



Date Mailed: September 24, 2025

Docket No.: 25-025136

Case No.: [REDACTED]

Petitioner: [REDACTED]

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

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Docket No.: 25-025136

Case No.: [REDACTED]

Petitioner: [REDACTED] [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 telephone hearing commenced via Microsoft Teams on August 4, 2025. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Julie Berg, supervisor.

The hearing was continued on August 25, 2025. Petitioner participated and was unrepresented. MDHHS was represented by Karen Smalls, supervisor. The record was closed following the hearing.

ISSUES

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

The second issue is whether MDHHS properly determined Petitioner's Medicare Savings (MSP) eligibility.

The third issue is whether MDHHS properly determined Petitioner's spouse's MA 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. As of May 2025, Petitioner resided in a household that included [REDACTED] [REDACTED] Petitioner's spouse (hereinafter, "Spouse"), a 19-year-old child, and three children under 18 years-old.
2. As of May 2025, Petitioner received gross monthly Retirement, Survivors, Disability Insurance (RSDI) of \$[REDACTED] for being disabled.
3. As of May 2025, Spouse received \$[REDACTED] in gross monthly wages.

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4. As of May 2025, Petitioner's three minor children each received \$[REDACTED] in gross monthly RSDI.
 5. On May [REDACTED] 2025, Petitioner submitted to MDHHS redetermination documents for the MA program reporting that she and Spouse were 19-65 years of age, not pregnant, married, and caretakers to minor children.
 6. On May [REDACTED] 2025, MDHHS determined that Petitioner was eligible for MSP in June 2025. MDHHS also determined that Spouse was eligible for MA benefits in June 2025 but not eligible beginning July 2025 due to not being disabled, under 21 years, over 65 years, pregnant, disabled, or a caretaker to a minor child.
 7. On May [REDACTED] 2025, MDHHS determined that Petitioner was ineligible for MSP beginning July 2025 due to excess assets.
 8. On June [REDACTED] 2025, MDHHS again determined that Petitioner was ineligible for MSP beginning July 2025 due to excess assets. MDHHS also determined that Spouse was eligible for HMP beginning July 2025.
 9. On June [REDACTED] 2025, Petitioner requested a hearing to dispute MA eligibility for herself and Spouse.
 10. On July [REDACTED] 2025, MDHHS determined that Petitioner was eligible for Medicaid subject to a monthly \$[REDACTED] deductible beginning May 2025. MDHHS also determined that Petitioner had excess income for MSP beginning July 2025.

CONCLUSIONS OF LAW

The MA program is established by Title XIX of the Social Security Act, 42 USC 1396 to 42 USC 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 to 42 CFR 430.25. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10 and MCL 400.103 to MCL 400.112k of the Social Welfare Act, MCL 400.1 *et seq.* 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 MA eligibility for herself.¹ Exhibit A, pp. 3-4. A Health Care Coverage Determination Notice dated July [REDACTED] 2025, stated that Petitioner was eligible for Medicaid subject to a \$[REDACTED] monthly deductible beginning May 2025. Exhibit B, pp. 5-9.

¹ Petitioner testified that she also disputed MA eligibility for her four children. Petitioner's dispute over her kids' MA eligibility was not apparent in her hearing request. Nevertheless, addressed the issue by testifying that her four children received MA benefits. If Petitioner wishes to dispute the matter further, she may request a hearing in writing.

Medicaid is also known as MA. BEM 105 (January 2024) p. 1. The MA program includes several sub-programs and 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.² *Id.*

Persons may qualify under more than one MA category. *Id.*, p. 2. Federal law gives them the right to the most beneficial category. *Id.* The most beneficial category is the one that results in eligibility, the least amount of excess income or the lowest cost share. *Id.*

MA categories are also split into categories of Group 1 and Group 2. *Id.*, p. 1. For Group 1, a group's net income must be at or below a certain income level for eligibility. *Id.* Group 2 categories are considered a limited benefit (not limited coverage) because a deductible is possible. *Id.*

Petitioner submitted to MDHHS redetermination documents on May 6, 2025, reporting that she was a Medicare recipient between 21-65 years of age, not pregnant, disabled, and a caretaker of a minor child. Exhibit A, pp. 5-11. As a non-pregnant Medicare recipient above the age of 21, Petitioner is ineligible for all full-coverage MAGI-related categories. As a disabled individual, Petitioner is potentially eligible to receive full-coverage MA under the Group 1 SSI-related category of Aged/Disabled Care (AD Care). BEM 163 (July 2017) p. 1.

At all relevant times, Petitioner was married. For purposes of AD-Care, Petitioner's group size is two. BEM 211 (October 2023) p. 8.

As of the disputed benefit month, Petitioner received gross monthly RSDI of \$[REDACTED]. Generally, MDHHS counts the gross amount of RSDI in determining Medicaid eligibility.³ BEM 503 (January 2023) p. 29. Petitioner's RSDI of \$[REDACTED] is countable for AD-Care.

For SSI-Related MA categories, MDHHS is to apply the deductions allowed in BEM 541 for adults. BEM 163 (July 2017) p. 2. A \$20 disregard is given for unearned income. BEM 541 (July 2019) p. 3. Subtracting the \$20 disregard from Petitioner's RSDI results in countable income of \$[REDACTED].

² Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

³ Exceptions to counting gross RSDI include the following: certain former SSI recipients (e.g., disabled-adult children, 503 individuals, and early widowers), retroactive RSDI benefits, Medicare premium refunds, fee deductions made by qualified organizations acting as payee, and "returned benefits" (see BAM 500). No exceptions were applicable.

MDHHS also gives AD-Care budget credits for employment income, guardianship expenses, and/or conservator expenses. Cost of living adjustments (COLA) are applicable for the benefit months of January through March only. BEM 503 (January 2023) p. 29. It was not disputed that Spouse received \$[REDACTED] in monthly employment income. For employment income, MDHHS is to disregard \$65 plus 1/2 of the fiscal group's remaining earnings. For purposes of AD-Care, Spouse's countable income is \$[REDACTED] (dropping cents). Adding Spouse's income to Petitioner's results in a total countable income of \$[REDACTED]

Net income for AD-Care cannot exceed 100% of the federal poverty level (FPL). BEM 163 (July 2017) p. 2. In 2025, the annual federal poverty level for a 2-person group residing in Michigan is \$21,150.⁴ Dividing the annual FPL by 12 results in a monthly income limit of \$1,763 (rounding up to nearest dollar). The same income limit is found in policy.⁵ RFT 242 (April 2025) p. 1. Petitioner's group's countable income of \$[REDACTED] exceeds the AD-Care income limit. Given the evidence, MDHHS properly determined Petitioner to be ineligible for MA under any Group 1 MA category.

Though Petitioner is ineligible for MA benefits under AD-Care or any other unlimited coverage Group 1 category, Petitioner may still receive MA under a Group 2 category. For Group 2 categories, eligibility is possible even when net income exceeds the income limit for a Group 1 category; this is possible because incurred medical expenses are used when determining eligibility. BEM 105 (January 2023) p. 1. Group 2 categories are considered a limited MA benefit because a deductible is possible. *Id.* For caretakers of children, G2C is the applicable Group 2 MA category (see BEM 135).⁶

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. Each calendar month is a separate deductible period. *Id.* The fiscal group's monthly excess income is called the deductible amount. *Id.* Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. *Id.*

BEM 536 outlines a 16-step procedure for determining a client's income for purposes of G2C eligibility:

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| Step 1 | Determine countable employment income using BEM 500 and BEM 530. |
| Step 2 | Deduct \$90 from each member's employment income. |
| Step 3 | Subtract \$30 + 1/3 of a group member's employment income if the person received FIP or LIF benefits in any one of the four previous months. |

⁴ <https://www.healthcare.gov/glossary/federal-poverty-level-fpl/>

⁵ MDHHS policy lists an income limit of \$1,783 while noting the \$20 disregard is factored into the limit.

⁶ As a disabled individual, Petitioner is potentially eligible for a Group 2-Spenddown deductible (G2S). G2S eligibility will not be considered because the estimated deductible of \$[REDACTED] is higher than the G2C deductible.

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|-------------|--|
| Step 4 | Subtract \$200 from any remaining employment income if member has dependent care expenses. |
| Step 5 | Determine countable child support income using BEM 500 and BEM 530. |
| Step 6 | Subtract \$50 for countable child support income. |
| Step 7 | Determine countable unearned income using BEM 500 and BEM 530. |
| Step 8 | Add countable earned and unearned income. |
| Step 9 | Subtract child support paid by a group member (not to exceed the monthly obligation). |
| Step 10 | Subtract \$83 if client has court-appointed guardian paid by a group member. The result is the group's total net income. |
| Step 11 | Determine the number of dependents. A spouse and children under 18 are dependents. |
| Step 12 | Add 2.9 to the number of dependents to determine the prorate divisor. |
| Step 13 | Divide the prorated divisor into each group member's income to determine each member's prorated share of income. |
| Steps 14-16 | Applicable for non-parent caretakers. |
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The adult's net income for purposes of G2C is calculated by adding the following and subtracting insurance premiums, remedial services, and ongoing medical expenses:

- 2.9 x adult's prorated income (if adult has dependents)
- 3.9 x spouse's prorated income
- Prorated share of adult's income

As discussed above, Petitioner's RSDI was \$[REDACTED] MDHHS appeared to factor four dependents for Petitioner.⁷ Dividing Petitioner's countable income by 6.9 (2.9 + four dependents) results in an adult prorated income of \$295 (dropping cents). Multiplying the prorated income by 2.9 results in \$855 for Petitioner's share of her own income.

Spouse's gross employment income was \$[REDACTED] per month. Exhibit B, p. 21. Deducting \$90 from Spouse's wages results in \$[REDACTED] in income. There was no evidence that any members received LIF or FIP in the past six months. There was no evidence of dependent care expenses. Spouse's countable income is \$[REDACTED] Dividing Spouse's income by 6.9 results in a prorated income for Spouse of \$[REDACTED] (dropping cents). Multiplying Spouse's share by 3.9 results in an adult share of Spouse's income of \$[REDACTED] (dropping cents).

Adding Petitioner's share of her own income (\$[REDACTED] Spouse's share of income (\$[REDACTED] and the couple's share of each other's income (\$[REDACTED] results in a total income of \$[REDACTED] The protected income level (PIL) is subtracted from the total income to determine a deductible amount. A PIL is a standard allowance for non-medical need items such as shelter, food, and incidental expenses. The PIL for a group size of two based on Petitioner's shelter area is \$[REDACTED] RFT 240 (December 213) p. 1. Subtracting

⁷ Factoring four dependents is favorable for Petitioner as she testified that she had three dependent children while the fourth filed her own taxes.

\$541 from \$[REDACTED] results in a deductible of \$[REDACTED] the same deductible calculated by MDHHS.

Petitioner also requested a hearing disputing MSP eligibility. Exhibit A, pp. 3-4. A Health Care Coverage Determination Notice dated July [REDACTED] 2025, stated that Petitioner was ineligible for MSP beginning July 2025 due to excess income.⁸ Exhibit B, pp. 5-9.

MSP is an SSI-related Medicaid category. BEM 165 (July 2024) p. 1. One of three different subprograms are available under MSP. Qualified Medicare Beneficiaries (QMB) coverage pays for a client's Medicare premiums, coinsurances, and deductibles. BEM 165 (July 2024) p. 2. Specified Low Income Beneficiaries (SLMB) coverage pays for a client's Medicare Part B premium. *Id.* Additional Low-Income Beneficiaries (ALMB) coverage pays for a client's Medicare Part B premium if funding is available. *Id.* The client's income determines the MSP subprogram issued (see RFT 242).⁹

For MSP eligibility, MDHHS is to determine countable income according to the SSI-related MA policies in BEM 165, 500, 501, 502, 503, 504 and 530. *Id.*, p. 8. MDHHS is to apply the deductions in BEM 540 (for children) and 541 (for adults) to determine a client's net income for MSP. *Id.*

It was not disputed that Petitioner was a married individual residing with Spouse. As a married individual residing with a spouse, Petitioner's MSP benefit group size is two.¹⁰ Because MSP is an SSI-related category, Petitioner's group's income is the same as it was for AD-Care: \$[REDACTED]

Income eligibility exists for MSP when net income is within the limits in RFT 242 or 247. *Id.*, p. 8. After the \$20 disregard is factored, the highest income limit for any MSP category for a group size of two persons is \$2,400.¹¹ RFT 242 (April 2025) p. 1. Petitioner's group's countable net income exceeds the highest income limit for MSP eligibility. Thus, MDHHS properly terminated Petitioner's MSP eligibility.

Petitioner lastly requested a hearing to dispute MA eligibility for Spouse.¹² Exhibit A, pp. 3-4. A Health Care Coverage Determination Notice dated May [REDACTED] 2025, stated that Spouse was eligible for MA benefits in June 2025, but not eligible thereafter due to not

⁸ Notices dated May [REDACTED] and June [REDACTED] 2025, stated that Petitioner had excess assets for MSP beginning July 2025. Exhibit A, pp. 12-22. Because July [REDACTED] 2025, was the most recent notice issued by MDHHS, it will be the subject of the analysis.

⁹ A fourth category, Non-Categorically Eligible Michigan Beneficiaries (NMB) is available for persons not otherwise eligible for MSP benefits.

¹⁰ See BEM 211 for determining the group size for MA benefits.

¹¹ RFT 242 notes that the \$20 disregard is already factored into the income limit. Thus, the actual income limit is \$[REDACTED] if the disregard is already factored.

¹² Petitioner testified that she also disputed MA eligibility for her four children. Petitioner's dispute over the MA eligibility for her children was not apparent in her hearing request. Nevertheless, MDHHS addressed the issue by testifying that her four children received MA benefits. If Petitioner wishes to dispute the matter further, she may request a hearing in writing.

being disabled, under 21 years, over 65 years, pregnant, disabled, or a caretaker to a minor child. Exhibit B, pp. 12-19. A subsequent notice dated June ■ 2025, stated that Spouse was eligible for HMP beginning July 2025. Because Petitioner was uncertain of Spouse's MA eligibility and the evidence was mixed that Spouse received ongoing MA benefits, it will be accepted that the earlier notice determining that Spouse was ineligible for MA benefits to be accurate.

Spouse was a caretaker to a minor child. Thus, Spouse was potentially eligible to receive MA under the MA category of Low-Income Family (see BEM 110). Even if Spouse were not a caretaker, Spouse is potentially eligible to receive MA under the Healthy Michigan Plan (HMP) (see BEM 137). MDHHS failed to present sufficient evidence that it determined Spouse's LIF or HMP eligibility. Accordingly, MDHHS will be ordered to reinstate Spouse's MA eligibility.¹³

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Petitioner to be eligible for Medicaid subject to a \$■ monthly deductible beginning July 2025. MDHHS also properly terminated Petitioner's MSP eligibility beginning July 2025. Concerning Petitioner's Medicaid and MSP eligibility, the actions taken by MDHHS are **AFFIRMED**.

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

- (1) Reinstate Spouse's MA eligibility beginning July 2025; and
- (2) Issue notice and benefit supplements, if any, in accordance with policy.

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



CHRISTIAN GARDOCKI
ADMINISTRATIVE LAW JUDGE

¹³ Spouse may or may not be eligible to receive MA benefits. Nothing in this decision precludes MDHHS from terminating Spouse's MA eligibility following reinstatement if Spouse is ultimately determined to be ineligible.

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

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Via Electronic Mail:

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[REDACTED]
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