



**Date Mailed:** August 27, 2025  
**Docket No.:** 25-023038  
**Case No.:** [REDACTED]  
**Petitioner:** [REDACTED]

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

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Ky është një dokument ligjor i rëndësishëm. Ju lutem, kini dikë ta përktheni dokumentin.

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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 31, 2025. Petitioner appeared for the hearing and represented herself. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Shana Powell, Assistance Payments Worker.

### **ISSUE**

Did the Department properly determine Petitioner's eligibility for Medical Assistance (MA) and Medicare Savings Program (MSP) 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 previously a recipient of MA benefits under the Healthy Michigan Plan (HMP). Petitioner's MA benefits under the HMP were terminated effective April 2024.
2. On or around May 14, 2025, Petitioner submitted an application requesting MA and MSP benefits.
3. On May 15, 2025, and May 28, 2025, the Department sent Petitioner Health Care Coverage Determination Notices advising that effective May 1, 2025, she was ineligible for MSP benefits because her income exceeded the limit.
4. On June 5, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice advising that effective May 1, 2025, she was eligible for MA subject to a monthly deductible of \$1,641 and ineligible for MSP benefits due to excess income.
5. Petitioner confirmed that she receives gross monthly income from RSDI/Social Security in the amount of [REDACTED] and that \$185 is deducted from her monthly benefits for her Medicare premiums. Petitioner also confirmed that she receives a monthly pension of [REDACTED]

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6. On or around June 16, 2025, Petitioner requested a hearing disputing the Department's actions with respect to the MA program and MSP.

### **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 (January 2024), p. 1; BEM 137 (June 2020), p. 1; BEM 124 (July 2023), p. 1.

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.

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.

Because Petitioner is enrolled in Medicare and over age 65, she is not eligible for full coverage MA under the HMP. Petitioner is potentially eligible for SSI-related MA, which is MA for individuals who are blind, disabled or over age 65 or MA as the caretaker of her grandson. BEM 105, 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. BEM 105, p. 1. Ad-Care coverage is a SSI-related

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Group 1 MA category which must be considered before determining Group 2 MA eligibility. BEM 163 (July 2017), p. 1. Eligibility for Ad-Care is based on the client meeting nonfinancial and financial eligibility criteria. BEM 163, pp. 1-2. The eligibility requirements for Group 2 MA and Group 1 MA Ad-Care are the same, other than income. BEM 166 (April 2017), pp. 1-2.

Income eligibility for the Ad-Care program is dependent on MA fiscal group size and net income which cannot exceed the income limit in RFT 242. BEM 163, p. 2. Petitioner has a MA fiscal group of one. BEM 211 (October 2023), pp. 5-8. Effective April 1, 2025, an MA fiscal group with one member is income-eligible for full-coverage MA under the Ad-Care program if the group's net income is at or below [REDACTED] which is 100 percent of the Federal Poverty Level, plus the \$20 disregard. RFT 242 (April 2025), p. 1. Thus, the income limit for Ad-Care eligibility is [REDACTED]

The Department is to determine countable income according to SSI-related MA policies in BEM 500 and 530 *except* as explained in the countable RSDI section of BEM 163. The Department will also apply the deductions in BEM 540 (for children) or 541 (for adults) to countable income to determine net income. BEM 163, p. 2.

The Department asserted that Petitioner had excess income for the Ad-Care program. The Department representative testified that it considered Petitioner's unearned income which totaled [REDACTED] and was based on her receipt of gross monthly RSDI/Social Security benefits of [REDACTED] and [REDACTED] in a monthly pension. Petitioner confirmed that the monthly unearned income amounts identified by the Department was correct. Petitioner is eligible for an unearned income general exclusion of \$20. BEM 503 (January 2023), pp. 29-30. Therefore, the Department determined that Petitioner had countable income of [REDACTED]

After further review of Department policy and based on the testimony provided at the hearing, because Petitioner's [REDACTED] countable income exceeds the net income limit for the Ad-Care program, the Department acted in accordance with Department policy when it determined that Petitioner was ineligible for full coverage MA benefits under the Ad-Care program without a deductible and determined that she would be eligible for MA under a Group 2 program.

The Department asserted that effective May 1, 2025, Petitioner was approved for MA under the Group 2 Aged Blind Disabled (G2S) program with a monthly deductible of \$1,641 as reflected in the June 5, 2025, Health Care Coverage Determination Notice.

Additionally, 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. BEM 545 (July 2022), p. 10. Individuals are eligible for Group 2 MA coverage when net income (countable income minus allowable income deductions) does not exceed the applicable Group 2 MA protected income levels (PIL), which is based on shelter area and fiscal group size. BEM 105, pp. 1-2; BEM 166, pp. 1-2; BEM 544 (January 2020), p. 1; RFT 240 (December 2013), p. 1. The PIL is a set allowance for non-medical need

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items such as shelter, food and incidental expenses. BEM 544, p. 1. The monthly PIL for an MA group of one living in ██████ County is ██████ per month. RFT 200 (April 2017), pp. 1-2; RFT 240, p. 1. Thus, if Petitioner's net monthly income is in excess of the ██████ she may become eligible for assistance under the deductible program, with the deductible being equal to the amount that her monthly income exceeds ██████ BEM 545, p. 1. To meet a deductible, a MA client must report and verify allowable medical expenses (defined in Exhibit I) that equal or exceed the deductible amount for the calendar month being tested. The group must report expenses by the last day of the third month following the month in which client wants MA coverage. BEM 545, p. 11. The Department is to add periods of MA coverage each time the group meets its deductible. BEM 545, p.11.

The Department did not present an SSI-Related Medicare Income Budget to determine whether the deductible was properly calculated. Although the Department provided some testimony as to some of the income amounts and deductions considered, based on the figures identified by the Department, the resulting deductible was not \$1,641. Additionally, there was some testimony by the Department that it failed to consider Petitioner's monthly responsibility for Medicare premiums of \$185 as an insurance premium deduction. Upon review, although the Department properly determined that Petitioner was eligible for MA under the G2S category, the Department failed to establish that it properly calculated the amount of Petitioner's monthly deductible.

Additionally, the Department representative testified that Petitioner was ineligible for MSP benefits because her income exceeded the limit.

MSP are SSI-related MA categories. There are four MSP categories: Qualified Medicare Beneficiaries (QMB); Specified Low-Income Medicare Beneficiaries (SLMB); Additional Low-Income Beneficiaries (ALMB); and Non-Categorically Eligible Michigan Beneficiaries (NMB). BEM 165 (July 2024), p. 1. QMB is a full coverage MSP that pays Medicare premiums (Medicare Part B premiums and Part A premiums for those few people who have them), Medicare coinsurances, and Medicare deductibles. SLMB pays Medicare Part B premiums and ALMB pays Medicare Part B premiums provided funding is available. NMB pays the Medicare Part B premiums (and the part A premiums for the few who have them) for full coverage Medicaid beneficiaries not otherwise eligible for MSP. BEM 165, pp. 1-2.

Income is the major determiner of category. The monthly income limits for Petitioner's fiscal group size of one for the May 2025 month of denial are identified in RFT 242 (April 2024). For QMB eligibility, net income cannot exceed ██████ which is 100% of the poverty level, plus the \$20 disregard for RSDI income. For SLMB eligibility, net income is between ██████ and ██████ which is over 100% but not over 120% of the poverty level, plus the \$20 disregard for RSDI income. For ALMB eligibility, net income must be between ██████ and ██████ which is over 120% but not over 135% of the poverty level, plus the \$20 disregard for RSDI income. RFT 242, p.1; BEM 165, pp. 1-2, 8-10. Because there is no income limit identified in Department policy for NMB eligibility, the Department may activate NMB for the months in which a client has met their monthly

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deductible. The Department is to determine countable income according to the SSI-related MA policies in BEM 500, 501, 502, 503, 504, and 530, except as otherwise explained in BEM 165. RFT 242, pp. 1-2; BEM 165, pp. 8-10. The Department will also apply the deductions in BEM 540 (for children) and BEM 541 (for adults) to countable income to determine net income. BEM 165, pp. 8-10.

At the hearing, the Department representative testified that based on Petitioner's income, she was determined ineligible for MSP benefits under all categories. As discussed above, the Department properly determined that Petitioner had countable income of [REDACTED] for SSI related MA purposes. Because the income is in excess of the [REDACTED] ALMB income limit, which is the highest income limit for MSP, the Department properly determined that Petitioner was ineligible for MSP benefits under the QMB, SLMB, and ALMB categories. Additionally, because there was no evidence that Petitioner met her monthly deductible for May 1, 2025, ongoing, she was ineligible for MSP benefits under the NMB category. Therefore, the Department properly processed Petitioner's MSP eligibility.

### **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 calculated the amount of Petitioner's MA deductible under the G2S for May 1, 2025, ongoing.

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's MA deductible effective May 1, 2025, ongoing;
2. If eligible, provide Petitioner with MA coverage under the most beneficial category, that she was entitled to receive but did not from May 1, 2025, ongoing; and
3. Notify Petitioner in writing of its decision.

  
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**ZAINAB A BAYDOUN**  
**ADMINISTRATIVE LAW JUDGE**

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**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](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.

