



**Date Mailed:** August 14, 2025

**Docket No.:** 25-025904

**Case No.:** [REDACTED]

**Petitioner:** [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; 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 by telephone on August 7, 2025. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Karen Smalls, Assistance Payments Supervisor.

### **ISSUE**

Did the Department properly determine Petitioner's Food Assistance Program (FAP) eligibility?

Did the Department properly determine Petitioner's Medicaid (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. From April 30, 2025 to May 14, 2025, Petitioner was hospitalized in a facility that provided her meals. (Exhibit A, p. 41).
2. On [REDACTED] 2025, the Department received a completed application for MA from Petitioner. Petitioner reported that she was disabled and had no income. Petitioner also reported that she previously received long term disability (LTD) income, which ended April 30, 2025. (Exhibit A, pp. 30 – 35).
3. On May 31, 2025, Petitioner began receiving unemployment compensation in the gross amount of \$ [REDACTED] per week, paid to her bi-weekly. (Exhibit A, pp. 20 – 21).
4. On [REDACTED] 2025, the Department received a completed application for FAP benefits from Petitioner. Petitioner reported that she was disabled; her sole source of income was from unemployment compensation; and she was responsible for payment of housing, heat and other utilities, and internet. (Exhibit A, pp. 36 – 42).
5. On June 27, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that approved her for Plan First Family Planning

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(PFFP) MA effective August 1, 2025. Petitioner was approved for Healthy Michigan Plan (HMP) MA through July 31, 2025. (Exhibit A, pp. 17 – 18, 23).

6. On June 27, 2025, the Department sent Petitioner a Notice of Case Action (NOCA) that approved her for FAP benefits of \$23 per month, prorated from June 13, 2025, for a one-person FAP group based on \$ [REDACTED] earned income and \$ [REDACTED] unearned income. (Exhibit A, pp. 10 – 12).
7. On July 14, 2025, the Department received a request for hearing from Petitioner, disputing the Department's determinations regarding her MA coverage and the amount of her monthly FAP benefit. (Exhibit A, pp. 3 – 6).

### **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 Food Assistance Program (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. The Department (formerly known as the Department of Human Services) administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011.

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.

Petitioner requested a hearing to dispute the Department's determinations regarding her MA coverage and the amount of her monthly FAP benefit. The Department approved Petitioner for PFFP MA effective August 1, 2025; Petitioner was approved for HMP MA through July 31, 2025. The Department also approved Petitioner for FAP benefits of \$23 per month, prorated from June 13, 2025 ongoing.

#### **FAP**

Petitioner requested a hearing to dispute the amount of her monthly FAP benefit. The Department approved Petitioner for FAP benefits of \$23 per month, prorated from June 13, 2025 ongoing.

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As a preliminary matter, although Petitioner asserted in her request for hearing that she previously applied for FAP benefits in May 2025 and was denied, there was no evidence in support of her allegation. (Exhibit A, p. 4; p. 28, Serial No. 19 – 20). Therefore, as to Petitioner’s dispute regarding FAP, this decision will address only the actions taken by the Department regarding her FAP application dated June 13, 2025.

The Department determines a client’s eligibility for program benefits based on the client’s actual income and/or prospective income and must consider all countable earned and unearned income available to the Petitioner. BEM 500 (April 2022), pp. 1 – 5. For purposes of FAP, the gross amount of unemployment compensation is counted as unearned income. BEM 503 (January 2025), p. 38.

The calculation of a client’s income begins with gross income, which is the amount of income before any deductions such as taxes and may be more than the amount an individual actually receives. BEM 500, pp. 4 – 6. Prospective income is income not yet received, but expected, and is based on the past 30 days when that income appears to accurately reflect what is expected to be received in the benefit month. BEM 505 (June 2025), pp. 1, 3 – 4, 6 – 8. For the purposes of FAP, the Department must convert income that is received more often than monthly into a standard monthly amount. The average of bi-weekly amounts is multiplied by 2.15. BEM 505, pp. 8 – 9.

In this case, there was no dispute that Petitioner receives unemployment compensation in the gross amount of \$[REDACTED] per week, which is paid to her bi-weekly. Although the Consolidated Income Inquiry (CI) reflects that Petitioner also receives Pandemic Unemployment Insurance (PUI) of \$[REDACTED] per week (Exhibit A, pp. 20 – 21), PUI was a temporary benefit authorized and issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act during the Public Health Emergency (PHE), which has since ended, and neither party testified that Petitioner actually receives PUI. A review of the evidence established that the Department properly determined Petitioner’s gross bi-weekly unemployment compensation was based on her weekly benefit amount of \$[REDACTED]; and converted into a standard monthly amount, was \$[REDACTED].

Once Petitioner’s countable income has been calculated, the Department must determine whether Petitioner is entitled to any deductions from that income. There was no evidence that Petitioner has established with the Department that she is senior, disabled, or a disabled veteran (SDV). FAP groups with earned or unearned income, and no SDV members, are entitled to the following deductions:

- A 20% earned income deduction.
- Standard deduction based on group size.
- Dependent care expense.
- Court ordered child support and arrearages paid to non-household members.
- Excess shelter deduction up to the maximum allowed in RFT 255.

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BEM 550 (April 2025), pp. 1 – 2; BEM 554 (June 2025) p. 1; BEM 556 (October 2024) pp. 2 – 6.

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The Department introduced a net income budget in support of its determination of Petitioner's FAP eligibility. (Exhibit A, p. 25). There was no dispute that Petitioner was entitled to, and received, a \$204 standard deduction from her countable income based on her one-person FAP group size. BEM 550, p. 1; RFT 255 (October 2024). There was also no dispute that Petitioner had no earned income, dependent care or medical expenses, or any child support obligations, and no deductions for those expenses are reflected on the budget.

Next, the Department determines any excess shelter expense deduction. To start, the Department first calculates Petitioner's adjusted gross income (AGI) by subtracting the allowable deductions outlined above from the countable income. Based on the budgeted unearned income, Petitioner's gross income was \$[REDACTED]. Once the standard deduction of \$204 was applied, Petitioner's AGI was \$[REDACTED].

To complete the excess shelter deduction calculation, the Department reviews Petitioner's housing and utility expenses, if any. The Department testified, and Petitioner agreed, that Petitioner had an average housing expense of \$1,459 per month and was responsible for payment of her heat and internet. When a FAP group has heating and other utility expenses, separate from the mortgage payment, it is entitled to a heat and utility (h/u) standard amount to be included in the calculation of the excess shelter deduction, which is the highest amount available to FAP groups who pay utilities. BEM 554, p. 17. The h/u standard amount is \$664 (RFT 255) and the Department properly budgeted Petitioner's housing expense and used the h/u standard amount when calculating Petitioner's excess shelter expense. If the FAP group pays for internet, it is also entitled to a standard deduction for that expense in the amount of \$50, and the Department properly used the internet standard amount when calculating Petitioner's excess shelter deduction. BEM 556, p. 5; RFT 255.

Once Petitioner's housing and utility expenses have been determined, the Department must add those amounts together for a total shelter amount and then subtract 50% of Petitioner's AGI from the total shelter amount. BEM 556, pp. 5 – 6. This determines Petitioner's excess shelter deduction. The maximum excess shelter deduction for a group with no SDV members is \$712. RFT 255.

The total of Petitioner's monthly housing of \$1,459, h/u standard of \$664, and internet standard of \$50 was \$2,173. When 50% of Petitioner's \$[REDACTED] AGI, in the amount of \$856, was subtracted from the total shelter amount of \$2,173, Petitioner's excess shelter deduction was more than the maximum deduction amount of \$712, and the Department properly budgeted the maximum \$712 deduction. When Petitioner's excess shelter deduction of \$712 was subtracted from her AGI of \$[REDACTED], Petitioner's net income was \$[REDACTED]. The Department's calculations were made consistent with policy.

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Once the net monthly income has been determined under the FAP program, the Department determines what benefit amount Petitioner is entitled to, based on the group size, according to the Food Assistance Issuance Table found in RFT 260. Based on Petitioner's one-person FAP group size, and net income of \$ [REDACTED], the Department properly determined Petitioner's monthly benefit amount of \$23 per month, prorated from June 13, 2025 ongoing. RFT 260 (October 2024), p. 14.

### **MA**

Petitioner requested a hearing to dispute the type of her MA coverage. The Department approved Petitioner for PFFP MA effective August 1, 2025; Petitioner was previously approved for HMP MA.

Under federal law, an individual is entitled to the most beneficial MA category, which is the one that results in a) eligibility, b) the least amount of excess income, or c) the lowest cost share. BEM 105 (January 2024), p. 2. All MA category options must be considered in order for the Petitioner's right of choice to be meaningful. BEM 105, p. 2. 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, and (iii) to individuals who meet the eligibility criteria for Healthy Michigan Plan (HMP) coverage. 42 CFR 435.911; 42 CFR 435.100 to 435.172; BEM 105, p. 1; BEM 137 (January 2024), p. 1. Individuals who do not qualify for one of the foregoing coverages may qualify for PFFP, which is a limited coverage MA category. BEM 124 (July 2023), p. 1.

In this case, the evidence established that Petitioner is [REDACTED] years old, not married, has no dependent children, and has unemployment compensation income only. Although Petitioner reported being disabled on her application, she testified that she has not been determined disabled by the Social Security Administration; and there was no evidence that she is covered by Medicare. Additionally, there was no dispute that Petitioner was not blind or pregnant. Therefore, Petitioner is potentially eligible for full-coverage HMP and/or PFFP MA coverage only. HMP and PFFP are Modified Adjusted Gross Income (MAGI)-related MA programs, with HMP providing full coverage and PFFP providing limited coverage. Because HMP offers full MA coverage, it is a more beneficial coverage for Petitioner than PFFP.

To qualify for health care coverage under HMP, the individual must:

- be 19 – 64 years of age,
- not qualify for or be enrolled in Medicare,
- not qualify for or be enrolled in other Medicaid programs,
- not be pregnant at the time of application,
- meet Michigan residency requirements,
- meet Medicaid citizenship requirements, and
- have income at or below 133% of the Federal Poverty Level (FPL) for their group size.

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BEM 137, p. 1.

An individual may be eligible for PFFP if their MAGI-income is no more than 195% of the FPL applicable to the individual's group size. BEM 124, p. 1.

An individual's group size for MAGI purposes requires consideration of the client's tax filing status and because Petitioner reported that she intends to file an income tax return next year, and has no spouse or dependents, Petitioner has a household size of one. BEM 211 (October 2023), pp. 1 – 2. Additionally, for MAGI-related plans, a 5% disregard is available to make individuals eligible who would otherwise not be eligible and increases the income limit by an amount equal to 5% of the FPL for the group size. BEM 500, p. 5.

For 2025, the annual FPL for a household size of one is \$15,650, and the 5% disregard is \$783. 90 FR 5917 (January 2025), No. 2025-01377, pp. 5917-5918. Based on the FPL, the HMP income limit is \$20,814.50 annually, or \$1,734.54 per month. When the 5% disregard is added, the total income limit for HMP is \$21,597, or \$1,799.75 per month. Based on the FPL, the 2025 income limit for PFFP is \$30,517.50, or \$2,543.13 per month. When the 5% disregard is added, the total income limit for PFFP is increased to \$31,300, or \$2,608.33 per month.

To determine Petitioner's MAGI-income, the Department must calculate the countable income of the fiscal group. BEM 500, p. 1. To determine financial eligibility for MAGI-related MA, income must be calculated in accordance with MAGI under federal tax law. 42 CFR 435.603(e); BEM 500, pp. 3 – 4. MAGI is based on Internal Revenue Service rules and relies on federal tax information from current income sources. BEM 500, pp. 3 – 4; see also 42 CFR 435.603(h)(1),(2).

The Department uses current monthly income, and reasonably predictable changes in income, to calculate a client's MAGI-income. (MAGI-Based Income Methodologies (SPA 17-0100), eff. 11/01/2017, app. 03/13/2018); 42 CFR 435.603(h). MAGI-income is calculated for each income-earner in the household by using the federal taxable wages reported on earner's paystubs or, if federal taxable wages are not reported on the paystub, by using gross income minus amounts deducted by the employer for child care, health coverage, and retirement plans. A client's tax-exempt foreign income, tax-exempt Social Security benefits, and tax-exempt interest, if any, from the client's tax return are added back to the client's adjusted gross income (AGI) to determine MAGI income. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>.

Here, Petitioner credibly testified that she received \$ [REDACTED] per month in LTD income until April 30, 2025, and had no other income until she began receiving unemployment compensation. The evidence and testimony established that Petitioner was approved for 26 weeks of unemployment compensation beginning with the benefit week of

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May 17, 2025, and received her first unemployment compensation payment on May 31, 2025, in the total gross amount of \$ [REDACTED] for two benefit weeks. However, the Department testified that it budgeted income of \$ [REDACTED] per month for Petitioner when it determined her MA eligibility for August 1, 2025 ongoing; and as explained previously, \$ [REDACTED] per month is the standardized monthly amount of Petitioner's unemployment compensation as calculated for purposes of FAP. BEM 505, pp. 8 – 9. BEM 505 is not applicable to MA and calculation of MAGI-income.

The Department was required to calculate a Petitioner's MAGI-income based on her current monthly unemployment compensation income and reasonably predictable changes to that income, not based on a standardized monthly amount calculated in accordance with policy applicable to FAP. Therefore, the Department failed to establish that it acted in accordance with policy when it determined Petitioner's MA eligibility effective August 1, 2025.

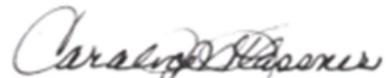
### **DECISION AND ORDER**

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 acted in accordance with Department policy when it determined Petitioner's monthly FAP benefit amount; but failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner's MA eligibility effective August 1, 2025.

Accordingly, the Department's decision is **AFFIRMED IN PART** with respect to FAP and **REVERSED IN PART** with respect to MA.

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. Redetermine Petitioner's eligibility for MA effective August 1, 2025;
2. If eligible, provide Petitioner with the most beneficial MA coverage she is eligible to receive for August 1, 2025 ongoing; and
3. Notify Petitioner of its decision in writing.



**CARALYCE M. LASSNER**  
**ADMINISTRATIVE LAW JUDGE**

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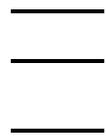
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**APPEAL RIGHTS:** Petitioner may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at [courts.michigan.gov](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

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**Via Electronic Mail:**

**Respondent**

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**Via First Class Mail:**

**Petitioner**

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