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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

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██████████, MI ██████████

Date Mailed: November 22, 2024  
MOAHR Docket No.: 24-010719  
Agency No.: ██████████  
Petitioner: ██████████ ██████████

**ADMINISTRATIVE LAW JUDGE: Caralyce M. Lassner**

**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 by telephone on October 24, 2024. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Shyla Coleman, Eligibility Specialist and Hearings Facilitator.

**ISSUE**

Did the Department properly determine Petitioner’s eligibility for Medicaid (MA) coverage effective July 1, 2024 ongoing?

**FINDINGS OF FACT**

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. Petitioner was an ongoing recipient of MA, and her MA case was closed in June 2024. (Exhibit A, pp. 6, 17).
2. Petitioner is █████ years old, disabled, and a Medicare recipient. Petitioner receives Retirement Survivors and Disability Insurance (RSDI) of \$1,543.70 per month and is employed part time by █████ (Employer). (Exhibit A, pp. 5, 11, 14 – 15).
3. On █████ █████ 2024, the Department received an application for FAP and MA from Petitioner. (Exhibit A, pp. 11 – 20).

4. On August 20, 2024, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that approved Petitioner for Group 2 Aged, Blind and Disabled (G2S) MA with a monthly deductible of \$1,567 for July 2024 ongoing.
5. On September 16, 2024, the Department received a request for hearing from Petitioner, disputing the Department's determination of Petitioner's monthly MA deductible of \$1,567. (Exhibit A, pp. 3 – 5).
6. On September 26, 2024, the Department sent Petitioner a manual Benefit Notice that approved Petitioner for G2S MA with a monthly deductible of \$1,392 for July 2024 ongoing. (Exhibit A, p. 25).

### **CONCLUSIONS OF LAW**

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), Department of Health and Human Services Reference Tables Manual (RFT), and Department of Health and Human Services Emergency Relief Manual (ERM).

The Medical Assistance (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. The Department (formerly known as the Department of Human Services) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

Petitioner requested a hearing to dispute the Department's determination of her MA eligibility for MA coverage subject to a monthly deductible. The Department initially approved Petitioner for MA subject to a monthly deductible of \$1,567 for July 2024 ongoing. Following Petitioner's request for hearing, the Department issued a revised notice to Petitioner that approved her for MA subject to a monthly deductible of \$1,392 for July 2024 ongoing.

Under federal law, an individual is entitled to the most beneficial category, which is the one that results in a) eligibility, b) the least amount of excess income, or c) the lowest cost share. BEM 105 (January 2024), p. 2. All MA category options must be considered in order for the Petitioner's right of choice to be meaningful. BEM 105, p. 2. MA is available (i) under SSI-related categories to individuals who are aged (65 or older), blind or disabled, (ii) to individuals who are under age 19, parents or caretakers of children, or pregnant or recently pregnant women, and (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105, p. 1; BEM 137 (January 2024), p. 1; BEM 124 (July 2023), p. 1.

In this case, Petitioner is ■ years old, disabled, a Medicare recipient, not the caretaker of a minor child, and has earned and unearned income. (Exhibit A, pp. 11 – 18). Therefore, Petitioner is eligible for MA under only SSI-related categories and is potentially eligible for AD-Care MA, Freedom to Work (FTW) MA, or G2S MA. AD-Care MA and FTW are Group 1, full-coverage, SSI-related MA programs, while G2S is a Group 2 program and is subject to a monthly deductible. BEM 105, p. 1. While Petitioner may qualify for coverage under these three MA programs, because AD-Care MA offers full-coverage with no premium and does not have a deductible, it is a more beneficial coverage for Petitioner than the others.

The AD-Care program is a Group 1, full-coverage, SSI-related MA program for individuals who are income-eligible based on their MA fiscal group size. BEM 163 (July 2017), p. 1. Net income for this program cannot exceed 100% of the Federal Poverty Level (FPL) for the fiscal group size. BEM 163, p. 1. For SSI-related MA purposes, adults who are not married are a fiscal group size of one. BEM 211 (October 2023), p. 8. Petitioner testified that she is not married; therefore, she is a fiscal group of one. Because she is a fiscal group of one, to be income eligible for this program, Petitioner's monthly income would have had to be \$1,255 or less. RFT 242 (April 2024).

There was no dispute that Petitioner receives RSDI in the amount of \$1,543.70 per month. (Exhibit A, p. 5). The total gross amount of RSDI is counted as unearned income but, for purposes of SSI-related MA, is reduced by \$20 to determine the net unearned income. BEM 503 (April 2024), pp. 6 – 10, 30 – 31; BEM 541 (January 2024), p. 3; see also BEM 163. Petitioner, who does not have expenses related to non-SSI children, or a court-appointed guardian and/or conservator, is not eligible for any additional deductions from her RSDI income. BEM 541, pp. 1, 3. And although Petitioner also has earned income, because Petitioner's RSDI income alone, reduced by \$20, is \$1,523, which is more than the limit for AD-Care MA, the Department properly determined Petitioner was not eligible for AD-Care MA.

Because Petitioner is under 65 and has earned income, she may be eligible for FTW MA, which, as full-coverage MA, is the next most beneficial MA coverage available to her based on her circumstances.

The FTW program is also a Group 1, full-coverage, SSI-related MA program, and eligibility is determined based on income age, disability, employment, and other financial factors. BEM 174 (January 2020), pp. 1 – 2. Disabled clients aged 16 through 64 who have earned income and who are ineligible for AD-Care MA coverage because of excess income may still be eligible for FTW MA, but may be required to pay a premium. BEM 105, p. 1; BEM 174, pp. 1 – 3. For FTW, initial income eligibility exists when the client's total countable income does not exceed 250% of the FPL, and ongoing eligibility exists when the client's unearned income does not exceed 250% of the FPL. BEM 174, p. 3. A client eligible for FTW is a fiscal group of one. BEM 174, p. 2. 250% of the FPL for a group of one is \$37,650, or \$3,137.50 per month.

Here, the Department did not explain whether it considered Petitioner's eligibility for MA under FTW MA. Therefore, the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner's MA eligibility.

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner's MA eligibility.

**DECISION AND ORDER**

Accordingly, the Department's decision is **REVERSED**.

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Redetermine Petitioner's eligibility for MA for July 1, 2024 ongoing;
2. If eligible, provide Petitioner with the most beneficial MA coverage she is eligible to receive for July 1, 2024 ongoing; and
3. Notify Petitioner of its decision in writing.



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**Caralyce M. Lassner**  
Administrative Law Judge

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