



Date Mailed: April 17, 2025

Docket No.: 25-007053

Case No.: [REDACTED]

Petitioner: [REDACTED]

«RECIP\_FULL\_NAME»  
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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。

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### **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 March 26, 2025. Petitioner was not present for the hearing. Petitioner was represented by her Authorized Hearing Representative (AHR), [REDACTED]. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Lori Turner, Eligibility Specialist.

### **ISSUE**

Did the Department properly determine Petitioner's eligibility for Medical Assistance (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 and her spouse are ongoing recipients of MA benefits under the Group 2 Caretaker Relatives (G2C) category with a monthly deductible.
2. On or around February 18, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (Notice) advising her that she and her husband

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██████████ were approved for MA benefits subject to a monthly deductible. (Exhibit A, pp. 32-40)

3. The Notice advises Petitioner of the amount of the deductible for each month from May 2024 through April 2025. Each month reflects a different deductible amount, which the Department could not explain. (Exhibit A, pp. 32-40)
4. On or around February 3, 2025, Petitioner requested a hearing disputing the Department's determination that she and her spouse were eligible for MA with a monthly deductible. (Exhibit A, pp. 3-5)

### **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).

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.

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, (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage, and (iv) to individuals who meet the eligibility criteria for Plan First Medicaid (PF-MA) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105 (October 2023), p. 1; BEM 137 (June 2020), p. 1; BEM 124 (July 2023), p. 1. Individuals are eligible for Group 1 coverage, with no deductible, if their income falls below the income limit, and eligible for Group 2 coverage, with a deductible that must be satisfied before MA is activated, when their income exceeds the income limit. Group 2 categories are considered a limited benefit because a deductible is possible. BEM 105, p. 1. Under federal law, an individual eligible under more than one MA category must have eligibility determined for the category selected and 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.

In this case, Petitioner disputed the Department's determination that she and her husband were eligible for MA under a deductible based program and not a full coverage

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MA program without a deductible. It was established that at issue was the amount of the MA deductible and MA determination for January 2025, ongoing. At the hearing, the Department testified that based on the income information obtained from the Work Number for Petitioner's husband's employment with [REDACTED] Petitioner and her husband were not eligible for a full coverage MA program and were approved for MA under the G2C subject to a monthly deductible based on their status as parents of minor children. The Department asserted that Petitioner and her husband had excess income and were ineligible for full coverage MA under the HMP, which is the Modified Adjusted Gross Income (MAGI) category with the highest income limit.

Because Petitioner and her husband are both under age 65, not disabled, and not enrolled in Medicare, they are potentially eligible for full coverage MA under the HMP. HMP is a MAGI-related MA category that provides MA coverage to individuals who (i) are 19 to 64 years of age; (ii) have income under the MAGI methodology at or below 133% of the federal poverty level (FPL); (iii) do not qualify for or are not enrolled in Medicare; (iv) do not qualify for or are not enrolled in other MA programs; (v) are not pregnant at the time of application; and (vi) are residents of the State of Michigan. BEM 137, p. 1; 42 CFR 435.603.

An individual is eligible for HMP if the household's MAGI-income does not exceed 133% of the FPL applicable to the individual's group size. An individual's group size for MAGI purposes requires consideration of the client's tax filing status and dependents. Family size means the number of persons counted as members of an individual's household. 42 CFR 435.603(b). Based on the evidence presented at the hearing, Petitioner's tax filing group was five, as the AHR confirmed that Petitioner files taxes jointly with her husband and claim three tax dependents. Therefore, for HMP purposes, Petitioner and her husband have a household size of five. The FPL for a group size of five in 2024 and continuing through April 2025, is \$36,580. 133% of the annual FPL in 2024, for a household with five members is \$48,651.40. See <https://aspe.hhs.gov/poverty-guidelines>. Therefore, to be income eligible for HMP, Petitioner's annual income cannot exceed [REDACTED] and thus, the monthly income cannot exceed [REDACTED] as they were current beneficiaries. Additionally, Department policy provides that if an individual's group's income is within 5% of the FPL for the applicable group size, a disregard is applied, making the person eligible for MA. MREM, § 7.2; BEM 500 (April 2022), pp. 3-5. With the 5% disregard applied, the household income limit is [REDACTED] or [REDACTED] monthly.

To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. 42 CFR 435.603(e); BEM 500 (April 2022), p. 3. MAGI is based on Internal Revenue Service rules and relies on federal tax information. *Id.* To determine income in accordance with MAGI, a client's adjusted gross income (AGI) is added to any tax-exempt foreign income, tax-exempt Social Security benefits, and tax-exempt interest. Alternatively, it is calculated by taking the "federal taxable wages" for each income earner in the household as shown on the paystub or, if not shown on the paystub, by using gross income before taxes reduced by any money the employer takes

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out for health coverage, child care, or retirement savings. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>. When determining financial eligibility of current beneficiaries of MAGI-related MA, the State of Michigan has elected to base eligibility on current monthly income and family size. Michigan Medicaid State Plan Amendment Transmittal 17-0100, effective November 1, 2017 and approved by the Center for Medicare and Medicaid Services on March 13, 2018 available at [https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder3/Folder80/Folder2/Folder180/Folder1/Folder280/SPA\\_17-0100\\_Approved.pdf](https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Folder3/Folder80/Folder2/Folder180/Folder1/Folder280/SPA_17-0100_Approved.pdf)

At the hearing, the Department's testimony as to how it determined Petitioner's annual and monthly MAGI was inconsistent. The Department could not explain the MAGI determination or the total annual or monthly income calculated. However, the Department presented the Work Number for review which identified the pay dates and pay amounts for Petitioner's husband's employment with [REDACTED] (Exhibit A, pp. 10-17). According to the Work Number and in consideration of his January 2025 gross earnings, Petitioner's husband was paid [REDACTED] on January 3, 2025; [REDACTED] on January 10, 2025, [REDACTED] on January 17, 2025; [REDACTED] on January 24, 2025; and [REDACTED] on January 31, 2025. (Exhibit A, pp. 13). There was no evidence that the household had any additional earned or unearned income. Based on the pay information obtained from the Work Number, Petitioner and her husband have MAGI for the month of January 2025 in the total amount of [REDACTED] which is greater than the income limit for their group size. It is noted that in consideration of the pay information from the Work Number for December 2024, November 2024, and other months in 2024, Petitioner's MAGI was also greater than the income limit for their household size for those months as well. While Petitioner's AHR asserted that the tax return submitted to the Department reflects lower annual income than that reflected on the Work Number, the tax return was not presented for review during the hearing and there was no evidence presented to show that the income amounts reflected on the Work Number were not accurate. Petitioner's AHR also asserted that Petitioner's husband's earnings were greater in December 2024 and January 2025 due to the holiday. The AHR was advised that should Petitioner submit updated pay stubs to the Department, the MA eligibility will be reviewed. Upon review, the Department properly concluded that Petitioner and her husband were not eligible for full coverage MA benefits under the HMP.

Although Petitioner and her husband were not eligible for HMP coverage, as parents, they are potentially eligible for MA under the Group 2 Caretaker Relative (G2C) program. At the hearing, the Department representative testified that as of May 1, 2024, Petitioner and her husband were eligible for MA under the G2C subject to a monthly deductible of \$2,257 for the month of January 2025. (Exhibit A, pp. 8, 23-24, 32-40)

Group 2 eligibility for MA coverage is possible even when net income exceeds the income limit for full MA coverage. BEM 105 (January 2021), p. 1. For Group 2 categories, there is a monthly deductible equal to the amount the household's monthly

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net income (countable income minus allowable income deductions) exceeds the applicable Group 2 MA protected income level (PIL). PIL is based on the fiscal group size for Group 2 MA categories and the county of residence. BEM 135, p. 2; BEM 544 (July 2013), p. 1; RFT 240 (December 2013), p. 1. See BEM 105 (January 2016), p. 2; BAM 220 (January 2016), pp. 17-19; BAM 210 (January 2016), p. 1; BEM 135 (October 2015), p. 1. A fiscal group is established for each person requesting MA and budgetable income is determined for each fiscal group member. The Department is to use the policies in BEM 500 and BEM 530 to determine each fiscal group member's countable earned income. BEM 211 (July 2019); BEM 536 (July 2019), p. 1.

In determining a person's eligibility and their fiscal group, however, the only income that may be considered is the person's own income and the income of the following persons who live with the client: the client's spouse, and the client's parents if the client is a child. This means that a child's income cannot be used to determine a parent's eligibility. BEM 211, p. 5. Additionally, for the G2C category, an adult's fiscal group is the adult and the adult's spouse. Therefore, with respect to Petitioner and his wife's deductible, the monthly PIL for their two person fiscal group living in Wayne County is \$500 per month. BEM 211, pp.5-9; RFT 200, p 1; RFT 240, p 1. A multi-step process is then utilized when determining a fiscal group member's income and deductible. BEM 536, pp. 1-7. Thus, if net monthly income is in excess of the applicable \$500 PIL, Petitioner may become eligible for assistance under the deductible program, with the deductible being equal to the amount that the monthly income exceeds \$500. BEM 545, p 1.

The Department produced a G2-FIP Related (MA) Adult Net Income results budget for the month of January 2025 which was reviewed to determine if the Department properly calculated Petitioner's deductible (Exhibit A, p. 23-24). With respect to the MA income determination, the Department representative asserted that because the action was taken on February 18, 2025, with the issuance of the Health Care Coverage Determination Notice, the Department considered pay received by Petitioner's husband on January 17, 2025, in the amount of [REDACTED] on January 25, 2025, in the amount of [REDACTED] on January 31, 2025, in the amount of [REDACTED] and on February 7, 2025, in the amount of [REDACTED]. The Department is to count income received in the month being tested, however, and thus, it was unclear why the Department considered income received in February 2025 for a January 2025 deductible determination. Because Petitioner's fiscal group has earned income, the group is eligible for standard work expense of \$90 that is deducted from the countable earnings of each fiscal group member with earnings. It was unknown whether this expense deduction was applied in this case. Additionally, it was unclear whether the fiscal group was entitled to any additional deductions to income including the \$30 plus 1/3 disregard, dependent care deduction, and/or child support earnings or expenses.

Following the steps contained in BEM 536, the number of dependents (under the age of 18) living with the fiscal group member is also determined. This number is added to 2.9 to determine the prorated divisor. BEM 536, pp.1-5. The Department did not identify the

prorate divisor applied in this case, so it was unknown whether the Department properly considered the correct number of dependents or the correct prorated divisor. There was no evidence regarding any additional eligible needs-based deductions or ongoing medical expenses. BEM 536, pp. 3-5.

Upon review, although the Department properly determined that Petitioner and her husband were ineligible for full coverage HMP, the Department failed to show that it properly calculated the amount of Petitioner's monthly deductible.

### **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 did not act in accordance with Department policy when it determined MA eligibility for Petitioner and her husband.

Accordingly, the Department's decision is **REVERSED**.

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. Recalculate Petitioner and her husband's MA deductible for January 2025, ongoing;
2. If eligible, provide MA coverage to Petitioner and her husband for any MA benefits they were entitled to receive but did not, if any, from January 1, 2025, ongoing, and
3. Notify Petitioner in writing of its decision.



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**ZAINAB A BAYDOUN**  
**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](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. 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. 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**

WAYNE-GREENFIELD/JOY-DHHS  
8655 GREENFIELD RD  
DETROIT, MI 48228

**MDHHS-WAYNE-17-HEARINGS@MICHIGAN.GOV**

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**Interested Parties**

BSC4  
M SCHAEFER  
EQAD  
MOAHR

**Via First Class Mail:**

**Authorized Hearing Rep**

[REDACTED]  
[REDACTED] MI [REDACTED]

**Petitioner**

[REDACTED]  
[REDACTED], MI [REDACTED]