



Date Mailed: September 22, 2025
Docket No.: 25-029057
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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这是一份重要的法律文件。请让别人翻译文件。

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

Date Mailed: September 22, 2025

Docket No.: 25-029057

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 hearing was held by telephone on September 17, 2025. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Anthony White, Eligibility Specialist.

ISSUE

Did the Department properly close Petitioner's Medicaid (MA) case effective September 1, 2025, for failure to return requested verifications?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. On June 2, 2025, the Department received a completed redetermination application for MA from Petitioner. (Exhibit A, pp. 6 – 12).
1. On June 5, 2025, the Department sent Petitioner a Verification Checklist (VCL) that requested Petitioner provide certain documents to the Department by June 16, 2025; specifically, the Department requested verification of:
 - a. Checking account statement(s) for Petitioner and her husband, J [REDACTED] [REDACTED] (Spouse),
 - b. Last 30 days of income from [REDACTED],
 - c. Last 30 days of income from [REDACTED] (SBS), and
 - d. Self-employment income for Petitioner.

The VCL also informed Petitioner that the tax return she provided did not include a Schedule C. The VCL informed Petitioner to contact the Department if she had any questions or problems obtaining the requested proofs. (Exhibit A, pp. 35 – 36).

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2. On July 10, 2025, the Department received Petitioner's 2024 Federal Income Tax Return and Schedule C. (Exhibit A, pp. 24 – 28).
 3. On July 29, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that approved Petitioner and her daughter (Child) for full coverage MA for the month of July 2025, and denied Petitioner and Child MA effective September 1, 2025, due to excess income. (Exhibit A, pp. 29 – 34).
 4. On July 29, 2025, the Department received paystubs from Petitioner for her employment with SBS, and Spouse's employment with [REDACTED], [REDACTED] (NSL). (Exhibit A, pp. 16 – 23).
 5. On August 11, 2025, the Department received a request for hearing from Petitioner to dispute the closure of her MA case. (Exhibit A, pp. 3 – 5).

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.

Petitioner requested a hearing to dispute closure of her MA case effective September 1, 2025, for herself and Child. Although the HCCDN reflected Petitioner's MA case was closed due to excess income, the Department testified that it closed Petitioner's MA case for failure to return requested verifications.

Under federal law, an individual is entitled to the most beneficial 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

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who do not qualify for one of the foregoing coverages may qualify for Plan First Family Planning (PFFP), which is a limited coverage MA category, and a client may be approved for PFFP only or in conjunction with other MA coverage. BEM 124 (July 2023), p. 1.

Petitioner

In this case, Petitioner is ■ years old (Exhibit A, p. 13) and the caretaker of Child; and there was no evidence that she is blind, disabled, or pregnant. Therefore, Petitioner is potentially eligible for full-coverage HMP, Group 2 Caretaker (G2C), and/or PFFP MA coverage.

HMP and PFFP are MAGI-related MA programs, with HMP providing full coverage and PFFP (BEM 124, p. 1) providing limited coverage. G2C is not SSI-related or MAGI-related MA and is a Group 2 program for parents and other caretaker relatives of dependent children, subject to a monthly deductible when the client has excess income. BEM 135 (October 2015), p. 1 – 2. While Petitioner may qualify for coverage under three MA programs, because HMP offers full MA coverage and does not have a deductible, it is a more beneficial coverage for Petitioner than the others.

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.

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. Additionally, for MAGI-related plans, a 5% disregard is also available, to make those individuals eligible who would otherwise not be eligible, which increases the income limit by an amount equal to 5% of the FPL for the group size. BEM 500, p. 5; 42 CFR 435.603(d)(1).

An individual's group size for MAGI purposes requires consideration of the client's tax filing status and because Petitioner is married, files taxes, and claims Daughter as her dependent, for purposes of HMP and PFFP, Petitioner has a fiscal group size of three. BEM 211 (October 2023), pp. 1 – 2. Beginning in January 2025, the annual FPL for a fiscal group of three is \$26,650, and the 5% disregard is \$1,333. 90 FR 5917 (January 2025), No. 2025-01377, pp. 5917-5918. Based on the FPL, the HMP income limit for a fiscal group of three is \$35,444.50 annually, or \$2,953.71 per month. With the 5%

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disregard, the total income limit for HMP, is \$36,777, or \$3,064.75 per month. The PFFP income limit for a fiscal group of three is \$51,967.50, or \$4,330.63 per month. When the 5% disregard is added, the total income limit for PFFP is increased to \$53,300, or \$4,441.67 per month.

To determine Petitioner's MAGI-income, the Department must calculate the countable income of the fiscal group in accordance with MAGI under federal tax law. 42 CFR 435.603(e); BEM 500, pp. 1, 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, the Department introduced an Employment Budget Summary that reflected that it determined that Petitioner had \$[REDACTED] per month in MA income, and Spouse had \$2,557.20 per month in MA income. (Exhibit A, pp. 13 – 14). The Department testified that it did not consider Petitioner's self-employment income when it determined her eligibility for MA.

A review of the evidence established that the Department properly calculated Petitioner's MAGI-income from her employment. Although a review of Spouse's paystubs reflects that the Department calculated his income based on his gross earnings, and not the federal taxable wages reported on his paystubs, the evidence established that when Spouse's federal taxable wages were considered, Petitioner's fiscal group's MAGI-income from employment alone exceeded \$3,064.75 per month. However, the evidence did not establish that Petitioner's fiscal group's MAGI-income exceeded the total income limit of \$4,441.67 for PFFP MA. Therefore, although the Department properly determined that Petitioner was ineligible for HMP, the Department failed to establish that Petitioner was ineligible for PFFP MA.

The Department testified that because Petitioner has a minor child who lives in the home, it considered Petitioner's eligibility for G2C MA, which is the next most beneficial MA coverage available to her based on her circumstances and ineligibility for HMP. One of the criteria to determine Petitioner's eligibility for G2C MA, requires the Department to verify assets, including bank accounts, among other things. BEM 135, p. 2; BAM 210

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(July 2025), p. 1; BEM 400 (March 2025), pp. 1 – 3. For G2C MA, a married client, such as Petitioner, has a fiscal group of two, and the asset limit for a group of two is \$14,470. BEM 211, p. 9; BEM 400, p. 8.

In this case, the Department sent Petitioner a VCL on June 5, 2025. The Department requested several verifications, including copies of Petitioner's and Spouse's current checking account statements, with a due date of June 16, 2025. The VCL informed Petitioner to contact the Department immediately if she had questions or problems providing the requested proofs. The Department testified, and Petitioner acknowledged, that she did not provide the requested checking account statements, or contact the Department to request additional assistance. Therefore, although the HCCDN stated Petitioner was denied G2C MA due to excess income, which was an error, the Department properly denied Petitioner G2C MA due to her failure to provide requested verifications.

During the hearing, Petitioner was advised that she could reapply for MA at any time and request retroactive MA coverage if necessary.

Child

There was no dispute that Child is between the ages of one and 19, and there was no evidence she was enrolled in a comprehensive health insurance plan or a foster child; therefore, she is potentially eligible for MA under three programs: (1) the Under Age 19 (U19) program; (2) the MiChild program; and (3) the Group 2 Persons Under Age 21 (G2U) program. BEM 105, p. 1, 3 – 4; BEM 130 (January 2024), p. 1; BEM 131 (January 2022), p. 1; BEM 132 (April 2018), p. 1.

Like HMP and PFFP, the U19 and MiChild are MAGI-related MA categories. BEM 211, p. 1. U19 provides full-coverage MA without a deductible for children whose household MAGI-income, is less than or equal to 160% of the FPL; while MiChild eligibility is limited to children who are not enrolled in comprehensive health insurance and, for children age one to 19, whose household MAGI income is 161% to 212% of the FPL. BEM 130, pp. 1 – 2; BEM 131, pp. 1 – 2. G2U is a non-MAGI MA category for individuals under the age of 21 whose fiscal group's income exceeds the income limit for U19 or MiChild eligibility and provides for MA coverage subject to a monthly deductible when the group has excess income. BEM 132, p. 2.

For U19 and MiChild MAGI-related MA, the Department must calculate the countable income of the household group in accordance with the MAGI methodology explained previously; and the household for an individual under the age of 19 (or under 21 if a full time student) who is a tax dependent of one parent and lives with both parents, but the parents do not expect to file a joint tax return, is considered a non-filer/non-dependent pursuant to Department policy. BEM 211, p. 2; BEM 500, p. 1. The household for a non-tax filer consists of the individual and, if the individual is under the age of 19 (or under 21 if a full time student), includes the individual's parents and siblings who are

also under the age of 19 (or under 21 if a full time student) if they are living with the individual. BEM 211, p. 2.

In this case, there was no dispute that Petitioner a) filed taxes separately from Spouse, b) claimed Child as a dependent, c) neither Petitioner or Spouse have any other dependent children, and that Petitioner, Spouse, and Child reside together. Therefore, for MAGI-related U19 and MiChild purposes, Child has a household size of three. BEM 211, pp. 1 – 2.

An individual is eligible for U19 or MiChild purposes if their MAGI-income does not exceed 212% of the FPL applicable to the individual's group size, which is the income limit applicable to MiChild eligibility; and higher than the income limit for U19 eligibility. Additionally, the 5% disregard discussed previously is applicable to determine Child's eligibility for U19 or MiChild. BEM 500, p. 5; 42 CFR 435.603(d)(1). Based on the 2025 FPL for a fiscal group of three, the MiChild income limit of 212% of the FPL is \$56,498 annually, or \$4,708.17 per month. When the 5% disregard is added, the total income limit for MiChild is increased to \$57,830.50, or \$4,819.21 per month.

As explained previously, the evidence established that the Department did not calculate Spouse's MAGI-income based on his federal taxable wages, and failed to establish that the group's MAGI-income exceeded the income limit for PFFP MA, which is less than the income limit for MiChild. Therefore, the Department failed to establish that Child's MAGI-income exceeded the income limit for U19 or MiChild.

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 was ineligible for HMP MA due to excess income, and G2C MA for failure to return the requested verifications to the Department; but failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner was ineligible for PFFP MA, and Child was ineligible for U19 or MiChild.

Accordingly, the Department's decision is **REVERSED**.

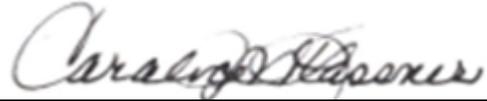
THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Redetermine Petitioner's and Child's individual MA eligibility effective September 1, 2025, including recalculation of MAGI-income in accordance with federal tax law;

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2. If eligible, provide Petitioner and Child with the most beneficial MA coverage they are each eligible to receive for September 1, 2025 ongoing; and

3. Notify Petitioner of its decision in writing.



CARALYCE M. LASSNER
ADMINISTRATIVE LAW JUDGE

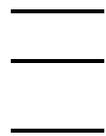
APPEAL RIGHTS: Petitioner may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at courts.michigan.gov. The Michigan Office of Administrative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

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Via Electronic Mail:

Respondent

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