



**Date Mailed:** October 23, 2025  
**Docket No.:** 25-032969  
**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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Docket No.: 25-032969

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 October 20, 2025. Petitioner appeared and represented himself. The Department of Health and Human Services (Department) was represented by Markita Allen, Assistance Payments Worker.

### **ISSUE**

Did the Department properly determine Petitioner's eligibility for Medicaid (MA) effective October 1, 2025?

### **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 August 15, 2025, the Department received a completed redetermination application for MA from Petitioner for himself. Petitioner reported that he was employed by [REDACTED] (Employer) and had self-employment income. (Exhibit A, pp. 9 – 11).
1. On August 21, 2025, the Department sent Petitioner a Verification Checklist (VCL) that requested Petitioner provide verification of his last 30 days of income, among other things. (Exhibit A, pp. 12 – 13).
2. On August 30, 2025, the Department received Petitioner's two most recent paystubs. The bi-weekly paystubs reflected that:
  - a. On August 15, 2025, Petitioner was paid for 78.16 hours, contributed \$ [REDACTED] to a 401(k) plan, and had federal taxable wages of \$ [REDACTED], and
  - b. On August 29, 2025, Petitioner was paid for 87.35 hours, contributed \$ [REDACTED] to a 401(k) plan, and had federal taxable wages of \$ [REDACTED].

Petitioner did not provide his August 1, 2025 paystub. (Exhibit A, pp. 14 – 15).

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3. On September 5, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that denied him MA coverage effective October 1, 2025, based on a household size of four and total countable annual income of \$ [REDACTED]. (Exhibit A, pp. 21 – 23).
  4. On September 8, 2025, the Department sent Petitioner a HCCDN that approved him for Plan First Family Planning (PFFP), and MA subject to a monthly deductible of \$1,958, effective October 1, 2025. (Exhibit A, pp. 26 – 28).
  5. On September 9, 2025, the Department received a request for hearing from Petitioner, disputing the Department’s determination of his MA eligibility. (Exhibit A, pp. 5 – 7).

### **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 the Department’s determination regarding his MA coverage, and confirmed at the beginning of the hearing that his dispute concerned his own MA coverage only. On September 5, 2025, the Department denied Petitioner MA due to excess income. On September 9, 2025, the Department approved Petitioner for MA coverage effective October 1, 2025, for PFFP and Group 2 Caretaker Relative (G2C) MA, subject to a \$1,958 monthly deductible.

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; BEM 135

25-032969

(October 2015), p. 1 – 2. 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.

Here, there was no dispute that Petitioner is married, under the age of 65, a tax filer, and has three dependent children. There was no evidence that he is a Medicare recipient, blind, disabled, or pregnant. Therefore, Petitioner is 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 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, and subject to an individual monthly deductible for each eligible recipient when the group has excess income. BEM 135, 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 him 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 percent Federal Poverty Level (FPL) applicable to the individual's group size.

BEM 137, p. 1.

An individual's group size for MAGI purposes requires consideration of the client's tax filing status, and because Petitioner is married with three dependents, he has a fiscal tax group of five. BEM 211 (October 2023), pp. 1 – 2.

In 2025, the FPL for a fiscal group of five is \$37,650, and 5% of that is \$1,883. 90 FR 5917 (January 2025), No. 2025-01377, pp. 5917-5918. Based on the FPL, the HMP income limit for a fiscal group of five is \$50,074.50 annually, or \$4,172.88 per month. 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 (April 2022), p. 5. When the 5% disregard is added to the HMP income limit, the total income limit for HMP is \$51,957, or \$4,329.75 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

25-032969

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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).

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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. To determine countable income from self-employment for MAGI-related MA, the Department must use the adjusted gross income (AGI) as declared on the federal income tax return. BEM 502 (June 2024), p. 3. 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, there was no dispute that Spouse receives SSI of \$ [REDACTED] per month, and that Petitioner is employed and provided two paystubs to the Department from his employment for August 2025. The Department testified that it used the gross earnings of \$ [REDACTED] and \$ [REDACTED] from Petitioner's paystubs to calculate his MAGI-income, and introduced an employment budget summary and a MAGI eligibility determination document in support of its testimony. (Exhibit A, pp. 16, 25). However, the Department's employment budget summary reflected that for August 2025, the Department determined Petitioner had \$3,613.10 in MA income; and that for September 2025 ongoing, Petitioner had \$3,699.67 in MA income; while the Department's MAGI eligibility determination document reflected that the Department budgeted \$ [REDACTED] per month in MAGI-income for Petitioner.

Additionally, an examination of the paystubs established that Petitioner's federal taxable wages are less than his gross income. Although the Department testified that it used Petitioner's federal taxable wages to determine his MAGI-income, that portion of its testimony conflicted with its initial testimony regarding the amounts it used to calculate Petitioner's MAGI-income, and was inconsistent with the evidence. Additionally, the Department did not clearly explain the discrepancies between the August 2025 and September 2025 MA budgeted amounts, or the amount budgeted on the MAGI eligibility determination document. Thus, the evidence did not establish that the Department calculated Petitioner's MAGI-income in accordance with Internal Revenue Service rules and Department policy. Therefore, the Department did not satisfy its burden of showing that it acted in accordance with policy when it determined Petitioner's MA eligibility effective October 1, 2025 ongoing.

It is noted that Petitioner testified that he works an average of 75 – 79 hours per pay period. Petitioner was advised that if his work hours are different than the hours

reflected on the paystubs he provided to the Department, he may report changes and/or provide additional paystubs to the Department.

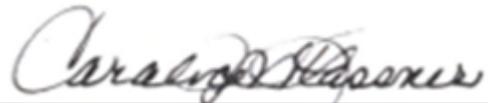
**DECISION AND ORDER**

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 satisfy its burden of establishing that it acted in accordance with Department policy when it determined Petitioner's MA eligibility effective October 1, 2025 ongoing.

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 MA eligibility for October 1, 2025 ongoing, requesting additional verifications if necessary;
1. If eligible, provide Petitioner with the most beneficial MA coverage he was eligible to receive for October 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**

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