



Date Mailed: September 9, 2025
Docket No.: 25-028225
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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Ky është një dokument ligjor i rëndësishëm. Ju lutem, kini dikë ta përktheni dokumentin.

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Case No.: [REDACTED]
Petitioner: [REDACTED]

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 was held via Microsoft Teams on September 2, 2025. Petitioner participated and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) did not participate despite being given at least 15 minutes from the scheduled hearing time to call.

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 Food Assistance Program (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. During 2025, Petitioner received gross monthly Retirement, Survivors and Disability Insurance (RSDI) of \$ [REDACTED]
1. As of 2025, Petitioner was disabled, over the age of 21 years, not a caretaker of minor children, not pregnant, and a Medicare recipient.
2. On an unspecified date, MDHHS determined Petitioner was eligible for the limited-coverage MA category of Plan First and Medicaid subject to a monthly deductible of \$ [REDACTED] beginning June 2025.
3. On unspecified dates before May [REDACTED] 2025, Petitioner reported to MDHHS having medical expenses and housing costs.
4. On May [REDACTED] 2025, MDHHS determined Petitioner was eligible to receive \$ [REDACTED] in monthly FAP benefits beginning June 2025, in part, based on \$0 medical and housing expenses.

5. On July 30, 2025, Petitioner requested a hearing to dispute MA and FAP eligibility.

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 BAM, BEM, and RFT.

Petitioner requested a hearing, in part, to dispute a determination of MA benefits.¹ Exhibit 1, pp. 4-6. Petitioner testified he specifically disputed being only eligible for a limited-coverage MA category of Plan First. An Eligibility Summary listed Petitioner being eligible for Medicaid subject to a \$ [REDACTED] monthly deductible beginning June 2025.² Exhibit 1, p. 22.

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.*

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.

¹ A notice dated July [REDACTED] 2025, incorrectly stated Petitioner was ineligible for MA benefits due to not being any of the following: under 21 years, over 65 years, pregnant, disabled, and/or a caretaker to a minor child. Exhibit A, pp. 23-25. MDHHS's hearing packet supported a different basis for denying MA benefits which is the subject of the below analysis.

² Plan First is a MAGI-related limited-coverage MA category available to any United States citizen or individual with a qualified immigration status. BEM 124 (July 2023) p. 1. Plan First coverage is a "limited-coverage" because it only covers family planning services such as birth control (see form DCH-2840-MSA).

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

Id. Group 2 categories are considered a limited benefit (not limited coverage) because a deductible is possible. *Id.*

The evidence suggested that Petitioner was at least 21 years of age, a Medicare recipient, not a caretaker to minor children, unmarried, and not pregnant. As a non-pregnant, non-caretaker, Medicare recipient above the age of 21 years, Petitioner is ineligible for all full-coverage MAGI-related categories. As a disabled and/or aged individual, Petitioner is potentially eligible to receive full-coverage MA only 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 without minor children and did not reside with a spouse. For purposes of AD-Care, Petitioner's group size is one. 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.⁴ 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].

For AD-Care, MDHHS also gives 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. No additional expenses or credits were applicable.

Net income for AD-Care cannot exceed 100% of the federal poverty level BEM 163 (July 2017) p. 2. In 2025, the annual federal poverty level for a one-person group residing in Michigan is \$15,650.⁵ Dividing the annual FPL by 12 results in a monthly income limit of \$1,305 (rounding up to nearest dollar). The same income limit is found in policy.⁶ RFT 242 (April 2025) p. 1. Petitioner'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 other than Plan First beginning June 2025.⁷

⁴ 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.

⁵ <https://www.healthcare.gov/glossary/federal-poverty-level-fpl/>

⁶ MDHHS policy lists an income limit of \$1,325 while noting the \$20 disregard is already factored.

⁷ Presumably, Petitioner's group's income is within the income guidelines to receive the limited coverage MA category of Plan First. The Plan First income limit is 195% of the FPL. BEM 124 (July 2023) p. 2.

Though Petitioner is ineligible for MA benefits under AD-Care or any other 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 2024) p. 1. Group 2 categories are considered a limited MA benefit because a deductible is possible. *Id.* For aged/disabled persons, G2S is the applicable Group 2 MA category (see BEM 166).

Clients with a deductible may receive MA if sufficient allowable medical expenses are incurred.⁸ BEM 545 (July 2022) p. 10. Each calendar month is a separate deductible period. *Id.*, p. 11. 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.*

Petitioner's gross countable income of \$ [REDACTED] is unchanged for G2S. The G2S budget allows a \$20 disregard for unearned income and various employment income disregards. The G2S budget also factors ongoing medical expenses (which are applied toward a deductible), insurance premiums, and remedial services. No applicable expenses were alleged.

A client's deductible is calculated by subtracting the protected income level (PIL) from the client's net income. A PIL is a standard allowance for non-medical need items such as shelter, food, and incidental expenses. The PIL for Petitioner's shelter area and group size is \$408. RFT 240 (December 2013) p. 1.

Subtracting the PIL of \$408 and \$20 disregard from Petitioner's countable income of \$ [REDACTED] results in a monthly deductible of \$ [REDACTED] MDHHS calculated the same deductible.⁹ Thus, MDHHS properly determined Petitioner's Medicaid eligibility.

The FAP [formerly known as the Food Stamp program] is funded under the federal Supplemental Nutrition Assistance Program (SNAP) established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 to 7 USC 2036d. It is implemented by the federal regulations contained in 7 CFR 273. MDHHS administers the FAP pursuant to MCL 400.10 of the Social Welfare Act, MCL 400.1 *et seq.*, and Mich Admin Code, R 400.3001 to R 400.3031. FAP policies are contained in the BAM, BEM, and RFT.

Petitioner also disputed a reduction in FAP benefits. Exhibit 1, pp. 3-5. A Notice of Case Action dated May [REDACTED] 2025, stated that Petitioner's FAP eligibility would be reduced to \$23 beginning June 2025. Exhibit 1, pp. 26-30.

⁸ Clients should be aware that medical expenses need only be incurred, and not necessarily paid, to meet a deductible/spenddown.

⁹ MDHHS presented no budget verifying its deductible calculation. Instead, it inexplicably presented a budget approving Petitioner for MSP benefits. Exhibit A, p. 20.

FAP benefit amounts are determined by a client's net income. BEM 556 outlines the factors and calculations required to determine a client's net income. FAP net income is based on group size, countable monthly income, and relevant monthly expenses. MDHHS presented FAP budget documents listing FAP eligibility factors and calculations. Exhibit A, pp. 19-21. A budget summary from the notice of decreased benefits also listed FAP budget factors. Exhibit A, p. 27. During the hearing, all relevant budget factors were discussed with Petitioner.

MDHHS factored a benefit group including only Petitioner. Petitioner did not dispute the group size of one person.¹⁰

It was not disputed that Petitioner received gross monthly RSDI of \$ [REDACTED] For FAP benefits, gross RSDI is countable. BEM 503 (January 2023) p. 29. MDHHS factored the same total unearned income in determining Petitioner's FAP eligibility.

MDHHS uses certain expenses to determine net income for FAP eligibility and benefit levels. BEM 554 (January 2025) p. 1. 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 (see *Id.*). An SDV group that 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.*

Concerning non-housing expenses, Petitioner acknowledged having no dependent care or child support expenses. Petitioner also testified he reported to MDHHS having medical expenses since January 2025. Petitioner did not submit proof of his medical expenses or specify the amount. However, MDHHS did not participate in the hearing to refute Petitioner's testimony or to explain why \$0 medical expenses were budgeted.

Given the evidence, Petitioner reported to MDHHS having unspecified medical expenses which were not counted by MDHHS for unspecified reasons. As a remedy, MDHHS will be ordered to revisit the reporting of medical expenses by either budgeting verified expenses and/or requesting them for possible budgeting. For purposes only of simplifying the remaining analysis, it will be accepted that Petitioner's medical expenses were properly counted as \$0.

Petitioner's FAP benefit group size justifies a standard deduction of \$204 (see RFT 255). The standard deduction is given to all FAP benefit groups, though the amount varies based on the benefit group size. The standard deduction and countable non-shelter expenses are subtracted from the countable monthly income to calculate the group's adjusted gross income. Subtracting the standard deduction (\$204) and

¹⁰ See BEM 212 for policies in determining FAP benefit group size.

countable non-shelter expenses (\$0) from the group's countable income (\$ [REDACTED] results in an adjusted gross income of \$ [REDACTED]

MDHHS credited Petitioner with monthly housing expenses of \$0; Petitioner responded that he pays rent of \$ [REDACTED] Petitioner testified that he reported having monthly rent to MDHHS for several months including submitting verification to MDHHS in July 2025. MDHHS did not participate in the hearing to rebut Petitioner's testimony or to explain why it counted housing expenses of \$0. Given the evidence, Petitioner reported to MDHHS having housing expenses which were not counted by MDHHS for unspecified reasons. Like Petitioner's reported medical expenses, MDHHS will be ordered to revisit Petitioner's reporting by either budgeting verified expenses and/or requesting them for possible budgeting. Again, for purposes only of simplifying the remaining analysis, it will be accepted that Petitioner's housing expenses were properly counted as \$0.

MDHHS credited Petitioner with the standard heating/utility (h/u) credit of \$664. RFT 255 (October 2024) p. 1. Generally, the h/u credit covers all utility expenses, except internet, and is the maximum credit available.¹¹ MDHHS credited Petitioner with the standard \$50 internet expense. Petitioner's total shelter credits (housing + utilities) were \$ [REDACTED]

MDHHS only credits FAP benefit groups with an "excess shelter" expense. The expense is calculated by subtracting half of Petitioner's adjusted gross income from Petitioner's total shelter obligation. Petitioner's excess shelter expense is \$ [REDACTED] (rounding up to nearest dollar).

The FAP benefit group's net income is determined by subtracting the excess shelter expense from the group's adjusted gross income; doing so results in \$ [REDACTED] in net income for Petitioner's group. A chart is used to determine the proper FAP benefit issuance.¹² RFT 260 (October 2024) pp. 1-5. Based on Petitioner's group size and net income, Petitioner's proper FAP issuance for June 2025 is \$ [REDACTED] when ignoring MDHHS's failures to establish \$0 in housing costs and medical expenses. As discussed above, MDHHS will be ordered to redetermine Petitioner's FAP eligibility based on reportings of housing and medical expenses.

¹¹ MDHHS allows additional credits for "actual utility expenses". Such expenses are only allowed for utility installation charges, water well installation and maintenance, and septic installation and maintenance. BEM 554 (October 2019) p. 15. There was no evidence of applicable exceptions.

¹² FAP eligibility can also be calculated by multiplying the net income by 30% and subtracting the amount from the maximum FAP issuance for the group.

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 Plan First and Medicaid subject to a \$ [REDACTED] monthly deductible beginning June 2025. Concerning Petitioner's MA eligibility beginning June 2025, the actions of MDHHS are **AFFIRMED**.

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

(1) Redetermine Petitioner's FAP eligibility beginning June 2025 subject to the finding that MDHHS failed to establish it properly counted Petitioner's medical and housing expenses as \$0 following Petitioner's reporting before May 2025 of housing and medical expenses; and

(1) Issue notice and supplements, if any, in accordance with policy.

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

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Via Electronic Mail:

Respondent
OAKLAND COUNTY DHHS -
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Via First Class Mail:

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[REDACTED]
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