



Date Mailed: March 19, 2025

Docket No.: 25-006621

Case No.:

Petitioner:

«RECIP_FULL_NAME»

«RECIP_ADD0»

«RECIP_ADD1»

«RECIP_ADD2»

«RECIP_CITY», «RECIP_SPCODE»

«RECIP_POSTAL»

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

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 by telephone on March 12, 2025. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Ryane McArthur, Assistance Payments Worker, and Latora Giles, Assistance Payments Supervisor.

ISSUE

Did the Department properly deny Petitioner Food Assistance Program (FAP) benefits?

Did the Department properly deny Petitioner Medicaid (MA) 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 was an ongoing recipient of FAP benefits for a one-person FAP group, and Healthy Michigan Plan (HMP) MA coverage throughout 2024. (Exhibit A, pp. 39 – 41).

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2. On [REDACTED] 2024, the Department received a redetermination application from Petitioner. (Exhibit A, p. 36).
 3. On January 10, 2025, the Department obtained a Work Number report through Equifax and used Petitioner's income for the period of November 4, 2024 through December 3, 2024 to determine Petitioner's FAP eligibility. The Department determined Petitioner had excess income and closed her FAP case. (Exhibit A, p. 28, Serial No. 76; p. 36).
 4. On January 13, 2025, the Department received a completed application from Petitioner for FAP and MA benefits for herself. Petitioner reported that she was employed but that her sole source of income was short term disability (STD) in the amount of \$[REDACTED] bi-weekly. (Exhibit A, pp. 7 – 23).
 5. On January 14, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that denied Petitioner MA effective February 1, 2025 ongoing because the Department could not determine if she applied for Medicare through the Social Security Administration. (Exhibit A, p. 49).
 6. On January 23, 2025, the Department obtained an updated Work Number report. (Exhibit A, p. 36).
 7. On January 23, 2025, the Department sent Petitioner a Verification Checklist (VCL) that requested Petitioner provide verification of her last 30 days of income to the Department by February 3, 2025. (Exhibit A, pp. 25 – 26).
 8. On January 30, 2025, the Department interviewed Petitioner. Petitioner reported that she last worked January 20, 2025, continued to be paid by her employer from her accumulated paid time off (PTO) at the rate of \$[REDACTED] per hour for 40 hours per week on a bi-weekly basis, and had not yet begun to receive STD. (Exhibit A, p. 28, Serial No. 81; p. 33).
 9. On February 6, 2025, the Department sent Petitioner a Notice of Case Action (NOCA) that denied Petitioner FAP benefits for her one-person FAP group due to excess net income and failure to provide verification of her income. (Exhibit A, pp. 52 – 53).
 10. On February 7, 2025, the Department received a request for hearing from Petitioner that disputed the Department's denial of her FAP and MA benefits. (Exhibit A, pp. 4 – 6).
 11. On February 22, 2025, Petitioner turned [REDACTED] years old. (Exhibit A, p. 8).

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 to dispute the Department's denial of Petitioner for FAP benefits due to excess net income and denied of Petitioner for MA coverage because it could not verify that she applied for Medicare.

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.

Petitioner requested a hearing to dispute the Department's denial of her application for FAP benefits due to excess net income and failure to provide verification of her income. Petitioner was an ongoing recipient of FAP benefits for a one-person FAP group until December 31, 2024.

When determining initial and ongoing eligibility, verification is usually required. BAM 130 (May 2024), p. 1. To request verification of information, the Department sends a VCL which tells the client what verification is required, how to obtain it, and the due date. BAM 130, p. 3. Income from wages is verified through paystubs, earnings statements, verification of employment forms, or a Work Number report, among other sources and the Department is to use one of the sources identified in BEM 501 if it is the most reliable. BAM 130, p. 6; BEM 501 (January 2024), pp. 11 – 12. When the client's statements and information from the Work Number are not consistent, the Department must give the client a reasonable opportunity to resolve the discrepancy. BAM 130, p. 9. The Department sends a NOCA closing the client's case when verification has not been obtained or provided. BAM 130, pp. 7 – 8.

The Department relies on the client's income verification to determine a client's eligibility for FAP benefits based on the client's actual or prospective income and must consider all countable earned and unearned income available to the Petitioner. BEM 500 (April 2022), pp. 1 – 5. For purposes of FAP, wages, including PTO, are counted as earned income and may be prospected. BEM 501, pp. 6 – 7. The calculation of earned income begins with gross income, which is the amount of income before any deductions such as taxes and may be more than the amount an individual actually receives. BEM 500, pp. 4 – 5. Prospective income is income not yet received, but expected, and is based on the past 30 days when that income appears to accurately reflect what is expected to be received in the benefit month. BEM 505 (October 2023), pp. 1, 6 – 7. For the

purposes of FAP, the Department must convert income that is received more often than monthly into a standard monthly amount and the average of bi-weekly amounts is multiplied by 2.15. BEM 505, pp. 8 – 9.

In this case, Petitioner applied for FAP benefits for herself on January 14, 2025 and reported that her income was from STD in the amount of \$[REDACTED] bi-weekly. The Department obtained a Work Number report on January 23, 2025, the same day it sent Petitioner a VCL requesting verification of her last 30 days of income. The Department explained that it sent the VCL because the income Petitioner reported on her application was less than the income reported on the Work Number. Thus, the Department gave Petitioner an opportunity to resolve the discrepancy between a reliable source and Petitioner's application. Although Petitioner had an obligation to cooperate with the Department to determine her eligibility by providing verifications (BAM 105 (January 2025), p. 8; BAM 130, p. 3), because the Department had already obtained verification of Petitioner's income from the Work Number, the Department failed to establish that it acted in accordance with policy to the extent that it denied Petitioner's FAP benefits for failure to provide requested verifications.

Notwithstanding the foregoing, the Department introduced a net income budget at the hearing to show how it determined Petitioner was ineligible for FAP due to excess net income. (Exhibit A, p. 45). The net income budget reflected that the Department determined Petitioner had \$[REDACTED] in gross monthly earned income, while the budget summary included on the NOCA reflected that it determined Petitioner had \$[REDACTED] in gross monthly earned income. (Exhibit A, p. 53). Although the Department testified regarding the Work Number report, it did not introduce the report during the hearing and could not explain how it determined Petitioner's gross monthly income. Additionally, during her interview on January 30, 2025, Petitioner reported that she was not yet approved for STD, that her current income was \$[REDACTED] per hour for 40 hours per week for PTO, and that she was paid bi-weekly. During the hearing, Petitioner confirmed that she continued to receive \$[REDACTED] per hour for 40 hours per week for PTO bi-weekly as of the date of the hearing. When Petitioner's reported earnings are converted to a standard monthly amount, Petitioner's gross monthly income was less than either amount calculated by the Department.

When determining a client's FAP eligibility, the Department must also determine which deductions are available to the Petitioner. Specific and limited deductions are permitted, depending on the source of countable income and the group's composition. Because Petitioner is over [REDACTED] years old, she is considered a senior/disabled/veteran (SDV) household. BEM 550, p. 1. Households with SDV members and earned income may be eligible for a 20% earned income deduction and a medical expense deduction for medical expenses of the SDV member in excess of \$35, among others. BEM 554 (January 2025) p. 1; BEM 556 (October 2024) pp. 3 – 6.

Because the Department could not explain how it determined Petitioner's gross income, the Department did not establish that it's calculation of Petitioner's earned income

deduction was properly determined. Additionally, there was no dispute that Petitioner reported that she paid \$■■ bi-weekly for dental insurance. (Exhibit A, p. 13). However, the Department did not include a medical expense deduction when it determined Petitioner's FAP benefit eligibility.

Therefore, based on the foregoing, the Department failed to establish that it acted in accordance with Department policy when it determined that Petitioner had excess net income for FAP effective January 14, 2025 ongoing.

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.

Petitioner requested a hearing regarding the Department's closure of her MA case. Petitioner was an ongoing recipient of HMP MA. The Department closed Petitioner's MA case effective February 1, 2025 ongoing because it could not verify that she had applied for Medicare.

Under federal law, an individual is entitled to the most beneficial category, which is the one that results in a) eligibility, b) the least amount of excess income, or c) the lowest cost share. BEM 105 (January 2024), p. 2. All MA category options must be considered in order for the Petitioner's right of choice to be meaningful. BEM 105, p. 2. 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. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105, p. 1; BEM 137 (January 2024), p. 1; BEM 124 (July 2023), p. 1. One factor in determining MA eligibility is the client's age and HMP MA is available to individuals aged 19 to 64 only, while SSI-related MA coverage is available to individuals who are at least 65 years old or disabled. BEM 137, p. 1; BEM 240 (July 2021), pp. 3 – 4.

When the Department is aware of an actual or anticipated change in a client's eligibility, it is to begin an ex parte review, which is a determination made by the Department without the involvement of the client and is based on a review of all materials available in the client's current MA eligibility case file, and the review must consider all MA categories and begin at least 90 days prior to the closure of the client's MA case. BAM 210 (February 2025), p. 2; Bridges Program Glossary (June 2024), p. 25; BAM 220 (November 2023), p. 19. An ex parte review is required unless the change will result in closure of the client's MA case due to ineligibility for all MA. BAM 210, p. 2. When the

ex parte review indicates that the client may have continuing eligibility under another MA category, but there is not enough information in the case record to determine continued eligibility, the Department must send the client a verification checklist. BAM 220, p. 19.

When verifications are required, the Department must tell the client what verification is required, how to obtain it, and the due date. BAM 130, p. 3. The client has 10 days to provide the requested verification and the Department is to explain to the client that it is available to assist in obtaining the requested verification. BAM 130, p. 8. The Department sends a Notice closing the client's case when the client refuses to provide the verification, or when the verification due date has passed and the client has not made a reasonable effort to provide the requested documents. BAM 130, pp. 8 – 9.

Here, Petitioner turned [REDACTED] on February 22, 2025 and had ongoing coverage under HMP until January 31, 2025. The evidence established, and the Department confirmed, that it closed Petitioner's MA case on January 14, 2025 effective February 1, 2025, because the Department was unable to verify that Petitioner had applied for Medicare. The Department explained that Petitioner was required to apply for Medicare Part A, B, and/or D. BEM 270 (January 2025), p. 1. However, there was no evidence that the Department requested that Petitioner provide verification that she had applied for Medicare. BAM 130. Additionally, because Petitioner did not reach age [REDACTED] until February 22, 2025, she had until January 31, 2025 to enroll in Medicare to be eligible on February 1, 2025¹, yet the Department sent the HCCDN closing her MA case over two weeks prior to January 31, 2025.

Therefore, the Department did not act in accordance with Department policy when it closed Petitioner's MA case on January 14, 2025 effective February 1, 2025 ongoing and without requesting verifications from Petitioner regarding her application for Medicare.

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 failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner's eligibility for FAP benefits effective January 14, 2025 ongoing; and did not act in accordance with Department policy when it closed Petitioner's MA case effective February 1, 2025.

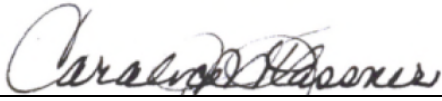
Accordingly, the Department's decision is **REVERSED** as to FAP and MA.

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS

¹ <https://www.ssa.gov/medicare/plan/when-to-sign-up> (Last accessed March 14, 2025).

HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS
DECISION AND ORDER:

1. Redetermine Petitioner's eligibility for FAP benefits effective January 14, 2025 ongoing;
2. If Petitioner is eligible for any supplemental FAP benefits, issue supplemental payments to Petitioner for any FAP benefits she was eligible to receive but did not, effective January 14, 2025;
3. Redetermine Petitioner's eligibility for MA coverage effective February 1, 2025 ongoing, and request verifications if necessary;
4. If eligible, provide Petitioner with the most beneficial MA coverage she was eligible to receive for February 1, 2025 ongoing; and
5. Notify Petitioner of its decision in writing.



CARALYCE M. LASSNER
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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Via First Class Mail:

Petitioner

