



Date Mailed: August 5, 2025

Docket No.: 25-020558

Case No.: [REDACTED]

Petitioner: [REDACTED]

[REDACTED]
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এটি একটি গুরুত্বপূর্ণ আইনি ডকুমেন্ট। দয়া করে কেউ দস্তাবেজ অনুবাদ করুন।

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Docket No.: 25-020558

Case No.: [REDACTED]

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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 July 1, 2025. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Amber Gibson, Hearings Facilitator (HF).

During the hearing proceeding, the Department's Hearing Summary packet was admitted as Exhibit A, pp. 1-11.

ISSUE

Did the Department properly determine Petitioner's eligibility for Medical Assistance (MA)?

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 receiving MA under the Freedom to Work (MA-FTW) category.
2. On August 11, 2023, Petitioner left her job due to medical necessity. (Exhibit A, p. 1)
3. On May 6, 2025, Petitioner notified the Department that the MA-FTW was affecting her credit score and she wanted it stopped. (Exhibit A, p. 1)
4. On May 6, 2025, the Department closed Petitioner's MA-FTW and approved MA with a monthly deductible of \$1,518.00 effective June 1, 2025. (Exhibit A, pp. 1 and 4)
5. On May 6, 2025, a Health Care Coverage Determination Notice was issued to Petitioner stating that Petitioner was approved for the Medicare Savings Program (MSP) under the NMB category from March 1, 2025 to May 31, 2025 and that she would have a monthly deductible of \$1,518.00 for her MA coverage effective June 1, 2025. Comments were added explaining that MA-FTW closed as of

June 1, 2025 and because of the loss of full coverage MA, NMB also closed. (Exhibit A, pp. 5-11)

6. On May 12, 2025, Petitioner submitted a hearing request contesting the Department's actions. (Exhibit A, p. 3)

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.

MA-FTW is available to a client with disabilities age 16 through 64 who has earned income. BEM 174, October 1, 2024, p. 1. A client may have temporary breaks in employment up to 24 months if the break is the result of an involuntary layoff or is determined to be medically necessary and retain FTW eligibility. BEM 174, October 1, 2024, p. 1. An ex parte review is required before Medicaid closures when there is an actual or anticipated change, unless the change would result in closure due to ineligibility for all Medicaid. The review includes consideration of all MA categories; see BAM 115 and 220. BEM 174, October 1, 2024, p. 3.

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. 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 is because incurred medical expenses are used when determining eligibility for Group 2

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categories. Group 2 categories are considered a limited benefit as a deductible is possible. BEM 105, January 1, 2024, p. 1.

MA AD CARE is an SSI-related group 1 MA category. This category is available to persons who are aged or disabled (AD). Net income cannot exceed 100% of the poverty level. BEM 163, July 1, 2017, p. 1.

Group 2 aged, blind, and disabled (Group 2 MA) is an SSI related MA category that available to a person who is aged (65 or older), blind or disabled. BEM 105, January 1, 2024, p. 5; BEM 166, April 1, 2017, 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 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.

The Department counts the gross benefit amount of Social Security Administration issued Retirement Survivors Disability Insurance (RSDI) benefits as unearned income when determining eligibility. BEM 503, January 1, 2025, p. 30. The Department disregards the annual cost of living increase for RSDI for January, February, and March. BEM 503, pp. 30-31.

The Department utilizes a Protected Income Level (PIL) in determining MA eligibility. The PIL is a set allowance for non-medical need items such as shelter, food and incidental expenses. BEM 544, January 1, 2020, p. 1. Ingham County is part of Shelter Area VI, which has a PIL of \$408.00 for a group size of one. RFT 200, April 1, 2017, p. 3 and RFT 240, December 1, 2013, p. 1.

For SSI related adults, the only deductions allowed to countable income are for court-ordered child support, blind/impairment related work expenses, allocation to non-SSI related children, a \$20.00 disregard, an earned income disregard of \$65.00 plus ½ of the remaining earnings, and Guardianship/Conservator expenses. BEM 541, January 1, 2025, pp. 1-7.

Income eligibility exists for all or part of the month tested when there is no excess income or the medical group's allowable medical expenses equal or exceed the fiscal group's excess income. BEM 545, July 1, 2022, p. 1-3.

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.

There are four categories that make up the MSP: Qualified Medicare Beneficiaries (QMB); Specified Low-Income Medicare Beneficiaries (SLMB); Additional Low-Income Medicare Beneficiaries (ALMB); and Non-Categorically Eligible Michigan Beneficiary (NMB). Income is the major determiner of category. For QMB net income cannot exceed 100% of poverty. For SLMB net income is over 100% of poverty, but not over 120% of poverty. For ALMB net income is over 120% of poverty, but not over 135% of poverty. For NMB, income and assets above allowed ALMB limits but have full coverage Medicaid with Medicare part A/B entitlement. BEM 165, July 1, 2024, p. 1.

RFT 242 addresses the income limits for aged or disabled MA (MA-AD) and the MSP categories. Effective April 1, 2025, for a group size of one the income limit for MA-AD and QMB is \$1,325.00; for SLMB the income limit is \$1,325.01 to \$1,585.00; and for ALMB the income limit is \$1,585.01 to \$1,781.00. The RFT 242 policy notes that these amounts are the applicable percentage of the federal poverty limit plus the \$20.00 disregard for RSDI income. RFT 242, April 1, 2025, p. 1.

In this case, Petitioner was receiving MA under the MA-FTW category. On August 11, 2023, Petitioner left her job due to medical necessity. (Exhibit A, p. 1). Pursuant to the BEM 174 policy, Petitioner was potentially eligible for ongoing MA-FTW for 24 months because she left her job due to medical necessity. However, on May 6, 2025, Petitioner notified the Department that the MA-FTW was affecting her credit score and she wanted it stopped. (Exhibit A, p. 1). Accordingly, the Department completed an ex-parte review to determine whether Petitioner was eligible under any other MA categories. This was also in accordance with the BEM 174 policy.

The Department closed Petitioner's MA-FTW and approved MA with a monthly deductible of \$1,518.00 effective June 1, 2025. (Exhibit A, pp. 1 and 4). On May 6, 2025, a Health Care Coverage Determination Notice was issued to Petitioner stating that Petitioner was approved for the MSP under the NMB category from March 1, 2025 to May 31, 2025 and that she would have a monthly deductible of \$1,518.00 for her MA coverage effective June 1, 2025. Comments were added explaining that MA-FTW closed as of June 1, 2025, and because of the loss of full coverage MA, NMB also closed. (Exhibit A, pp. 5-11).

Petitioner acknowledged that she requested the MA-FTW benefits be closed. Petitioner indicated that her income changed starting in August 2024. Petitioner got letters indicating she would have to start paying a premium for the MA-FTW. Petitioner initially thought these letters were a joke and disregarded them. Petitioner thought she had to pay \$48.00 per month to go to work. (Petitioner Testimony). The HF also confirmed that when the special rules were in place for the COVID-19 public health emergency, the

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MA-FTW premiums were waived for a time. (HF Testimony). This is likely why Petitioner did not have to pay a MA-FTW premium when she first started receiving MA under the MA-FTW category.

Petitioner stated that she did not understand her options when she requested the MA-FTW be closed. Petitioner did not realize she would be better off paying the \$48.00 until August, rather than change to having the monthly deductible. Petitioner also disputes the PIL allowed in the deductible calculation. \$408.00 is not sufficient for a person to meet their monthly living expenses. (Petitioner Testimony). However, this Administrative Law Judge has no authority to change or make any exceptions to Department policy, which includes the PIL.

The budget shows that the Department did not include any health insurance premiums when calculating the monthly deductible. (Exhibit A, p. 4). It appears this may be a programming issue where the system did not include the insurance premium because Petitioner was eligible for the MSP when the deductible determination was made. However, the deductible began June 1, 2025 and the Health Care Coverage Determination Notice indicates Petitioner was not eligible for the MSP effective June 1, 2025. Therefore, it appears that Petitioner would be responsible for paying the Medicare premium effective June 1, 2025. Accordingly, MA eligibility for Petitioner should be redetermined to consider any health insurance premiums Petitioner is responsible to pay in the MA deductible calculation.

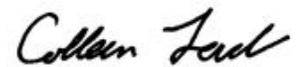
DECISION AND ORDER

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 failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner's eligibility for MA.

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. If they have not already done so, redetermine Petitioner's eligibility for MA as of the June 1, 2025 effective date.



COLLEEN LACK

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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:

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