Michigan Office of Administrative Hearings and Rules
P.O. Box 30639
Lansing, MI 48909

Date Mailed: March 12, 2025
Docket No.: 25-005618
Case No.: [redacted]
Petitioner: [redacted]

[redacted]

This is an important legal document. Please have someone translate the document.

هذه وثيقة قانونية مهمة. يرجى أن يكون هناك شخص ما يترجم المستند.

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

Este es un documento legal importante. Por favor, que alguien traduzca el documento.

这是一份重要的法律文件。请让别人翻译文件。

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 a Medicaid determination. As a result, a hearing was scheduled to be held on March 6, 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 Assistance Payments Supervisor Dana Bongers and Assistance Payments Worker Erin Fletcher appear as its representatives. Neither party had any additional witnesses.

Sworn testimony was provided by both parties, and two exhibits were admitted into evidence. A 48-page packet of documents provided by the Department was admitted collectively as Exhibit A, and a 47-page packet of documents provided by Petitioner was admitted collectively as Exhibit 1.

ISSUE

Did the Department properly determine Petitioner's Medicaid 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. Petitioner is disabled.

2. Petitioner is not married.

3. Petitioner is a resident of Kalamazoo County.

4. Petitioner receives a gross benefit of [redacted] per month from Social Security RSDI as of 2025.

5. Petitioner had full-coverage Medicaid through the Freedom to Work program through July 2024.

6. In May 2024, Petitioner was terminated from her employment at TJX, and Petitioner became unemployed.

7. In August 2024, the Department redetermined Petitioner's Medicaid eligibility, and the Department determined that the best Medicaid coverage that Petitioner was eligible for was Medicaid with a monthly deductible and limited-coverage Medicaid through Plan First.

8. On August 13, 2024, the Department mailed a health care coverage determination notice to Petitioner to notify her that she was eligible for Medicaid with an $872.00 monthly deductible, effective August 1, 2024. The notice also notified Petitioner that she was eligible for limited-coverage Medicaid through Plan First, effective September 1, 2024.

9. Petitioner contacted the Department's local office in response to its eligibility determination, and a caseworker reviewed Petitioner's case and reinstated her full-coverage Medicaid through the Freedom to Work program.

10. On December 12, 2024, the Department mailed a health care coverage determination notice to Petitioner to notify her that she was eligible for full-coverage Medicaid through the Freedom to Work program, effective January 1, 2025.

11. Petitioner subsequently contacted the Department's local office regarding her Medicaid eligibility, so a supervisor reviewed Petitioner's case. The supervisor determined that Petitioner was not eligible for full-coverage Medicaid through the Freedom to Work program, and the supervisor determined that the best Medicaid coverage that Petitioner was eligible for was Medicaid with a monthly deductible.

12. On January 23, 2025, the Department mailed a health care coverage determination notice to Petitioner to notify her that she was eligible for Medicaid with an $872.00 monthly deductible, effective March 1, 2025.

13. Petitioner requested a hearing to dispute the Department's decision to close her full-coverage Medicaid.

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 is 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.

Petitioner requested a hearing after the Department closed her full-coverage Medicaid. Petitioner had full-coverage Medicaid through the Freedom to Work program. The Freedom to Work program provides full-coverage Medicaid to disabled individuals age 16 to 64 who have earned income. BEM 174 (October 1, 2024), p. 1. In this case, the Department determined that Petitioner no longer met the requirements for the Freedom to Work program because the Department determined that Petitioner did not have earned income.

A client is required to have earned income to be eligible for full-coverage Medicaid through the Freedom to Work program. However, when a client has a temporary break in employment (up to 24 months) as a result of an involuntary layoff, the client may retain full-coverage Medicaid through the Freedom to Work program. *Id.* Additionally, when a client has a temporary break in employment that is determined to be medically necessary, the client may retain full-coverage Medicaid through the Freedom to Work program. *Id.*

Petitioner was last employed in May 2024 when she was employed by TJX. Petitioner became unemployed when TJX terminated her employment. Petitioner has not obtained any other employment since she was employed by TJX. Under these circumstances, the Department properly determined that Petitioner did not meet the requirement to have earned income to be eligible for full-coverage Medicaid through the Freedom to Work program. Petitioner was not employed, Petitioner was not on a temporary break due to a layoff, and Petitioner was not on a medically necessary break. Thus, Petitioner did not meet the earned income requirement as set forth in BEM 174. Therefore, the Department

properly closed Petitioner's full-coverage Medicaid through the Freedom to Work program.

When the Department closed Petitioner's full-coverage Medicaid through the Freedom to Work program, the Department determined that the best Medicaid coverage that Petitioner was eligible for was Medicaid with a monthly deductible. The advantage of obtaining Medicaid coverage through the Freedom to Work program is that it has a higher income limit than other full-coverage Medicaid that is available for disabled individuals. The income limit for full-coverage Medicaid through the Freedom to Work program is 250% of the Federal Poverty Limit (FPL). *Id.* at 3. The other program that provides full-coverage Medicaid for disabled individuals is the AD Care program, and the income limit for full-coverage Medicaid through the AD Care program is only 100% of the FPL. BEM 163 (July 1, 2017), p. 2.

In order for a client to be eligible for full-coverage Medicaid through the AD Care program, the client must be aged or disabled, and the client's group's net income must not exceed 100% of the FPL. *Id.* at 1-2. For AD Care, the client's group size consists of the client and the client's spouse. BEM 211 (October 1, 2023), p. 8. In this case, Petitioner's group consists of one because Petitioner does not have a spouse. The FPL for a household size of one in 2024 was $15,060.00. 89 FR 2961 (January 17, 2024). The 2024 FPL applies through March 31, 2025. RFT 242 (April 1, 2025). The applicable FPL is equal to a monthly income of $1,255.00.

When group members receive income from Social Security RSDI, the gross amount received from RSDI is countable. BEM 163 at 2. In this case, Petitioner received [redacted] per month from Social Security RSDI. However, the Department determined Petitioner's eligibility in January 2025, so Petitioner's 2025 Social Security RSDI cost-of-living adjustment (COLA) had to be disregarded. The countable amount for Social Security RSDI from January through March is the Social Security RSDI benefit amount from December. BEM 503 (January 1, 2025), pp. 30-31. The 2025 Social Security COLA was 2.5%. 89 FR 85276 (October 25, 2024). Thus, $32.00 should have been disregarded as Petitioner's 2025 Social Security COLA. Additionally, $20.00 is disregarded from unearned income such as Social Security RSDI income. BEM 541 (January 1, 2024), p. 1. After the $32.00 COLA disregard and the $20.00 unearned income disregard, the countable amount of Petitioner's Social Security RSDI was [redacted]

Although the income limit for AD Care states that it is based on "net income," this refers to gross income after allowable deductions. BEM 163 at 2. The allowable deductions are set forth in BEM 541 for adults, and Petitioner was not eligible for any of the allowable deductions other than the $20.00 unearned income disregard. Petitioner's net income exceeded the limit for to be eligible for full-coverage Medicaid through the AD Care program because the income limit was $1,255.00 per month, and her income was [redacted] per month. Therefore, the Department properly found Petitioner ineligible for full-coverage Medicaid through the AD Care program.

Since the Department found Petitioner ineligible for full-coverage Medicaid through the AD Care program, the Department properly determined that the best Medicaid coverage that she was eligible for was Medicaid with a monthly deductible, which is also known as Group 2 Medicaid. Group 2 Medicaid is available to clients who are aged or disabled and ineligible for full-coverage Medicaid through the AD Care program. BEM 166 (April 1, 2017), p. 1. Group 2 Medicaid provides coverage for any month that (a) an individual's countable income does not exceed the individual's needs as defined in policy, or (b) an individual's allowable medical expenses equal or exceed the amount of the individual's income that exceeds the individual's needs. *Id.* at 2.

To determine whether an individual's income exceeds her needs, the Department determines the individual's countable income and needs. Countable income is the same as the income that is used to determine eligibility for full-coverage Medicaid through the AD Care program. Needs consist of a protected income limit set by policy, the cost of health insurance premiums, and the cost of remedial services. BEM 544 (January 1, 2020), p. 1-3.

The Department calculated Petitioner's excess income by subtracting the protected income limit from her countable monthly income. As stated above, Petitioner's countable monthly income was [redacted] The protected income limit for a household of one in Kalamazoo County was $391.00 per month. RFT 200 (April 1, 2017) and RFT 240 (December 1, 2013). There was no evidence that Petitioner paid any health insurance premiums or allowable remedial care expenses. Thus, Petitioner's excess income was [redacted] minus $391.00, which equals [redacted] per month. The Department properly determined Petitioner's deductible amount.

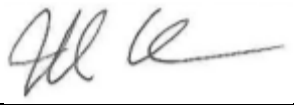
Since Petitioner has a deductible, Petitioner will only be eligible for Medicaid coverage for any month that her allowable medical expenses equal or exceed her deductible amount. Petitioner did not present any evidence to establish that she had allowable medical expenses that equaled or exceeded her deductible amount. If Petitioner has outstanding medical expenses that equal or exceed her deductible amount, she should provide documentation of those expenses to the Department to obtain Medicaid coverage.

The FPL increased for 2025. The FPL for a household size of one in 2025 increased to $15,650.00. 89 FR 2961 (January 17, 2024). The 2025 FPL applies as of April 1, 2025. RFT 242 (April 1, 2025). The applicable FPL is equal to a monthly income of $1,304.17. Thus, the income limit for full-coverage Medicaid through the AD Care program increased to $1,305.00. Petitioner's countable income does not exceed the income limit for full-coverage Medicaid through the AD Care program, effective April 1, 2025. Petitioner may ask the Department to redetermine her eligibility for full-coverage Medicaid through the AD Care program in April, or Petitioner may reapply for full-coverage Medicaid through the AD Care program in April.

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 the Department acted in accordance with its policies and the applicable law when it determined Petitioner's Medicaid eligibility.

IT IS ORDERED: the Department's decision is **AFFIRMED**.



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. 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. 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
KALAMAZOO COUNTY DHHS
427 E ALCOTT ST
KALAMAZOO, MI 49001
MDHHS-KALAMAZOO-HEARINGS@MICHIGAN.GOV

Interested Parties
BSC3
M. SCHAEFER
EQAD
MOAHR

Via First Class Mail:

Petitioner
[redacted]
[redacted]
[redacted] MI [redacted]