



Date Mailed: February 20, 2025

Docket No.: 25-003135

Case No.: [REDACTED]

Petitioner: [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।

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

[REDACTED]

### 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 February 12, 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. Petitioner's spouse, [REDACTED], appeared with Petitioner. Respondent Michigan Department of Health and Human Services (Department) had Hearing Facilitator Jenee Murray and Hearing Facilitator Megan latonna appear as its representatives. Neither party had any additional witnesses.

Both parties provided sworn testimony, and two exhibits were admitted into evidence. A 39-page packet of documents provided by the Department was admitted collectively as Exhibit A, and an additional 7-page packet of documents provided by the Department was admitted collectively as Exhibit B.

### 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:

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1. Petitioner is married.
  2. Petitioner is a resident of Macomb County.
  3. Petitioner's spouse, [REDACTED], is aged and/or disabled.
  4. [REDACTED] has Medicare coverage.
  5. [REDACTED] received [REDACTED] per month from Social Security RSDI in 2024.
  6. [REDACTED] receives [REDACTED] per month from Social Security RSDI (as of January 2025).
  7. Petitioner is employed part-time at Warren Schools, and Warren Schools pays Petitioner biweekly.
  8. On August 5, 2024, the Department mailed a redetermination form to Petitioner with instructions for Petitioner to complete the form and return it to the Department to renew her Medicaid eligibility.
  9. On August 27, 2024, Petitioner returned the completed redetermination form to the Department.
  10. Petitioner reported the following pertinent information in the completed redetermination form:
    - a. Petitioner earns [REDACTED] every two weeks from her employment.
    - b. Petitioner files a tax return jointly with her spouse, and they do not claim any tax dependents.
  11. On November 1, 2024, the Department mailed a semi-annual contact report to Petitioner with instructions for Petitioner to complete the form and return it to the Department to renew her eligibility for FAP benefits.
  12. On November 19, 2024, Petitioner returned the completed semi-annual contact form to the Department.
  13. Petitioner included paystubs with the completed semi-annual contact form when she returned it to the Department. Petitioner's paystubs showed the following information:
    - a. Check dated October 25, 2024: gross earnings of [REDACTED], and retirement contributions of \$145.18.
    - b. Check dated November 8, 2024: gross earnings of [REDACTED], and retirement contributions of \$121.28.

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14. Petitioner also provided the Department with a copy of her 2023 federal income tax return. Petitioner's 2023 federal income tax return showed the following information:
    - a. Petitioner filed her tax return jointly with her spouse and claimed one tax dependent, [REDACTED]
    - b. Petitioner reported adjusted gross income of [REDACTED]
  15. The Department reviewed Petitioner's case and determined Petitioner's Medicaid eligibility.
  16. The Department determined that Petitioner was ineligible for full-coverage Medicaid because her modified adjusted gross income (MAGI) exceeded the income limit for full-coverage Medicaid through the Healthy Michigan Plan. The Department determined that the best Medicaid coverage that Petitioner was eligible for was limited-coverage Medicaid through Plan First.
  17. The Department determined that [REDACTED] was ineligible for full-coverage Medicaid because his countable income exceeded the income limit for full-coverage Medicaid through the AD Care program. The Department also determined that [REDACTED] was ineligible for Medicare Savings Program (MSP) coverage because his countable income exceeded the income limit for coverage. The Department determined that the best Medicaid coverage that [REDACTED] was eligible for was Medicaid with a monthly deductible.
  18. On January 13, 2025, the Department mailed a health care coverage determination notice to Petitioner to notify her of the Department's Medicaid eligibility determination. The notice informed Petitioner that she was eligible for limited-coverage Medicaid through Plan First, effective February 1, 2025. The notice informed Petitioner that [REDACTED] was eligible for Medicaid with a \$1,831.00 monthly deductible, effective February 1, 2025.
  19. Petitioner requested a hearing to dispute the Department's determination.

### **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.

## HEALTHY MICHIGAN PLAN

Medicaid coverage is available through the Healthy Michigan Plan for eligible individuals. In order for a client to be eligible for full-coverage Medicaid through the Healthy Michigan Plan, the client must not qualify for Medicare. BEM 137 (January 1, 2024), p. 1. Haytham Arabo qualified for Medicare, so he was not eligible for Medicaid coverage through the Healthy Michigan Plan. However, Petitioner did not qualify for Medicare, so Petitioner was potentially eligible for Medicaid coverage 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 aged 19 to 64 and the individual's household income must not exceed 133% of the Federal Poverty Limit (FPL). *Id.* at 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 married, and Petitioner claimed one tax dependent.

The FPL for a household size of three in 2024 was \$25,820.00. 89 FR 2962 (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.

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Based on the evidence presented, Petitioner reported that her income from employment was [REDACTED] biweekly, which equals [REDACTED] per year. This is compatible with Petitioner's 2023 federal income tax return because it is no more than 10% less than the earned income reported on her 2023 federal income tax return. Thus, [REDACTED] per year is what should be used for Petitioner's earned income. MAGI also includes income from Social Security benefits. [REDACTED] received [REDACTED] per month from Social Security benefits, which equals [REDACTED] per year. Petitioner's total MAGI is equal to Petitioner's earned income of [REDACTED] per year and [REDACTED] Social Security benefits of [REDACTED] per year. Thus, Petitioner total MAGI is [REDACTED] per year.

Petitioner's MAGI of [REDACTED] per year is greater than the \$35,631.60 income limit, so Petitioner is ineligible for full-coverage Medicaid through the Healthy Michigan Plan. The Department's decision to find Petitioner ineligible for full-coverage Medicaid through the Healthy Michigan Plan is affirmed.

#### AD CARE PROGRAM

Medicaid coverage is available through the AD Care program for eligible individuals. 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 Federal Poverty Level (FPL). BEM 163 (July 1, 2017), p. 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 two because Petitioner has a spouse. The FPL for a household size of two in 2024 is \$20,440.00. 89 FR 2962 (January 17, 2024). The applicable FPL is equal to a monthly income of \$1,703.33.

When group members receive income from Social Security RSDI, the gross amount received from RSDI is countable. BEM 163 at 2. However, \$20.00 is disregarded from unearned income such as Social Security RSDI income. BEM 541 (January 1, 2024), p. 1. In this case, [REDACTED] received [REDACTED] per month from Social Security benefits. The countable amount of [REDACTED] Social Security benefits is [REDACTED] per month after the \$20.00 disregard.

When group members receive earned income from employment, the gross amount minus a \$65.00 plus ½ disregard is countable. *Id.* at 3. In this case, Petitioner received [REDACTED] per year in earned income, which equals [REDACTED] per month. Petitioner is eligible for a disregard of \$65.00 plus ½ of the remaining earnings. The disregard totals [REDACTED] so the countable amount of Petitioner's earnings is [REDACTED] per month.

Petitioner's total countable income is [REDACTED] countable Social Security benefit of [REDACTED] per month and Petitioner's countable earned income of [REDACTED] per month. 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 and the earned income disregard. Thus, Petitioner's total countable income is [REDACTED] per month.

Petitioner's countable income of [REDACTED] per month is greater than the \$1,703.33 income limit, so [REDACTED] is ineligible for full-coverage Medicaid through the AD Care program. The Department's decision to find [REDACTED] ineligible for full-coverage Medicaid through the AD Care program is affirmed.

### MEDICARE SAVINGS PROGRAM

Medicare Savings Program (MSP) coverage is a type of Medicaid that assists eligible individuals with Medicare costs. There are three basic types of MSP coverage: QMB, SLMB, and ALMB. BEM 165 (July 1, 2024), p. 1. QMB pays for Medicare premiums, Medicare coinsurances, and Medicare deductibles. *Id.* at 2. SLMB only pays Medicare Part B premiums. *Id.* ALMB only pays Medicare Part B premiums if there is sufficient funding available. *Id.* Thus, QMB is the best coverage, SLMB is the next best coverage, and ALMB is the lowest level of coverage.

The type of MSP coverage a client is eligible for is determined based on income. The income limit for QMB is the same as for full-coverage Medicaid through the AD Care program. *Id.* at 1. The income limit for SLMB is 120% of the FPL. *Id.* The income limit for ALMB is 135% of the FPL. Thus, the highest income limit for MSP coverage is 135% of the FPL.

Petitioner's countable income of [REDACTED] is 129% of the FPL, so [REDACTED] is eligible for type ALMB MSP coverage. The Department's decision to find [REDACTED] ineligible for MSP coverage is reversed. The Department must redetermine Haytham Arabo's eligibility consistent with this hearing decision.

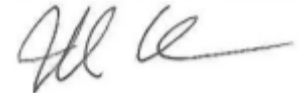
### DECISION AND ORDER

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 acted in accordance with its policies and the applicable law when it determined Petitioner was ineligible for full-coverage Medicaid through the Healthy Michigan Plan; (2) the Department acted in accordance with its policies and the applicable law when it determined [REDACTED] was ineligible for full-coverage Medicaid through the AD Care program; (3) the Department did not act in accordance with its policies and the applicable law when it determined [REDACTED] was ineligible for MSP coverage.

**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 affirmed.

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- The Department's decision to find [REDACTED] ineligible for full-coverage Medicaid through the AD Care program is affirmed.
  - The Department's decision to find [REDACTED] ineligible for MSP coverage is reversed. The Department must redetermine [REDACTED] eligibility for MSP coverage consistent with this hearing decision. The Department must begin to implement this order within 10 days of the mailing date of this hearing decision.



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**JEFFREY KEMM**  
**ADMINISTRATIVE LAW JUDGE**

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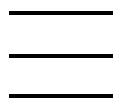
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**APPEAL RIGHTS:** Petitioner may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at [courts.michigan.gov](https://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](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.



**Via Electronic Mail:**

**Respondent**

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**Interested Parties**

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MOAHR

**Via First Class Mail:**

**Petitioner**

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████████████████████ MI ██████████