

Date Mailed: May 7, 2025

Docket No.: 25-013505

Case No.: [REDACTED]

Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

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 via Microsoft Teams on May 5, 2025. Petitioner participated by telephone and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Ryane McArthur, Specialist.

ISSUES

The first issue is whether MDHHS properly terminated Petitioner's Medical Assistance (MA) eligibility.

The second issue is whether MDHHS properly determined Petitioner's FAP eligibility.

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 December [REDACTED] 2024, Petitioner applied for Medicaid and MSP benefits.
2. On January [REDACTED] 2025, MDHHS determined Petitioner was eligible only for the limited-coverage Medicaid category of Plan First beginning December 2024. MDHHS also determined Petitioner failed to meet the basic criteria for MSP beginning December 2024.
3. On January [REDACTED] 2025, MDHHS determined that Claimant was eligible to receive \$[REDACTED] in monthly FAP benefits based on a group size of one person, gross RSDI of \$[REDACTED] medical expenses of \$[REDACTED], and an obligation for internet.
4. On March [REDACTED] 2025, MDHHS determined Petitioner was eligible only for the limited-coverage Medicaid category of Plan First beginning March 2025. MDHHS also

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determined Petitioner failed to meet the basic criteria for MSP beginning February 2025.

5. On March 31, 2025, Petitioner requested a hearing to dispute Medicaid and MSP eligibility since December 2024. Petitioner also dispute the amount of FAP eligibility.

CONCLUSIONS OF LAW

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. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MA policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing, in part, to dispute Medicaid and MSP eligibility since November 2024. Exhibit A, pp. 4-6. During the hearing, Claimant updated her dispute as beginning December 2024.¹ A Health Care Coverage Determination Notice dated January 14, 2025, stated that Petitioner was eligible only for the limited-coverage MA category of Plan First beginning December 2024 and ineligible for MSP benefits.² Exhibit A, pp. 19-21

Medicaid is also known as MA. BEM 105 (January 2024) p. 1. The MA program includes several sub-programs or categories. *Id.* To receive MA under a Supplemental Security Income (SSI)-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. *Id.* Medicaid eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild and Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology.³ *Id.*

During the hearing, MDHHS acknowledged it incorrectly processed Petitioner's Medicaid and MSP eligibility beginning December 2024 due to a verification error. MDHHS also acknowledged that Petitioner was entitled to a reprocessing of Medicaid and MSP benefits. Given the evidence, MDHHS will be ordered to reprocess Petitioner's MA and MSP application dated December 2024.⁴

¹ Petitioner applied for Medicaid and MSP benefits. Exhibit A, pp. 12-17.

² On March 7, 2025, MDHHS again determined Petitioner was eligible only for a limited Medicaid coverage and ineligible for MSP. Exhibit A, pp. 7-11.

³ Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

⁴ MDHHS testimony indicated that Petitioner may have to return proof of multiple bank accounts before a full processing of eligibility occurs. A Verification Checklist dated April 8, 2025, requested bank statements from four banks. Exhibit A, pp. 42-44.

The 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. MDHHS administers the FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011. FAP policies are contained in the BAM, BEM, and RFT.

Petitioner also requested a hearing claiming, without explanation, she was entitled to receive \$[REDACTED] in monthly FAP benefits. Exhibit A, pp. 4-6. A Notice of Case Action dated January 14, 2025, stated that Petitioner was eligible to receive \$[REDACTED] in monthly FAP benefits beginning February 2025.⁵ Exhibit B, pp. 1-5.

FAP benefit amounts are based on a client's net income. Net income, for purposes of FAP benefits, is based on the client's group size, countable monthly income, and relevant monthly expenses. BEM 556 outlines the factors and calculations required to determine net income. A budget summary from the Notice of Case Action listed all relevant income and expenses. Exhibit B, p. 2. During the hearing, all relevant budget factors were discussed with Petitioner.

MDHSH factored the following in determining Petitioner's FAP eligibility: monthly wages of \$0, child support expenses of \$0, dependent care expenses of \$0, and housing expenses of \$[REDACTED]. MDHHS credited Petitioner with the maximum utility credit of \$664. MDHHS also deducted Petitioner's benefits by \$[REDACTED] for repayment of a benefit overissuance.⁶ Petitioner only disputed the following; benefit group size, unearned income, and internet expenses.

MDHHS factored a benefit group including only Petitioner based on Petitioner living with no other persons. FAP benefit group composition is based upon the following:

- Who lives together.
- The relationship(s) of the people who live together.
- Whether the people living together purchase and prepare food together or separately.
- Whether the person(s) resides in an eligible living situation. BEM 212 (October 2024) p. 1.

Petitioner contended that her benefit group size should be three persons. Petitioner testified that her two children were wrongly removed from her home by Child Protective Services in 2022 and that her children should be counted as group members. Because

⁵ During the hearing, Petitioner stated she intended to dispute FAP eligibility since 2022. Aside from clients being restricted from disputing FAP eligibility more than 90 days after properly issued written notice, Petitioner failed to give MDHHS written notice of an intent to dispute FAP eligibility since 2022.

⁶ Petitioner wanted to use the hearing as an opportunity to dispute whether an OI occurred. However, MDHHS credibly testified that due process was given when notice of the OI was sent on June 11, 2024. Petitioner was advised she can dispute the OI by separately requesting a hearing; however, Petitioner would have to meet timeliness standards.

Petitioner does not live with her children and no exceptions apply, MDHHS properly did not count the children in Petitioner's FAP benefit group.

It was not disputed that Petitioner is eligible to receive gross RSDI of \$[REDACTED] For FAP benefits, gross RSDI is countable. BEM 503 (January 2023) p. 29. Thus, MDHHS properly counted \$[REDACTED] for Petitioner's RSDI.

MDHHS acknowledged that Petitioner received monthly net RSDI of only \$[REDACTED] after a Medicare premium reduction. For groups without a senior (over 60 years old), disabled or disabled veteran (SDV) member, MDHHS considers the following expenses: shelter expenses (housing and utilities) up to a capped amount, dependent care costs, and court-ordered child support and arrearages paid to non-household members. *Id.* Groups with an SDV member who has a verified one-time or ongoing medical expense(s) of more than \$35 for an SDV person(s) will receive the standard medical deduction (SMD) of \$165. *Id.*, p. 9. If the group has actual medical expenses which are more than the SMD, the group has the option to verify their actual expenses instead of receiving the SMD. *Id.* Groups with an SDV member also have an uncapped excess shelter expense. *Id.* It was not disputed that Petitioner was a disabled individual; thus, Petitioner's FAP group is an SDV group. Given the evidence, Petitioner was properly issued the SMD of \$165

Since October 2024, MDHHS has issued clients a standard \$50 credit for internet expenses. RFT 255 (October 2024) p. 1. Petitioner claimed to be responsible for payment of internet. MDHHS claims it deprived Petitioner the credit because Petitioner's FAP eligibility was not redetermined since the credit was allowed. MDHHS explanation does not justify depriving Petitioner of the credit. Given the evidence, MDHHS will be ordered to reprocess Petitioner's potential eligibility for the internet credit.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS improperly determined Petitioner's MA, MSP, and FAP eligibility. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

- (1) Re-register and reprocess Petitioner's MA and MSP eligibility beginning December 2024 subject to the finding that MDHHS failed to establish it properly denied Petitioner full Medicaid and MSP benefits; and
- (2) Reprocess Petitioner's FAP eligibility beginning February 2024 subject to the finding that MDHHS failed to establish it properly deprived Petitioner of a standard internet credit.

The actions taken by MDHHS are **REVERSED**.



CHRISTIAN GARDOCKI
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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SCHAEFERM

EQADHEARINGS

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MOAHR

Via First Class Mail:

Petitioner

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