



Date Mailed: November 14, 2025
Docket No.: 25-033098
Case No.: [REDACTED]
Petitioner: [REDACTED]

[REDACTED]
MI [REDACTED]

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

Este es un documento legal importante. Por favor, que alguien traduzca el documento.

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Docket No.: 25-033098

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 November 6, 2025. Petitioner appeared and was represented by his counsel, Avraham M. Weiss (P83489). The Department of Health and Human Services (Department) was represented by Jacob Frankmann, Assistance Payments Supervisor.

The Department's 25-page hearing packet was admitted into evidence as Exhibit A. An Affidavit of [REDACTED], submitted by Petitioner, was admitted into evidence as Exhibit 1.

ISSUE

Did the Department properly close Petitioner's Food Assistance Program (FAP) case due to excess income?

Did the Department properly determine Petitioner's and his spouse'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. Petitioner is married to [REDACTED] (Spouse). Petitioner and Spouse are tax filers, under the age of [REDACTED], and have four minor children (Children).
2. Petitioner receives a weekly payment of \$ [REDACTED] from [REDACTED] – [REDACTED] (CBJ). CBJ identifies the payment as a scholarship and does not withhold any taxes from the payment. (Exhibit A, p. 13).
3. Spouse is employed by [REDACTED]. (Employer) and is paid a bi-weekly salary of \$ [REDACTED]. (Exhibit A, pp. 7 – 8).
4. Petitioner was an ongoing recipient of FAP benefits for himself, Spouse, and Children.

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5. Petitioner and Spouse had ongoing MA coverage under the Healthy Michigan Plan (HMP).
 6. On September 3, 2025, the Department sent Petitioner a Notice of Case Action (NOCA) that closed his FAP benefit case effective July 1, 2025, due to excess income. (Exhibit A, pp. 19 – 21).
 7. On September 3, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that approved Petitioner and Spouse for Plan First Family Planning (PFFP) MA effective October 1, 2025; and approved Children for full coverage MA. (Exhibit A, pp. 24 – 25).
 8. On September 9, 2025, the Department received a request for hearing from Petitioner, disputing the Department’s closure of his FAP case and that he and Spouse were approved for PFFP MA only, because the Department counted his weekly scholarship payments as income. (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.

FAP

Petitioner requested a hearing to dispute the Department’s closure of his FAP case, specifically that the Department counted payments he receives from CBJ. The Department closed Petitioner’s FAP case due to excess net income based on \$ [REDACTED] in earned income attributable to Spouse and \$ [REDACTED] in unearned income attributable to Petitioner.

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As a preliminary matter, there was no dispute that a) Petitioner receives weekly payments from CBJ based on his studies and training to become a rabbi, and b) CBJ is not a public school, nonpublic school registered with the Michigan Department of Education (MDE), or a home school. BEM 245 (July 2025), p. 2. Thus, Petitioner is not a student or in student status pursuant to Department policy. BEM 245, pp. 3 – 4.

During the hearing, Petitioner asserted that although he is not a student or in student status pursuant to Department policy, the payments he receives from CBJ should not be countable income because they are educational assistance in the form of scholarships and the definition of educational assistance is not dependent on student status as defined in BEM 245. In contrast, the Department testified that its policy unit determined that Petitioner's payments from CBJ are countable as unearned income because he is not a student pursuant to BEM 245. (Exhibit A, p. 15).

Although educational assistance, which includes scholarships and other payments for education, is excluded as income (BEM 503 (July 2025), p. 12), policy does not provide any additional information to determine whether the Department's interpretation of policy is accurate. However, the Code of Federal Regulations (CFR) specifies that unearned income includes scholarships, and other similar funds, in excess of amounts excluded under 7 CFR 273.9(c). 7 CFR 273.9(b)(2)(iv).

Pursuant to 7 CFR 273.9(c)(3)(ii), to be excluded from countable income, the educational assistance must be:

(A) Received under 20 USC 1087uu. This exemption includes student assistance received under part E of subchapter IV of Chapter 28 of title 20 and part C of subchapter I of chapter 34 of title 42, or under Bureau of Indian Affairs student assistance programs.

(B) Awarded to a household member enrolled at a:

(1) Recognized institution of post-secondary education (meaning any public or private educational institution which normally requires a high school diploma or equivalency certificate for enrollment or admits persons who are beyond the age of compulsory school attendance in the State in which the institution is located, provided that the institution is legally authorized or recognized by the State to provide an educational program beyond secondary education in the State or provides a program of training to prepare students for gainful employment, including correspondence schools at that level),

(2) School for the handicapped,

(3) Vocational education program,

(4) Vocational or technical school,

(5) Program that provides for obtaining a secondary school diploma or the equivalent;

(C) Used for or identified (earmarked) by the institution, school, program, or other grantor for the following allowable expenses:

(1) Tuition,

(2) Mandatory school fees, including the rental or purchase of any equipment, material, and supplies related to the pursuit of the course of study involved,

(3) Books,

(4) Supplies,

(5) Transportation,

(6) Miscellaneous personal expenses, other than normal living expenses, of the student incidental to attending a school, institution or program,

(7) Dependent care,

(8) Origination fees and insurance premiums on educational loans,

(9) Normal living expenses which are room and board are not excludable.

(10) Amounts excluded for dependent care costs shall not also be excluded under the general exclusion provisions of paragraph § 273.9(c)(5)(i)(C). Dependent care costs which exceed the amount excludable from income shall be deducted from income in accordance with paragraph § 273.9(d)(4) and be subject to a cap.

7 CFR 273.9(c)(3).

There was no evidence that the payments Petitioner receives from CBJ were received under 20 USC 1087uu, that CBJ is an accredited body for post-secondary education, or that CBJ identified or earmarked the funds for the allowable expenses itemized in 7 CFR 273.9(c). Therefore, the Department properly determined that the payments Petitioner receives from CBJ are countable unearned income for purposes of FAP.

For purposes of FAP, the gross amount of unearned income is countable income and the gross amounts of wages from employment are earned income and may be prospected. BEM 500 (April 2022), pp. 3 – 4; BEM 501 (July 2024), pp. 5 – 7.

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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 – 7. 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 weekly amounts is multiplied by 4.3 and the average of bi-weekly amounts is multiplied by 2.15. BEM 505, pp. 8 – 9.

Here, the evidence established that the Department properly converted Petitioner's weekly income into a standard monthly amount of \$ [REDACTED], converted Spouse's income into a standard monthly amount of \$ [REDACTED], and determined Petitioner has countable income of \$ [REDACTED] per month.

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 any member of Petitioner's FAP group is senior, disabled, or a disabled veteran (SDV). FAP groups with earned and 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.

BEM 550 (April 2025), p. 1; BEM 554 (June 2025) p. 1; BEM 556 (October 2024) pp. 3 – 6.

The Department introduced a budget to establish how it determined Petitioner had excess net income for FAP benefits. (Exhibit A, p. 16). There was no dispute that the Department properly deducted 20% from Spouse's earned income in the amount of \$686, and that Petitioner was entitled to, and received, a \$291 standard deduction from the countable income based on his six-person FAP group size. BEM 550, p. 1; RFT 255 (October 2024). There was no evidence that Petitioner reported any dependent care or court ordered child support expenses, 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. When the earned income deduction and standard deduction were subtracted from Petitioner's total countable earned and unearned income, Petitioner's AGI was \$ [REDACTED].

To complete the excess shelter deduction calculation, the Department reviews Petitioner's housing and utility expenses, if any. Until October 1, 2025, when a FAP

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group had a heating and other utility expenses, separate from the mortgage or rent payment, it was entitled to a heat and utility (h/u) standard amount of \$664 to be included in the calculation of the excess shelter deduction, which was the highest amount available to FAP groups who pay utilities. BEM 554, p. 17; RFT 255. FAP groups who also had an internet expense were entitled to an internet standard amount of \$50 to be included in the calculation of the excess shelter deduction. BEM 554, p. 26, 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 if Petitioner is eligible for an excess shelter deduction.

Here, there was no dispute that Petitioner has a housing expense of \$1,210 per month and that he paid for heat, other utilities, and internet. Thus, the total of Petitioner's monthly housing of \$1,210, the h/u standard of \$664, and the internet standard of \$50, was \$1,924. When 50% of Petitioner's \$[REDACTED] AGI, in the amount of \$[REDACTED], was subtracted from the total shelter amount of \$1,924, the result was zero. Thus, the Department properly determined Petitioner was not eligible for an excess shelter deduction. Therefore, Petitioner's net income was the same as his AGI, \$[REDACTED].

At all times relevant to this case, the net income limit for FAP benefits for a six-person FAP group was \$3,497. RFT 250 (October 2024). Therefore, because Petitioner's net income was more than the net income limit for a six-person FAP group, the Department properly determined Petitioner was ineligible for FAP benefits and closed his FAP case.

MA

Petitioner also requested a hearing to dispute the type of his and Spouse's MA coverage. The Department approved Petitioner and Spouse for PFFP MA effective October 1, 2025. The Department testified that they were each previously approved for HMP MA through September 30, 2025.

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.

In this case, there was no dispute that Petitioner and Spouse are married, both under the age of 65, tax filers, and have four 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 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.

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 Children, for purposes of HMP, they each have a fiscal group size of six. BEM 211 (October 2023), pp. 1 – 2. Beginning in January 2025, the annual FPL for a fiscal group of six is \$48,650, and the 5% disregard is \$2,433. 90 FR 5917 (January 2025), No. 2025-01377, pp. 5917-5918. Based on the FPL, the HMP income limit for a fiscal group of six is \$64,704.50 annually, or \$5,392.04 per month. With the 5% disregard, the total income limit for HMP, is \$67,137, or \$5,594.75 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 435.603(e); BEM 500, pp. 1, 3 – 4. MAGI is based on Internal Revenue Service rules

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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/>.

The Department testified that Petitioner and Spouse have excess income for HMP MA eligibility and introduced a MAGI eligibility determination that reflected that it budgeted \$[REDACTED] per month in unearned income for Petitioner and \$[REDACTED] per month in earned income for Spouse. (Exhibit A, p. 18). However, the evidence also established that the Department determined that for purposes of MA, Petitioner's budgeted income was \$[REDACTED] per month and Spouse's budgeted income was \$[REDACTED], which was consistent with the income information introduced by the Department and its position regarding the countability of Petitioner's payments from CBJ. (Exhibit A, pp. 7 – 8, 11, 13 – 14). The total of Petitioner's and Spouse's budgeted income, as determined by the Department, is less than \$5,594.75, the highest income limit for HMP MA for a fiscal group of six, and the Department did not clearly explain the inconsistency within its evidence.

Notwithstanding the foregoing, Petitioner credibly testified that the payments he receives from CBJ are not taxable or reportable on his federal income tax return. The Department testified that it did not request additional information or an income tax return from Petitioner before it concluded that the payments he receives from CBJ were countable unearned income for purposes of MA. Thus, the Department did not establish that it properly included Petitioner's payments from CBJ when it determined his and Spouse's MA eligibility.

Additionally, although there was no dispute that Petitioner and Spouse have dependent children, the Department testified that it did not consider their eligibility for G2C MA.

Therefore, based on the totality of the testimony and evidence, the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner's and Spouse's individual MA eligibility effective October 1, 2025.

DECISION AND ORDER

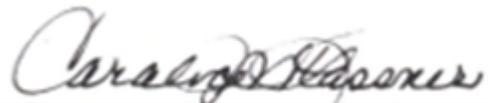
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The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it determined Petitioner had excess net income for purposes of FAP benefits, but failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner's and Spouse's individual MA eligibility.

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 the individual MA eligibility of Petitioner and Spouse effective October 1, 2025, including calculation of their income in accordance with MAGI-methodology;
2. If eligible, provide Petitioner and Spouse with the most beneficial MA coverage they were each eligible to receive effective October 1, 2025; and
3. Notify Petitioner of its decision in writing.



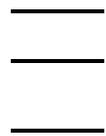
CARALYCE M. LASSNER
ADMINISTRATIVE LAW JUDGE

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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