



Date Mailed: October 28, 2025

Docket No.: 25-034337

Case No.: [REDACTED]

Petitioner: [REDACTED]

This is an important legal document. Please have someone translate the document.

هذه وثيقة قانونية مهمة. يرجى أن يكون هناك شخص ما يترجم المستند.

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

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

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.

[REDACTED] MI [REDACTED]

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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 October 16, 2025. Petitioner appeared and was represented by her husband, [REDACTED] (Spouse). The Department of Health and Human Services (Department) was represented by Angela Ware, Eligibility Specialist.

### **ISSUE**

Did the Department properly determine Petitioner's and Spouse's Medicaid (MA) eligibility effective January 1, 2025 ongoing?

### **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 [REDACTED] years old and married to Spouse, who is [REDACTED] years old. Petitioner and Spouse are tax filers who claim two of their children, [REDACTED]-year-old [REDACTED] (TM) and [REDACTED]-year-old [REDACTED] (MM), as dependents.
1. MM receives Supplemental Security Income (SSI) of \$[REDACTED] per month, and a quarterly State SSI Payment (SSP) of \$[REDACTED].
2. On December 27, 2024, the Department certified closure of Healthy Michigan Plan (HMP) MA for Petitioner and Spouse, effective February 1, 2025.
3. On [REDACTED] 2025, the Department received a completed application for MA from Petitioner for herself, Spouse, and their three children, including TM and MM.
4. On [REDACTED] 2025, the Department received a second completed application for MA from Petitioner for herself, Spouse, and their three children, including TM and MM. (Exhibit A, pp. 6 – 13).
5. On May 30, 2025, the Department sent Petitioner a Verification Checklist (VCL) that requested verification of the household's last 30 days of income. (Exhibit A, pp. 14 – 15).

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6. On May 31, 2025, the Department received a complete 2024 Federal Income Tax Return (ITR), including Schedule C, from Petitioner. The ITR reflected that:
    - a. Petitioner and Spouse claimed TM and MM as dependents,
    - b. Petitioner and Spouse had:
      - i. Net business income of \$ [REDACTED],
      - ii. Total income of \$ [REDACTED],
      - iii. Adjusted gross income (AGI) of \$ [REDACTED],
      - iv. Taxable income of \$ [REDACTED], and
    - c. Spouse owned [REDACTED] (Business).

(Exhibit A, pp. 38 – 51).

7. On June 9, 2025, the Department sent Petitioner a VCL that requested verification of Spouse's checking account. (Exhibit A, pp. 16 – 17).
  8. On July 10, 2025, the Department received verification of Spouse's checking account.
  9. On July 7, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN), effective January 1, 2025, that:
    - a. Approved Petitioner and Spouse each for MA subject to a monthly deductible of \$143, and
    - b. Denied Petitioner and Spouse each for:
      - i. Healthy Michigan Plan (HMP) MA,
      - i. Group 2 Caretaker Relative (G2C) MA, and
      - ii. Plan First Family Planning (PFFP) MA,
- due to excess income.

(Exhibit A, pp. 18 – 21).

10. On August 28, 2025, the Department received a request for hearing from Petitioner that disputed the Department's denial of Petitioner's and Spouse's MA coverage. (Exhibit A, pp. 3 – 4).

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11. On September 23, 2025, the Department sent Petitioner a HCCDN that approved Petitioner and Spouse each for MA subject to a monthly deductible of \$2,003. (Exhibit A, pp. 25 – 26).
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### **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 her and Spouse's MA coverage. The Department testified that on July 7, 2025, it approved Petitioner and Spouse each for MA subject to a monthly deductible of \$143, effective January 1, 2025 ongoing.

As a preliminary matter, although Petitioner requested an Arabic translator for the hearing, Spouse represented himself and Petitioner during the hearing and testified that he did not require a translator. Thus, the hearing proceeded without translation.

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 [REDACTED] tax filers, and have two dependent children. There was no evidence that

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either were Medicare recipients, blind, disabled, or pregnant. Therefore, Petitioner and Spouse are each 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 TM and MM as dependents, 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).

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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. 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 testified that it:

- a. Received Petitioner and Spouse's 2024 ITR on May 31, 2025,
- b. Based Petitioner and Spouse's MAGI-income on the gross income Spouse reported on Schedule C of the ITR, and
- c. Considers Spouse self-employed.

A review of the Department's MAGI eligibility determination established that the Department budgeted Petitioner's and Spouse's annual MAGI-income as \$ [REDACTED], based on self-employment income attributed to Spouse in the amount of \$ [REDACTED] per month. (Exhibit A, p. 29).

However, a review of the ITR provided to the Department established that:

- a. Spouse owned Business, which is a limited liability company (LLC),
- b. Spouse had net business income of \$ [REDACTED], and
- c. Petitioner and Spouse had:
  - i. Total income of \$ [REDACTED],
  - ii. Adjusted gross income (AGI) of \$ [REDACTED],
  - iii. Taxable income of \$ [REDACTED], and
- d. Petitioner and Spouse did not have any tax-exempt foreign income, tax-exempt Social Security benefits, or tax-exempt interest.

Although clients who run their own businesses are self-employed, income from an LLC owned by the client is not self-employment income, it is earned income in the form of

wages or unearned income in the form of dividends or interest. BEM 501 (January 2024), pp. 5 – 7; BEM 502 (June 2024), p. 1; BEM 503 (January 2025), pp. 24, 32.

Therefore, because the Department determined Petitioner’s and Spouse’s eligibility based on the gross income of Spouse’s LLC, not Spouse’s earned or unearned income from the LLC, the Department failed to establish that it calculated Petitioner’s and Spouse’s income in accordance with MAGI-methodology under federal tax law when it determined their individual eligibility for MA effective January 1, 2025.

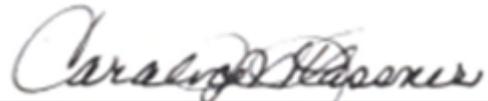
**DECISION AND ORDER**

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’s and Spouse’s individual MA eligibility.

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



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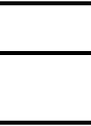
**CARALYCE M. LASSNER  
ADMINISTRATIVE LAW JUDGE**

**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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