



**Date Mailed:** October 1, 2025  
**Docket No.:** 25-030850  
**Case No.:** [REDACTED]  
**Petitioner:** [REDACTED]

[REDACTED]  
MI [REDACTED]

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

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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 hearing was held by telephone on September 22, 2025. Petitioner appeared and represented himself. The Department of Health and Human Services (Department) was represented by Tammie White, Assistance Payments Worker, and Nicole Forsythe, Assistance Payments Supervisor.

### **ISSUE**

Did the Department properly close Petitioner's Medicaid (MA) case due to excess income?

### **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 May 14, 2025, the Department received a completed redetermination application for MA from Petitioner for himself, his wife [REDACTED] (Spouse), his [REDACTED]-year-old daughter (Daughter), and [REDACTED]-year-old son (Son). Petitioner reported that he, Daughter, and Son were U.S. Citizens/Nationals; that he and Spouse were tax filers; and that the only income for the household was from Petitioner's self-employment. (Exhibit A, pp. 7 – 9).
1. On July 9, 2025, the Department sent Petitioner a Verification Checklist (VCL) that requested verification of Petitioner's last 30 days of income, and Self-Employment Income and Expense Statement forms. (Exhibit A, pp. 10 – 11).
2. On July 22, 2025, the Department received completed Self-Employment Income and Expense Statements (SE statements) from Petitioner for March, April, and May 2025. The SE statements reflected that Petitioner:
  - a) Owned [REDACTED] (RCT), and
  - b) Had income and expenses each month; specifically,

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- i. In March, income of \$ [REDACTED], expenses of \$ [REDACTED],
  - ii. In April, income of \$ [REDACTED], expenses of \$ [REDACTED], and
  - iii. In May, income of \$ [REDACTED], expenses of \$ [REDACTED].
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(Exhibit A, pp. 12 – 19).

3. On July 23, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that:
  - a) Denied Petitioner and Spouse for:
    - i. Healthy Michigan Plan (HMP) MA,
    - ii. Group 2 Caretaker Relative (G2C) MA, and
    - iii. Plan First Family Planning (PFFP) MAdue to excess income, and
  - b) Denied Daughter and Son for MA because they were not under 21, or otherwise qualified.

(Exhibit A, pp. 20 – 24).

4. On August 18, 2025, the Department received a request for hearing from Petitioner that disputed the Department's determination of Petitioner's income and denial of ongoing MA coverage for himself and his family. (Exhibit A, pp. 3 – 5).
5. On September 12, 2025, and September 19, 2025, the Department received Petitioner's and Spouse's joint 2024 U.S. Individual Income Tax Return; and determined Petitioner had countable income of \$ [REDACTED] per month. (Exhibit 1, pp. 26 – 36).

### **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

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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 calculation of his income and closure of MA for himself, Spouse, Daughter, and Son. The Department denied Petitioner and Spouse MA due to excess income, and testified that it had determined Petitioner had self-employment income of \$[REDACTED] per month, or \$[REDACTED] per year. The Department denied Daughter and Son because it determined they were not under 21 or otherwise qualified.

As a preliminary matter, the Department testified that after it received Petitioner's request for hearing, it received Petitioner's 2024 Schedule C and determined he had countable income of \$[REDACTED] per month. However, the Department determined that although Petitioner's income was reduced, he and his family remained ineligible for MA due to excess income.

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 client'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 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 and Spouse**

Here, there was no dispute that Petitioner and Spouse are married, both under the age of [REDACTED], tax filers, and have two dependent children. There was no evidence that either were Medicare recipients, blind, disabled, or pregnant. Therefore, Petitioner and Spouse are both potentially eligible for under full-coverage HMP, 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 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 and Spouse may qualify for coverage under

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three MA programs, because HMP offers full MA coverage and does not have a deductible, it is a more beneficial coverage for each of them than the others.

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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 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 (April 2022), 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 and Spouse are married, file taxes, and claim Daughter and Son, for purposes of HMP, they each have a fiscal group size of four. BEM 211 (October 2023), pp. 1 – 2. Beginning in January 2025, the annual FPL for a fiscal group of four is \$32,150, and the 5% disregard is \$1,608. 90 FR 5917 (January 2025), No. 2025-01377, pp. 5917-5918. Based on the FPL, the HMP income limit for a fiscal group of four is \$42,759.50 annually, or \$3,563.29 per month. With the 5% disregard, the total income limit for HMP, is \$44,367, or \$3,697.25 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

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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/>.

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Here, although the evidence established that the Department did not initially calculate Petitioner's income in accordance with Department policy, based on its testimony, it did properly recalculate his income prior to the hearing based on his 2024 Schedule C. The Department testified that once it received Petitioner's income tax documents, it determined he had countable income of \$ [REDACTED] per month for purposes of MA. There was no dispute that neither Petitioner or Spouse had any additional income.

Although the Department testified that Petitioner and Spouse continued to have excess income for MA eligibility, \$1,421.67 is less than the income limit for a fiscal group of four for HMP MA. Additionally, the Department did not clearly explain why neither Petitioner or Spouse were eligible for G2C. Therefore, the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner and Spouse were ineligible for MA due to excess income.

### **Daughter and Son**

Although the HCCDN indicated that Daughter and Son are not under [REDACTED] or otherwise qualified for MA, there was no dispute that Daughter and Son are both over one and under 19. Therefore, Daughter and Son are both potentially eligible for under full-coverage U19 MA, which includes Other Healthy Kids (OHK) and the Healthy Kids Expansion (HKE), or MiChild MA. Like HMP and PFFP, the U19 program is also a MAGI-related MA category.

U19 MA provides full-coverage MA without a deductible for children whose household income, calculated in accordance with MAGI rules, is less than or equal to 160% of the Federal Poverty Level (FPL). BEM 131, pp. 1 – 2. MiChild is also a MAGI-related MA category, but 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.

The fiscal group for an individual who is a tax dependent of their parents who file joint income tax returns, is the same as the fiscal group of their parents. BEM 211 (October 2023), p. 2. As explained previously, Daughter and Son are claimed as dependents of Petitioner and Spouse on a joint tax return, and Petitioner and Spouse are each a fiscal group size of four. Therefore, for MAGI-related U19 and MiChild purposes, Daughter and Son each have a fiscal group size of four. An individual is eligible for U19 and 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. As MAGI-related plans, the 5% disregard is also available to make those individuals eligible for U19 and MiChild who would otherwise not be eligible. BEM 500, p. 5; 42 CFR 435.603(d)(1). Based on the 2025

FPL, the MiChild income limit without the 5% disregard is \$68,158 annually, or \$5,679.83 per month.

As explained previously, based on the Department's testimony, the fiscal group's income was \$ [REDACTED] per month. Because Daughter and Son are under 19, and the fiscal group's countable income is less than the income limit for MiChild and U19, the Department failed to satisfy its burden of establishing that Daughter and Son were not eligible for MA.

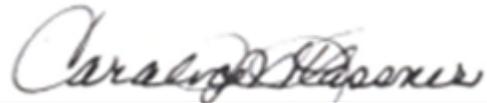
**DECISION AND ORDER**

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 determined Petitioner, Spouse, Daughter, and Son were not eligible for MA.

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 the individual MA eligibility of Petitioner, Spouse, Daughter, and Son effective September 1, 2025 ongoing;
1. If eligible, provide Petitioner, Spouse, Daughter, and Son with the most beneficial MA coverage they were each eligible to receive effective September 1, 2025 ongoing; and
2. Notify Petitioner of its decision in writing.



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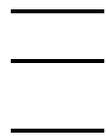
**CARALYCE M. LASSNER  
ADMINISTRATIVE LAW JUDGE**

**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](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.



**Via Electronic Mail:**

**Respondent**

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**Via First Class Mail:**

**Petitioner**

[REDACTED]  
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[REDACTED] MI [REDACTED]