



Date Mailed: March 19, 2025

Docket No.: 25-001974

Case No.: [REDACTED]

Petitioner: [REDACTED]

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এটি একটি গুরুত্বপূর্ণ আইনি ডকুমেন্ট। দয়া করে কেউ দস্তাবেজ অনুবাদ করুন।

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**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 Microsoft Teams on March 10, 2025; the parties participated by telephone. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Avery Smith, supervisor.

### **ISSUES**

The first issue is whether MDHHS properly determined Petitioner's spouse's Medicaid eligibility.

The second issue is whether MDHHS properly terminated Petitioner and her spouse's Medicare Savings Program (MSP) 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 December 2024, Petitioner resided with her spouse, [REDACTED] [REDACTED] (hereinafter, "Spouse").

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2. As of December 2024, Petitioner and Spouse were Medicare recipients responsible for a Part B premium
  3. As of December 2024, Spouse was disabled, not pregnant, not a caretaker to minor children, and at least 65 years old.
  4. As of December 2024, Petitioner and Spouse received respective gross monthly RSDI of \$[REDACTED] and \$[REDACTED]
  5. As of December 2024, Spouse received \$[REDACTED] in gross biweekly unemployment compensation benefits (UCB).
  6. As of December 2024, Petitioner had \$[REDACTED] in gross monthly wages.
  7. As of December 2024, Petitioner and Spouse were responsible for a Medicare premium of \$175 and no other insurance premiums, guardianship/conservator expenses, or remedial expenses.
  8. On December [REDACTED] 2024, MDHHS terminated Petitioner's MSP eligibility beginning February 2025 due to excess income.
  9. On January 3, 2025, Petitioner requested a hearing to dispute Spouse's Medicaid eligibility and MSP eligibility for herself and Spouse.
  10. On an unspecified date, MDHS determined that Spouse was eligible for Medicaid subject to a monthly \$[REDACTED] deductible beginning April 2025.

### **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 on January 3, 2025, in part, to dispute a determination of Medicaid eligibility for Spouse.<sup>1</sup> Exhibit A, pp. 3-5. A written notice concerning Medicaid was not presented but MDHHS testified that it determined Spouse to be eligible for Medicaid subject to a monthly deductible of \$[REDACTED] beginning April 2025.<sup>2</sup>

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<sup>1</sup> MDHHS presumably incorrectly stamped Petitioner's hearing request with a receipt date of January 3, 2024.

<sup>2</sup> Claimant likely requested a hearing in response to notice of a deductible benefit month earlier than April 2025. Nevertheless, Claimant's primary complaint was her spouse's eligibility subject to a large deductible.

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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 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.*

The evidence established that Spouse was over 65 years of age, disabled, a Medicare recipient, not pregnant, and not a caretaker to a minor child. Under the circumstances, Spouse is ineligible for all MAGI-related categories. As a disabled individual, Spouse is potentially eligible to receive MA under the SSI-related category of Aged/Disability-Care (AD-Care). BEM 163 outlines the procedures for determining income eligibility under AD-Care.

At all relevant times, Petitioner and Spouse were married. For purposes of AD-Care, Spouse's group size is two persons. BEM 211 (October 2023) p. 8.

For AD-Care, MDHHS is to determine countable income according to SSI-related MA policies in BEM 500, 501, 502, 503, 504 and 530, except for RSDI. <sup>4</sup> BEM 163 (July 2017) p. 2. For RSDI, MDHHS is to count gross RSDI from the benefit month except from January through March in which gross RSDI from the most recent December is counted. *Id.* For AD-Care, MDHHS is to apply the deductions in BEM 540 (for children) or 541 (for adults). *Id.*

It was not disputed that Petitioner and Spouse were eligible for respective gross RSDI amounts of \$[REDACTED] and \$[REDACTED]. For SSI-Related MA categories, a \$20 disregard is given for unearned income. BEM 541 (July 2019) p. 3. 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

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Whether Petitioner requested a hearing in response to a substantial deductible in January 2025 or April 2025 seemed to be of no matter to Petitioner.

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

only. BEM 503 (April 2024) p. 29 Petitioner did not allege any relevant budget expenses or credits.

Petitioner testified that Spouse also received gross biweekly UCB of \$[REDACTED] For MA benefits, gross UCB is countable.<sup>5</sup> BEM 503 (January 2025) p. 38. For MA benefits, biweekly income is converted into a monthly about by multiplying the income by two (see BEM 530). Doubling Spouse's income results in \$[REDACTED] in countable UCB.

Adding Petitioner's RSDI, Spouse's RSDI and Spouse's UCB results in a total unearned income of \$[REDACTED] MDHHS applies a \$20 disregard to unearned income resulting in countable unearned income of \$[REDACTED]

MDHHS factored \$[REDACTED] in wages for Petitioner.<sup>6</sup> MDHHS applies a \$65 and 50% disregard for employment income. Applying the disregard results in \$[REDACTED] in countable employment income.

Adding the group's employment income to the unearned income results in a total countable income of \$[REDACTED] MDHHS calculated a slightly smaller (thus, more favorable to Petitioner) income of \$[REDACTED] For purposes of this decision, \$[REDACTED] (dropping cents) will be accepted as the proper countable monthly income for the benefit group.

Net income for AD-Care cannot exceed 100% of the federal poverty level BEM 163 (July 2017) p. 2. In 2025, the annual federal poverty level for a 2-person group residing in Michigan is \$21,150.<sup>7</sup> Dividing the annual FPL by 12 results in a monthly income limit of \$1,763. The same income limit is found in policy.<sup>8</sup> RFT 242 (April 2025) p. 1. Petitioner's group's monthly countable income of \$[REDACTED] exceeds the AD-Care income limit. Given the evidence, MDHHS properly determined Spouse to be ineligible for MA under AD-Care or any other Group 1 MA category with unlimited coverage.

Though Spouse is ineligible for MA benefits under AD-Care or any other Group 1 category offering unlimited MA coverage, 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 2024) p. 1. Group 2 categories are considered a limited MA benefit because a deductible is possible. *Id.*

Deductible is a process which allows a client with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred. BEM 545 (July 2022) p. 10. Each calendar month is a separate deductible period. *Id.* The fiscal group's monthly

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<sup>5</sup> UCB is excluded for the MA category of Freedom-to-Work.

<sup>6</sup> Petitioner would not acknowledge the amount as correct but also did not claim the amount to be incorrect. Under the circumstances, Petitioner's wages were accepted to be \$[REDACTED]

<sup>7</sup> <https://www.healthcare.gov/glossary/federal-poverty-level-fpl/>

<sup>8</sup> MDHHS policy lists an income limit of \$1,783 was noting the \$20 disregard is factored into the limit.

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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.*

For aged/disabled persons, G2S is the applicable Group 2 MA category. G2S is an SSI-Related MA category. BEM 166 (April 2017) p. 1.

As an SSI-related MA category, Petitioner's group's countable income of \$[REDACTED] is unchanged for G2S. In addition to AD-Care disregards, the G2S budget factors ongoing medical expenses (which are applied toward a deductible), insurance premiums, and remedial services. MDHHS credited Petitioner's group with \$175 in premiums.

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 \$541. RFT 240 (December 2013) p. 1.

Subtracting the PIL of \$541 and \$175 insurance premium from Petitioner's group's countable income of \$5,447 results in a monthly deductible of \$[REDACTED] the same deductible calculated by MDHHS. Given the evidence, MDHHS properly determined Spouse's Medicaid eligibility.

Petitioner also requested a hearing to dispute a termination of MSP benefits. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice dated December [REDACTED] 2024, stated that Petitioner and Spouse were ineligible for MSP beginning February 2025.<sup>9</sup> Exhibit A, pp. 15-18. MDHHS testified that the basis for termination was excess income.

MSP is an SSI-related Medicaid category. BEM 165 (July 2024) p. 1. One of four different subprograms are available under MSP. Qualified Medicare Beneficiaries (QMB) coverage pays for a client's Medicare premiums, coinsurances, and deductibles. *Id.*, p. 2. Specified Low Income Beneficiaries (SLMB) coverage pays for a client's Medicare Part B premium. *Id.* Additional Low-Income Beneficiaries (ALMB) coverage pays for a client's Medicare Part B premium if MDHHS funding is available. *Id.* Non-Categorically Eligible Michigan Beneficiaries (NMB) cover a client's premium for full-coverage Medicaid beneficiaries not otherwise eligible for MSP. *Id.*

For MSP eligibility, MDHHS is to determine countable income according to the SSI-related MA policies in BEM 165, 500, 501, 502, 503, 504 and 530. *Id.*, p. 8. p. 8. MDHHS is to apply the deductions in BEM 540 (for children) and 541 (for adults) to determine a client's net income for MSP. *Id.*

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<sup>9</sup> Arguably, the MDHHS actions could be reversed for not issuing a notice specifically stating that Petitioner and Spouse had excess income (see BAM 130). However, the notice at least included income amounts for Petitioner and Spouse which were above the income limits for MSP.

As an MA-SSI program, the same income rules that applied above to Group 1 Medicaid also apply to MSP. Thus, Petitioner's group's gross monthly income for MSP is \$[REDACTED]. Also, as married individuals, Petitioner's and Spouse's group size is two.

Income eligibility exists for MSP when net income is within the limits in RFT 242 or 247. *Id.*, p. 8. The highest income limit for any MSP category for a group size of two persons is \$2,319.50. RFT 242 (April 2024) p. 1. Petitioner's group's countable income exceeds the highest income limit for MSP eligibility. Given the evidence, MDHHS properly determined Petitioner and Spouse to be ineligible for MSP benefits beginning February 2025.

### **DECISION AND ORDER**

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Spouse to be eligible for Medicaid subject to a \$[REDACTED] deductible beginning April 2025. MDHHS also properly determined Petitioner and Spouse to be ineligible for MSP beginning February 2025. The actions of MDHHS are **AFFIRMED**.



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**CHRISTIAN GARDOCKI**  
**ADMINISTRATIVE LAW JUDGE**

**APPEAL RIGHTS:** Petitioner may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at [courts.michigan.gov](http://courts.michigan.gov). The Michigan Office of Administrative Hearings and Rules (MOAHR) cannot provide legal advice, but assistance may be available through the State Bar of Michigan at <https://lrs.michbar.org> or Michigan Legal Help at <https://michiganlegalhelp.org>. A copy of the circuit court appeal should be sent to MOAHR. A circuit court appeal may result in a reversal of the Hearing Decision.

Either party who disagrees with this Hearing Decision may also send a written request for a rehearing and/or reconsideration to MOAHR within 30 days of the mailing date of this Hearing Decision. The request should include Petitioner's name, the docket number from page 1 of this Hearing Decision, an explanation of the specific reasons for the request, and any documents supporting the request. The request should be sent to MOAHR

- by email to [MOAHR-BSD-Support@michigan.gov](mailto:MOAHR-BSD-Support@michigan.gov), **OR**
- by fax at (517) 763-0155, **OR**
- by mail addressed to  
Michigan Office of Administrative Hearings and Rules  
Rehearing/Reconsideration Request  
P.O. Box 30639  
Lansing Michigan 48909-8139

Documents sent via email are not secure and can be faxed or mailed to avoid any potential risks. Requests MOAHR receives more than 30 days from the mailing date of this Hearing Decision may be considered untimely and dismissed.

**Via Electronic Mail:**

**Respondent**

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**SCHAEFERM**

**EQADHEARINGS**

**BSC4HEARINGDECISIONS**

**MOAHR**

**Via First Class Mail:**

**Authorized Hearing Rep**

[REDACTED]

**Petitioner**

[REDACTED]