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Christian Gardocki**

**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; 42 CFR 438.400 to 438.424; 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 July 25, 2024. Petitioner participated and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Crystal Hackney, supervisor, Kathleen Grace, specialist.

**ISSUE**

The issue is whether MDHHS properly determined Petitioner's Medical Assistance (MA) eligibility.

**FINDINGS OF FACT**

The administrative law judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. As of March 2024, Petitioner was disabled and/or aged, a Medicare recipient, not a caretaker to minor children, unmarried, and not pregnant.
2. As of March 2024, Petitioner received gross monthly Retirement, Survivors and Disability Insurance (RSDI) of \$1,342 (dropping cents).
3. As of March 2024, Petitioner was an ongoing recipient of Medicaid benefits based on being a recipient of Supplemental Security Income (SSI) benefits.
4. As of March 2024, Petitioner was not receiving SSI benefits.

5. On May 17, 2024, MDHHS terminated Petitioner's Medicaid eligibility based on receipt of SSI.
6. On May 29, 2024, Petitioner requested a hearing to dispute the determination of MA benefits.
7. On July 8, 2024, MDHHS determined that Petitioner was only MA eligible for Plan First and Medicaid subject to a \$947 monthly deductible beginning June 2024.

### **CONCLUSIONS OF LAW**

The 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. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MA policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing to dispute a determination of Medicaid. Exhibit A, pp. 4-5. As of March 2024, Petitioner received Medicaid based on being a recipient of SSI benefits. Petitioner's testimony acknowledged that she stopped receiving SSI benefits in March 2020. On March 11, 2024, MDHHS sent Petitioner notice on March 7, 2024, that Medicaid based on receipt of SSI would end due to Petitioner no longer receiving SSI benefits; however, other MA categories could be considered upon Petitioner's return of documents. Exhibit A, p. 11. A Health Care Coverage Determination Notice dated May 17, 2024, stated that Petitioner's Medicaid eligibility would end due to a failure to Petitioner's alleged failure to timely return a Health Care Coverage Supplemental Questionnaire. Exhibit A, pp. 12-15. Despite the notice of termination, MDHHS later processed Petitioner's Medicaid eligibility.<sup>1</sup> MDHHS testified that a Health Care Coverage Determination Notice dated July 8, 2024, approved Petitioner for Plan First and Medicaid subject to a \$947 monthly deductible beginning June 2024.<sup>2</sup>

Medicaid is also known as MA. BEM 105 (October 2023) p. 1. The MA program includes several sub-programs or categories. *Id.* To receive MA under a Supplemental Security Income (SSI)-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. *Id.* Medicaid eligibility for

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<sup>1</sup> Arguably, MDHHS resolved Petitioner's hearing request by processing Petitioner's Medicaid eligibility. Nevertheless, the analysis will accept the later determination of Medicaid stems from Petitioner's original dispute.

<sup>2</sup> Plan First is a Group 1 MAGI-related limited-coverage MA category available to any United States citizen or individual with a qualified immigration status. BEM 124 (July 2023) p. 1. Plan First is considered a limited coverage because it only covers family planning services such as birth control (see form DCH-2840-MSA).

children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild and Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology.<sup>3</sup> *Id.*

Persons may qualify under more than one MA category. *Id.*, p. 2. Federal law gives them the right to the most beneficial category. *Id.* The most beneficial category is the one that results in eligibility, the least amount of excess income or the lowest cost share. *Id.*

MA categories are also split into categories of Group 1 and Group 2. *Id.*, p. 1. For Group 1, a group's net income must be at or below a certain income level for eligibility. *Id.* Group 2 categories are considered a limited benefit (not limited coverage) because a deductible is possible. *Id.*

Petitioner completed a Health Care Coverage Supplemental Questionnaire on March 29, 2024, and reported being disabled and/or aged, at least 19 years of age, not pregnant, a Medicare recipient, and not a caretaker to minor children. Exhibit A, pp. 7-10. Given the circumstances, Petitioner is ineligible for all MAGI-related categories. As a disabled and/or aged individual, Petitioner is potentially eligible to receive MA under the SSI-related category of Aged/Disability-Care (AD-Care).<sup>4</sup>

At all relevant times, Petitioner was without minor children and did not reside with a spouse. For purposes of AD-Care, Petitioner's group size is one. BEM 211 (October 2023) p. 8.

It was not disputed that Petitioner received gross monthly income of \$1,342 (dropping cents). Generally, MDHHS counts the gross amount of RSDI in determining Medicaid eligibility.<sup>5</sup> BEM 503 (January 2023) p. 29. Petitioner's countable income for AD-Care is \$1,342.

MDHHS gives AD-Care budget credits for employment income, guardianship expenses, and/or conservator expenses. Cost of living adjustments (COLA) are applicable for the benefit months of January through March only. BEM 503 (January 2019) p. 29. Petitioner did not allege any relevant budget expenses or credits.

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<sup>3</sup> Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

<sup>4</sup> During the hearing, Petitioner testified she is a widow and that her income changed from SSI to RSDI after her spouse passed. Consideration was given to Petitioner being eligible under the MA category of Early Widow(er). BEM 157 (July 2020) p. 2. However, such consideration was rejected because Early Widow(er) eligibility is indicated by a claim number ending in "w"; Petitioner's Social Security claim# ended in "D".

<sup>5</sup> Exceptions to counting gross RSDI include the following: certain former SSI recipients (e.g., disabled-adult children, 503 individuals, and early widowers), retroactive RSDI benefits, Medicare premium refunds, fee deductions made by qualified organizations acting as payee, and "returned benefits" (see BAM 500). No exceptions were applicable to the present case.

For SSI-Related MA categories, MDHHS is to apply the deductions allowed in BEM 541 for adults. BEM 163 (July 2017) p. 2. A \$20 disregard is given for unearned income. BEM 541 (July 2019) p. 3. Subtracting the \$20 disregard results in countable income of \$1,322.

Net income for AD-Care cannot exceed 100% of the federal poverty level BEM 163 (July 2017) p. 2. In 2024, the annual federal poverty level for a 1-person group residing in Michigan is \$15,060.<sup>6</sup> Dividing the annual FPL by 12 results in a monthly income limit of \$1,255. The same income limit is found in policy.<sup>7</sup> RFT 242 (April 2023) p. 1. Petitioner's countable income of \$1,322 exceeds the AD-Care income limit.<sup>8</sup> Given the evidence, MDHHS properly determined Petitioner to be ineligible for MA under AD-Care or any other Group 1 MA category.

Though Petitioner is ineligible for MA benefits under AD-Care or any other Group 1 category, Petitioner may still receive MA under a Group 2 category. For Group 2 categories, eligibility is possible even when net income exceeds the income limit for a Group 1 category; this is possible because incurred medical expenses are used when determining eligibility. BEM 105 (January 2023) p. 1. Group 2 categories are considered a limited MA benefit because a deductible is possible. *Id.* For aged/disabled persons, G2S is the applicable Group 2 MA category (see BEM 166).

Clients with a deductible may receive MA if sufficient allowable medical expenses are incurred.<sup>9</sup> BEM 545 (April 2018), p. 11. Each calendar month is a separate deductible period. *Id.* The fiscal group's monthly excess income is called the deductible amount. *Id.* Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. *Id.*

Petitioner's gross countable income of \$1,342 is unchanged for G2S. The G2S budget allows a \$20 disregard for unearned income and various employment income disregards. The G2S budget also factors ongoing medical expenses (which are applied toward a deductible), insurance premiums, and remedial services. No medical expenses were applicable.

A client's deductible is calculated by subtracting the protected income level (PIL) from the client's net income. A PIL is a standard allowance for non-medical need items such as shelter, food, and incidental expenses. The PIL for Petitioner's shelter area and group size is \$375. RFT 240 (December 2013) p. 1.

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<sup>6</sup> <https://www.healthcare.gov/glossary/federal-poverty-level-fpl/>

<sup>7</sup> MDHHS policy lists an income limit of \$1,275 was noting the \$20 disregard is factored into the limit.

<sup>8</sup> Presumably, Petitioner's group's income is within the income guidelines to receive the limited coverage MA category of Plan First. The Plan First income limit is 195% of the FPL. BEM 124 (July 2023) p. 2.

<sup>9</sup> Clients should be aware that medical expenses need only be incurred, and not necessarily paid, to meet a deductible/spenddown.

Subtracting the PIL (\$375) and \$20 disregard from Petitioner's countable income of \$1,342 results in a monthly deductible of \$947; MDHHS calculated the same deductible. Thus, MDHHS properly determined Petitioner's Medicaid eligibility.

### **DECISION AND ORDER**

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Petitioner to be eligible for Plan First and Medicaid subject to a \$947 monthly deductible beginning June 2024. The actions of MDHHS are **AFFIRMED**.

CG/nr

  
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**Christian Gardocki**  
Administrative Law Judge

**NOTICE OF APPEAL:** A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Office of Administrative Hearings and Rules (MOAHR).

A party may request a rehearing or reconsideration of this Order if the request is received by MOAHR within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MOAHR will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MOAHR. If submitted by fax, the written request must be faxed to (517) 763-0155; Attention: MOAHR Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Office of Administrative Hearings and Rules  
Reconsideration/Rehearing Request  
P.O. Box 30639  
Lansing, Michigan 48909-8139

**Via-Electronic Mail :**

**DHHS**

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**Interested Parties**

BSC4  
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EQAD  
MOAHR

**Via-First Class Mail :**

**Petitioner**

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