



Date Mailed: April 8, 2025

Docket No.: 25-009996

Case No.: [REDACTED]

Petitioner: [REDACTED]

«RECIP_FULL_NAME»

«RECIP_ADD0»

«RECIP_ADD1»

«RECIP_ADD2»

«RECIP_CITY», «RECIP_SPCODE»

«RECIP_POSTAL»

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

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

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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

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; 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 April 2, 2025. Petitioner appeared and was unrepresented. [REDACTED] his wife (Wife), appeared as a witness. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Amy Doyle, Lead Worker.

ISSUE

Did MDHHS properly determine Petitioner's Medicaid (MA) and Medicare Savings Program (MSP) eligibility?

Did MDHHS properly determine Petitioner's Food Assistance Program (FAP) monthly benefits?

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 and Wife were previously divorced but remarried and living together at the time at issue.

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2. Petitioner is ■ years old, receives Retirement, Survivors and Disability Insurance (RSDI) benefits, and is covered by Medicare.
 3. In 2024, Petitioner received gross RSDI benefits of ■ which increased to ■ effective January 2025.
 4. Petitioner's RSDI benefits are subject to garnishment of ■ in 2024 and ■ in 2025 for back support due to Wife when they were divorced.
 5. In 2024, Wife received monthly RSDI income of ■ and ■ in back support. In 2025, she receives monthly RSDI income of ■ and ■ in back support.
 6. For February 2025 ongoing, Petitioner's household received monthly FAP benefits of \$156.
 7. On February 18, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) notifying him that effective March 1, 2025, based on annual household income of ■ he was eligible for MA coverage under the limited coverage Plan First Family Planning (PFFP) program and Wife was eligible for full-coverage MA under the Healthy Michigan Plan. (Exhibit A, pp. 5-6)
 8. On February 24, 2025, the Department received Petitioner's request for hearing disputing his MA coverage and the household's monthly FAP allotment.

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).

Petitioner requested a hearing disputing the calculation of his household's monthly FAP benefits and the determination of his MA eligibility.

FAP

The Food Assistance Program (FAP) [formerly known as the Food Stamp program] 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 (formerly known as the Department of Human Services) administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011.

As of February 2025, when Petitioner requested a hearing, Petitioner's household was approved for \$156 in monthly FAP. Petitioner and Wife are married and live together and therefore have a two person FAP group. BEM 212 (April 2025), p. 1.

The Department provided a copy of Petitioner's FAP budget for February 2025 ongoing (Exhibit A, pp. 20-21) showing the information it used to determine Petitioner's monthly FAP benefits. The information on the budget was reviewed with Petitioner and Wife on the record.

The Department testified that the household's total income for February 2025 consisted of Petitioner's monthly [REDACTED] RSDI benefits, Wife's monthly [REDACTED] RSDI, and Wife's [REDACTED] spousal support income and [REDACTED] child support income. The sum of these income sources is [REDACTED]. Gross RSDI income is countable income for FAP purposes. BEM 503 (January 2025), p. 30.

Wife argued that the payments she received for back support should have all been characterized as child support arrearage and that this child support should be excluded from consideration in the FAP budget because it was income that was due to her in the past. Department policy provides that direct child support arrearage received by a custodial party for an adult child is unearned income for FAP purposes if the money is not forwarded to the adult child. BEM 503 (January 2025), p. 6. Likewise, direct spousal support arrearage received by an individual is also countable income for FAP. BEM 503, pp. 34-35. Therefore, regardless of whether the payments were characterized as spousal support or child support, they are countable unearned income in the calculation of the FAP group's gross income.

However, the FAP budget showed total household income of [REDACTED] while the sum of all the income sources as indicated above was [REDACTED]. A review of the FAP-Income Deduction budget presented by the Department (Exhibit A, p. 19) shows that Petitioner's household's total income of [REDACTED] was reduced by a [REDACTED] "expense amount" attributable to Petitioner's RSDI income. This is the amount Petitioner testified, and the Department acknowledged, was being withheld from Petitioner's RSDI income to repay Wife for arrearage child and spousal support. Because the payments to Wife were made by Petitioner from his RSDI income, the Department properly excluded that portion of Petitioner's RSDI income that was paid to Wife, who was in the same household as him. In essence, the Department did not double count [REDACTED] as both RSDI income to Petitioner and spousal and child support income to Wife.

Although the Department used the correct income sources and properly avoided double-counting the payments from Petitioner's RSDI income to Wife, the information the Department used to calculate income was inconsistent. It used Petitioner's RSDI income for 2025, Wife's RSDI income from 2024, and the "RSDI Income Expense" from 2024. The arrearages for child and spousal support used in the budget did not match the information in the consolidated inquiry and appeared inconsistent with the expenses charged to Petitioner's RSDI income. Therefore, the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined the household's gross income for February 2025 ongoing.

A discussion of the budget also showed some concerns about the deductions that were applied in determining the household's net income. In determining net income for FAP, gross income is reduced by allowable deductions. Petitioner and Wife, who are over age 60, are senior/disabled/veteran (SDV) members of their FAP group. See BEM 550 (October 2024), pp. 1-2. For FAP groups with one or more SDV members and unearned income only, the Department must reduce the household's gross monthly unearned income by the following deductions to determine the household's adjusted gross income (AGI): the standard deduction based on group size, which is \$240 for Petitioner's two person FAP group; child care expenses; child support expenses but only if child support and arrearages are paid by a household member to a *non-household* member; and if the SDV member incurs out-of-pocket medical expenses exceeding \$35 but less than \$200, a medical expense deduction of \$165 or verified out-of-pocket medical expenses exceeding \$200 minus \$35. BEM 554 (January 2025) p. 1; BEM 556 (October 2024), pp. 3-5; RFT 255 (October 2024), p. 1. Once AGI is determined, there is a final deduction, the excess shelter deduction, applicable to the calculation of Petitioner's net income for FAP purposes. The excess shelter deduction is the sum of Petitioner's monthly housing expense and the utility standards applicable to Petitioner's case based on the utilities they are obligated to pay reduced by 50% of their AGI. BEM 556, pp. 4-5; BEM 554, pp. 13-24.

Petitioner and Wife did not dispute having no child care or medical expenses, and the FAP budget properly did not include deductions for those expenses. Because the child support Petitioner pays is to Wife and Wife is a member of his FAP household, the group is not eligible for a deduction for the child support expenses. In determining Petitioner's FAP group's excess shelter deduction, the Department testified that it considered Petitioner's monthly rent and the \$664 heat and utility (h/u) standard, which covers all heat and utility costs and is the maximum total utility and most beneficial standard available to a client. See BEM 554, pp. 16-21; RFT 255 (October 2024), p. 1. However, the Department did not consider the \$50 internet deduction, and Petitioner and Wife testified that they were responsible for this expense. BEM 554, p. 26; RFT 255, p. 1.

Because the Department did not consider the internet deduction in determining Petitioner's excess shelter deduction and used income information from different years in calculating the household's gross income, the Department failed to satisfy its burden of showing that it properly calculated Petitioner's net income and as a result his FAP benefits.

MA

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.

The evidence showed that as of March 1, 2025 ongoing Petitioner was approved for MA coverage under the PFFP program and MSP coverage under the Specified Low-Income Medicare Beneficiaries (SLMB) category.

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. Individuals may also qualify for limited MA coverage under the Plan First Family Planning (PFFP) program. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105 (January 2024), p. 1; BEM 137 (January 2024), p. 1; BEM 124 (July 2023), p. 1.

Because Petitioner is a Medicare recipient and is over age 65, Petitioner is eligible for MA under an SSI-related category only. The Department testified that Petitioner had excess income for eligibility for MA under the AD-Care program, the full-coverage SSI-related MA program. In determining the SSI-related MA category Petitioner is eligible for, MDHHS must determine Petitioner's MA fiscal group size and the group's income. As a married individual, Petitioner has fiscal group size for SSI-related MA purposes of two. BEM 211 (October 2023), p. 8. The AD-Care program, as of March 2025 had an income limit of \$1,723 for a two-person MA group. BEM 163 (July 2017), p. 2; RFT 242 (April 2025), p. 1; <https://aspe.hhs.gov/poverty-guidelines>.

For MA eligibility determinations made in January, February and March, federal law requires that the RSDI cost-of-living adjustment (COLA) effective in the new year is disregarded and gross RSDI income for the previous December is used for these months. When the COLA is removed from Petitioner's 2025 RSDI and Wife's RSDI, Petitioner's RSDI income of [REDACTED] and Wife's RSDI income of [REDACTED] total [REDACTED]. Because this total exceeds the income limit for AD-Care eligibility, the Department properly determined that Petitioner was not eligible for MA under the AD-Care program.

However, under federal law, an individual is entitled to the most beneficial coverage available, which is the one that results in eligibility and the least amount of excess income or the lowest cost share. BEM 105, p. 2; 42 CFR 435.404. Individuals over age 65 who are not eligible for full-coverage MA coverage under AD-Care because of excess income and who are not employed may still be eligible for SSI-related MA under a Group 2 SSI-related (G2S) program, which provides for MA coverage with a monthly

deductible. BEM 105, p. 1. The deductible is in the amount that a client's net income (less any allowable needs deductions) exceeds the applicable Group 2 MA protected income levels (PIL).

Here, the Department testified that Petitioner was eligible for MA under a G2S category with a \$1,380 monthly deductible in December 2024 and a \$1,385 monthly deductible in January 2025 but did not present any eligibility screen from its database, a HCCDN, or a budget establishing Petitioner's eligibility for MA coverage under the G2S program. Petitioner denied being aware of such coverage. Therefore, the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when the only documentary evidence presented showed that Petitioner's MA eligibility was limited to PFFP.

The Department also testified that Petitioner was eligible for MSP coverage under the SLMB category. MSP is a State-administered, SSI-related Medicaid program in which the State may pay an income-eligible client's Medicare premiums, coinsurances, and deductibles. BEM 165 (July 2024), pp 1-2; BAM 810 (June 2024), p. 1. There are three income-based MSP categories: (1) Qualified Medicare Beneficiaries (QMB), which pays for a client's Medicare premiums (both Part A, if any, and Part B), Medicare coinsurances and Medicare deductibles; (2) Specified Low-Income Medicare Beneficiaries (SLMB), which pays for a client's Medicare Part B premiums; and (3) Additional Low Income Medicare Beneficiaries (ALMB), which pays for a client's Medicare Part B premiums when funding is available. BEM 165, pp. 1-2. For a two-person MA fiscal group, the income limits for each category are as follows:

	<u>Effective April 1, 2024</u>	<u>Effective April 1, 2025</u>
QMB	\$1,723.50	\$1,783.00
SLMB	\$2,064.00	\$2,135.00
ALMB	\$2,319.50	\$2,400.00

A fourth MSP category, Non-Categorically Eligible Michigan Beneficiaries (NMB), is available for individuals with income and assets above allowed ALMB limits but with full coverage MA and Medicare Part A and B. BEM 165, p. 1.

Based on Petitioner and Wife's combined RSDI income, the Department properly determined that Petitioner was eligible for MSP benefits under the SLMB category.

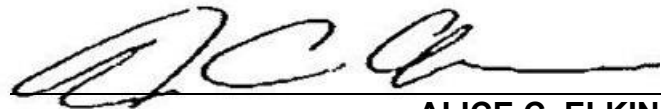
DECISION AND ORDER

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 Department policy when it determined that Petitioner was eligible for MSP benefits under the SLMB category but failed to satisfy its burden of showing that it acted in accordance with Department policy when it calculated Petitioner's FAP benefits for February 2025 ongoing or his MA medical insurance coverage.

Accordingly, the Department's decision is **AFFIRMED IN PART** with respect to MSP eligibility and **REVERSED IN PART** with respect to the FAP calculation and the MA health insurance coverage determination.

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 FAP benefits for February 2025 ongoing;
2. If eligible, issue FAP supplements for any FAP benefits Petitioner was eligible to receive but did not from February 2025 ongoing;
3. Determine Petitioner's MA eligibility under the G2S program for March 1, 2025 ongoing;
4. Provide Petitioner with the most beneficial coverage he is eligible to receive from March 1, 2025 ongoing; and
5. Notify Petitioner in writing of its decision.



ALICE C. ELKIN
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

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Interested Parties

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M HOLDEN
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MOAHR

Via First Class Mail:

Petitioner

_____, MI _____