



Date Mailed: February 21, 2025

Docket No.: 25-004026

Case No.: [REDACTED]

Petitioner: [REDACTED]

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

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Ky është një dokument ligjor i rëndësishëm. Ju lutem, kini dikë ta përktheni dokumentin.

HEARING DECISION

On [REDACTED], 2025, Petitioner [REDACTED] requested a hearing to dispute public assistance benefits. As a result, a hearing was scheduled to be held on February 18, 2025. Public assistance hearings are held 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; 45 CFR 205.10; and Mich Admin Code, R 792.11002.

The parties appeared for the scheduled hearing. Petitioner appeared and represented herself. Respondent Michigan Department of Health and Human Services (Department) had Family Independence Manager Sherri Polk appear as its representative. Neither party had any additional witnesses.

Both parties provided sworn testimony, and one exhibit was admitted into evidence. A 17-page packet of documents provided by the Department was admitted collectively as Exhibit A.

ISSUES

Did the Department properly determine Petitioner's Medicaid eligibility?

Did the Department properly determine Petitioner's Food Assistance Program (FAP) 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. On December 2, 2024, the Department mailed a semi-annual contact report to Petitioner to obtain information from Petitioner to determine her FAP eligibility. The semi-annual contact report instructed Petitioner to complete the form and return it to the Department by December 23, 2024.
2. On January 3, 2025, Petitioner returned the completed form to the Department. In the completed form, Petitioner reported the following pertinent information:
 - a. Petitioner's household consists of Petitioner and Petitioner's two daughters, [REDACTED]
 - b. Petitioner reported monthly gross income from employment of [REDACTED]
 - c. Petitioner reported a monthly mortgage payment of \$1,194.00.
3. Petitioner included copies of her recent biweekly paystubs when she returned the completed semi-annual contact form to the Department. Petitioner's paystubs contained the following pertinent information:
 - a. Check date November 8, 2024: gross pay of [REDACTED] and retirement contributions of \$54.64.
 - b. Check date November 22, 2024: gross pay of [REDACTED] and retirement contributions of \$59.25.
4. The Department ran a report to obtain information about income from the Social Security Administration. The report contained the following pertinent information:
 - a. [REDACTED] receives [REDACTED] per month from Social Security RSDI.
 - b. [REDACTED] receives [REDACTED] per month from Social Security RSDI, and [REDACTED] receives [REDACTED] per month from Social Security SSI.
5. The Department reviewed Petitioner's case and determined that Petitioner was ineligible for full-coverage Medicaid through the Healthy Michigan Plan because her modified adjusted gross income (MAGI) exceeded the income limit. The Department counted the income that Petitioner's daughters receive from Social Security benefits.
6. The Department reviewed Petitioner's case and determined that Petitioner was ineligible for FAP benefits because her countable income exceeded the net income limit. The Department counted the income that Petitioner's daughters receive from Social Security benefits.

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7. The Department closed Petitioner's Medicaid and FAP benefits.
 8. The Department also erroneously closed [REDACTED] Medicaid.
 9. Petitioner requested a hearing to dispute the Department's determination. Petitioner disagrees with the Department's decision to count the income that Petitioner's daughters receive from Social Security benefits.

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).

MEDICAID

Medicaid is also known as Medical Assistance (MA). 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. The Department administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

Full-coverage Medicaid is available to eligible individuals through the Healthy Michigan Plan. In order for an individual to be eligible for full-coverage Medicaid through the Healthy Michigan Plan, the individual must be age 19 to 64 and the individual's household income must not exceed 133% of the Federal Poverty Limit (FPL). BEM 137 (January 1, 2024), p. 1. However, a 5% disregard is available to make those individuals eligible who would otherwise not be eligible. BEM 500 (April 1, 2022), p. 5. The 5% disregard increases the income limit by an amount equal to 5% of the FPL for the group size. *Id.* at 5.

The household size is determined based on tax filer and tax dependent rules. BEM 211 (October 1, 2023), p. 1. For tax filers, the household size includes the tax filer, the tax filer's spouse, and all dependents claimed. *Id.* at 1-2. Here, Petitioner's household size is three because Petitioner is a single tax filer, and she has two dependents.

The FPL for a household size of three in 2024 is \$25,820.00. 89 FR 2961 (January 17, 2024). Since the applicable FPL is \$25,820.00, 133% of the FPL is \$34,340.60, and 133% with a 5% disregard is \$35,631.60. Thus, the income limit for Petitioner to be eligible for Medicaid through the Healthy Michigan Plan is \$35,631.60 per year.

Income eligibility is based on modified adjusted gross income (MAGI) for Healthy Michigan. BEM 137 at 1 and 7 CFR 435.603. MAGI is defined as adjusted gross income

increased by (1) excluded foreign income, (2) tax exempt interest, and (3) the amount of social security benefits excluded from gross income. 26 USC 36B(d)(2)(B). Adjusted gross income is that which is commonly used for Federal income taxes, and it is defined as gross income minus deductions for business expenses, losses on the sale or exchange of property, retirement contributions, and others. 26 USC 62.

The Department begins its income determination by examining a client's self-reported income. BEM 500 at 5. If the client's self-reported income is over the income limit, then the client is ineligible. *Id.* If the client's self-reported income is below the income limit, the Department compares the client's self-reported income to income obtained from trusted sources to determine if the two are compatible. *Id.* Income is compatible if the difference between the two is 10% or less. *Id.* If the two are compatible, then the Department uses the client's self-reported income. *Id.* If the two are not compatible and the income obtained from trusted sources is over the income limit, then the Department requires the client to provide proof of the self-reported income. *Id.* at 5-6.

Based on the evidence presented, Petitioner reported that her income from employment was [REDACTED] per month, which equals [REDACTED] per year. This is compatible with the paystubs that Petitioner provided because it is no more than 10% less than the income she received in November 2024. Thus, [REDACTED] per year is what should be used for Petitioner's earned income. MAGI also includes income from Social Security benefits. However, Social Security RSDI benefits received by a child or tax dependent are only countable if the child or tax dependent is required to file taxes. BEM 503 (October 1, 2024), pp. 30-32. Based on the evidence presented, Petitioner's daughters do not have any income other than their Social Security benefits, so they are not required to file taxes. Therefore, Petitioner's daughters' Social Security RSDI benefits are not included in Petitioner's MAGI. Additionally, current Social Security SSI benefits are excluded from MAGI, so [REDACTED] current Social Security SSI benefit is not included in Petitioner's MAGI either. For these reasons, Petitioner's MAGI is limited to her income from employment of [REDACTED] per year.

Petitioner's MAGI is less than the income limit of \$35,631.60 per year, so Petitioner is eligible for full-coverage Medicaid through the Healthy Michigan Plan. The Department did not properly determine Petitioner's Medicaid eligibility. Therefore, the Department's determination is reversed. The Department must redetermine Petitioner's Medicaid eligibility consistent with this decision, effective the date that the Department closed her Medicaid coverage. Additionally, the Department erroneously closed [REDACTED] Medicaid. The Department must also reinstate [REDACTED] Medicaid coverage, effective the date that the Department closed her Medicaid coverage.

FOOD ASSISTANCE PROGRAM

The Food Assistance Program (FAP) is established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 to 2036a and is implemented by the federal regulations contained in 7 CFR 273. The Department administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011.

To determine FAP eligibility, the Department must consider income in accordance with policy. The income used to determine FAP eligibility is different than the MAGI used to determine eligibility for Medicaid coverage through the Healthy Michigan Plan. For FAP eligibility, earned income is converted to a standard monthly amount by averaging recent paystubs and multiplying the average by a factor to convert the paystubs to a monthly amount. BEM 505 (October 1, 2023), pp. 1-4. Petitioner provided two biweekly paystubs, and the average pay she received on those paystubs was [REDACTED]. Biweekly pay is multiplied by a factor of 2.15 to convert the pay to a standard monthly amount. *Id.* at 8. Thus, Petitioner's gross earned income amount was [REDACTED] per month.

Petitioner's daughters also received Social Security benefits. The gross benefit amount of Social Security RSDI is counted as unearned income when determining FAP eligibility. BEM 503 at 30-32. Petitioner's daughters received total Social Security RSDI of [REDACTED] per month, and the total amount is counted as unearned income. Additionally, the gross benefit amount of current Social Security SSI benefits is counted as unearned income when determining FAP eligibility. BEM 503 at 35-36. One of Petitioner's daughters received a current Social Security SSI benefit of [REDACTED] per month, and the total amount is counted as unearned income. Thus, Petitioner's total unearned income was [REDACTED] per month.

Based on Petitioner's group size of three, Petitioner's gross earned income of [REDACTED] per month, Petitioner's unearned income of [REDACTED] per month, Petitioner's mortgage payment of \$1,194.00 per month, and Petitioner's obligation to pay heating/cooling utilities, Petitioner's countable net income is [REDACTED] per month. The net income limit for a group size of three is \$2,152.00. RFT 250 (October 1, 2024). Thus, Petitioner's countable net income exceeds the limit to be eligible for FAP benefits. Accordingly, the Department properly determined that Petitioner was ineligible for FAP benefits. Therefore, the Department's decision is affirmed.

DECISION AND ORDER

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 (1) the Department did not act in accordance with its policies and the applicable law when it determined Petitioner's Medicaid eligibility; (2) the Department did not act in accordance with its policies and the applicable law when it closed [REDACTED] Medicaid; and (3) the Department acted in accordance with its policies and the applicable law when it determined Petitioner's FAP eligibility.

IT IS ORDERED that the Department's decision is **AFFIRMED IN PART** and **REVERSED IN PART**.

- The Department's decision to find Petitioner ineligible for full-coverage Medicaid through the Healthy Michigan Plan is reversed. The Department must redetermine Petitioner's Medicaid eligibility consistent with this hearing decision.
- The Department's decision to close [REDACTED] Medicaid is reversed. The Department must reinstate [REDACTED] Medicaid coverage consistent with this hearing decision.
- The Department's decision to find Petitioner ineligible for FAP benefits is affirmed.

IT IS ORDERED that the Department must begin to implement this order within 10 days of the mailing date of this hearing decision.



JEFFREY KEMM
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. 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. Requests MOAHR receives more than 30 days from the mailing date of this Hearing Decision may be considered untimely and dismissed. 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, **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.

Via Electronic Mail:

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Via First Class Mail:

Petitioner

_____ MI _____