



**Date Mailed:** May 21, 2025

**Docket No.:** 25-011085

**Case No.:** [REDACTED]

**Petitioner:** [REDACTED]

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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.

[REDACTED] MI [REDACTED]

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**Case No.:** [REDACTED]

**Petitioner:** [REDACTED]

### **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 23, 2025. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Caleb Nygren, Hearing Facilitator (HF).

### **ISSUE**

Did the Department properly determine MA eligibility for Petitioner's daughter?

### **FINDINGS OF FACT**

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. On February 14, 2025, Petitioner submitted a Redetermination for the MA case. The listed household members were Petitioner and her daughter (date of birth March 5, 2022). It was reported that Petitioner had income from employment at Insight working 40 hours per week at \$ [REDACTED] every two weeks. (Exhibit A, pp. 9-13)
2. On March 4, 2025 the MA redetermination was processed and the Department determined that Petitioner's daughter was no longer eligible for MA under the MiChild (MCD) category effective April 1, 2025, due to income in excess of the program limit. The Department began determining eligibility under the Group 2 Under Age 21 (G2U) category. (Exhibit A, p. 3)
3. On March 4, 2025, a Health Care Coverage Determination Notice was issued regarding the closure of MA-MCD for Petitioner's daughter. (Exhibit A, pp. 14-17)
4. On March 4, 2025, a Verification Checklist was issued to Petitioner requesting verification of income from February 1, 2025 to present with a due date of March 14, 2025. (Exhibit A, pp. 18-19)

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5. On March 5, 2025, Petitioner submitted two paycheck stubs showing Petitioner worked 80 hours and had gross earnings of \$[REDACTED]. (Exhibit A, pp. 3 and 20-21)
  6. On March 18, 2025, Petitioner filed a hearing request contesting the Department's determination. (Exhibit A, pp. 5-7)
  7. The Department determined Petitioner's daughter was eligible for MA-G2U with a monthly deductible of \$3,058.00. On March 26, 2025, a Health Care Coverage Determination Notice was issued. (Exhibit A, pp. 3 and 22-29)

### **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.

The Medicaid program comprise several sub-programs or categories. BEM 105, January 1, 2024, p. 1.

To receive MA under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. Medicaid eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild, Flint Water Group and Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology. BEM 105, January 1, 2024, p. 1.

In general, the terms Group 1 and Group 2 relate to financial eligibility factors. For Group 1, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. The income limit, which varies by category, is for nonmedical needs such as food and shelter. Medical expenses are not used when determining eligibility for MAGI-related and SSI-related Group 1 categories. For Group 2, eligibility is possible even when net income exceeds the income limit. This

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is because incurred medical expenses are used when determining eligibility for Group 2 categories. Group 2 categories are considered a limited benefit as a deductible is possible. BEM 105, January 1, 2024, p. 1.

Medicaid eligibility is determined on a calendar month basis. Unless policy specifies otherwise, circumstances that existed, or are expected to exist, during the calendar month being tested are used to determine eligibility for that month. When determining eligibility for a future month, assume circumstances as of the processing date will continue unchanged unless you have information that indicates otherwise. BEM 105, January 1, 2024, p. 2. This is consistent with 42 CFR § 435.603(h), which states that financial eligibility for Medicaid for applicants must be based on current monthly household income and family size.

MiChild (MA-MCD) is a MAGI-related Medicaid Expansion program for children who are under 19 years of age and who are not enrolled in comprehensive health insurance. BEM 130, January 1, 2024, p. 1. Income eligibility for MA-MCD for an individual age one to age 19 is 161 percent to 212 percent of the FPL. BEM 130, January 1, 2024, p. 1.

Group 2 Under 21 is a non-MAGI MA category. BEM 105, January 1, 2024, p. 2. Medicaid is available to a person who is under age 21 and meets the eligibility factors in this item. All eligibility factors must be met in the calendar month being tested. BEM 132, April 1, 2018, pp. 1-2. Income eligibility exists when net income does not exceed the Group 2 needs in BEM 544. Apply the Medicaid policies in BEM 500, 530 and 536 to determine net income. If the net income exceeds Group 2 needs, Medicaid eligibility is still possible. See BEM 545. BEM 132, April 1, 2018, p. 2.

For the Group 2 Under 21 category, a fiscal group is established for each person requesting MA and budgetable income is determined for each fiscal group member. Since how a client's income must be considered may differ among family members, special rules are used to prorate a person's income among the person's dependents, and themselves. BEM 536 July 1, 2019, p. 1. The BEM 536 policy outlines the 16 step process to determine a fiscal group member's income. BEM 536, July 1, 2019, pp. 1-7.

When determining Group 2 needs, the Department utilizes a protected income level (PIL), which is a set allowance for non-medical need items such as shelter, food and incidental expenses. RFT 240 lists the Group 2 MA PILs based on shelter area and fiscal group size. RFT 200 lists the counties in each shelter area. The Department can count the cost of any health insurance premiums as a need item. BEM 544, January 1, 2020, p. 1. Genesee county is part of shelter area VI. RFT 200, April 1, 2017, p. 3. In shelter area VI, for a group size of 2 the PIL is \$541.00. RFT 240, December 1, 2013, p. 1.

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Deductible is a process which allows a client with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred. Each calendar month is a separate deductible period. The fiscal group's monthly excess income is called a deductible amount. Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month tested. BEM 545, July 1, 2022, p. 10-12.

The Department counts the gross wage amount as earned income. BEM 501, January 1, 2024, p. 7.

In March 2025, the 2024 FPL was still in effect. The 2024 FPL for the 48 contiguous states and the District of Columbia for a group size of two is an annual income of \$20,440. Accordingly, 212% of FPL is \$43,332.80 for a group size of two. Divided by 12, this would equate to \$3,611.07 per month.

In this case, the Department explained that Petitioner's daughter was no longer eligible for MA under the MA-MCD category because the household income exceeded the limit for this category. The household income was \$ [REDACTED] per month, which exceeds the monthly limit for MA-MCD of \$3,611.07 per month. (Exhibit A, pp. 20-22).

However, Petitioner's daughter was potentially eligible for MA under the Group 2 Under 21 MA Category. The Department determined that Petitioner's daughter would have a monthly deductible of \$3,058.00. As indicated in the above cited BEM 536 policy, budgetable income is determined for each fiscal group member. Special rules are used to prorate a person's income among the person's dependents, and themselves. The Department provided the MA budget showing how the prorated income was utilized to determine the deductible amount. (Exhibit A, p. 24; FIM Testimony).

The budgets show that the Department did not include any health insurance premiums when calculating the monthly deductible. (Exhibit A, p. 24). Medical expenses were reported on the Redetermination and Petitioner testified that she pays health insurance premiums. (Exhibit A, p. 10; Petitioner Testimony). Accordingly, MA eligibility should be redetermined for Petitioner's daughter to consider the health insurance premiums in the deductible calculation.

### **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 Petitioner's daughter's eligibility for MA.

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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:

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1. Redetermine Petitioner's daughter's eligibility for MA as of the April 1, 2025, effective date in accordance with Department policy, which would include considering health insurance premiums in the deductible calculation.
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*Colleen Lack*

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**COLLEEN LACK**  
**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.

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**Via Electronic Mail:**

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**Interested Parties**

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**Via First Class Mail:**

**Petitioner**

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