



Date Mailed: November 4, 2025
Docket No.: 25-036181
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.

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.

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Docket No.: 25-036181

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; 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 via telephone conference on October 30, 2025. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Lori Turner, Eligibility Specialist.

ISSUE

Did the Department properly determine Petitioner and Petitioner's wife's Medical Assistance (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 and his wife were ongoing MA recipients.
2. On August 25, 2025, Petitioner completed a redetermination related to his MA benefit case (Exhibit A, pp. 15-21).
3. Petitioner's household consisted of himself, his wife and their minor child.
4. Petitioner had income from employment (Exhibit A, pp. 22-24).
5. Petitioner had rental income.
6. On September 30, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice informing him that he and his wife were approved for MA benefits subject to a deductible in the amount of \$1,379 effective November 1, 2025, ongoing.
7. On September 25, 2025, Petitioner submitted a request for hearing disputing the Department's determination that he, his wife and his daughter were not eligible for full coverage MA benefits.

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.

In this case, Petitioner completed a redetermination related to his MA benefit case. Petitioner and his wife were approved for MA benefits subject to a deductible.

The Department concluded that Petitioner and his wife were not eligible for the full coverage Health Michigan Plan (HMP) because their income exceeded the applicable income limit for their group size. HMP uses a Modified Adjusted Gross Income (MAGI) methodology. BEM 137 (October 2016), p. 1. An individual is eligible for HMP if his household's income does not exceed 133% of the Federal Poverty Level (FPL) applicable to the individual's group size. BEM 137, p. 1. Additionally, for MAGI-related MA programs, the Department allows a 5 percent disregard in the amount equal to five percent of the FPL level for the applicable family size. BEM 500 (July 2017), p. 5. It is not a flat 5 percent disregard from the income. BEM 500, p. 5. The 5 percent disregard is applied to the highest income threshold. BEM 500, p. 5. The 5 percent disregard shall be applied only if required to make someone eligible for MA benefits. BEM 500, p. 5.

An individual's group size for MAGI-related purposes requires consideration of the client's tax filing status. In this case, Petitioner and his wife filed taxes and claimed their minor child as a dependent. Therefore, for HMP purposes, they have a household size of three. BEM 211 (January 2016), pp. 1-2.

138% of the annual FPL in 2025 for a household with three members is \$36,777. See <https://aspe.hhs.gov/poverty-guidelines>. The monthly income limit for a group size of three is \$3,064.75. Therefore, to be income eligible for HMP, Petitioner's income cannot exceed \$36,777 annually or \$3,064.75 monthly. To determine financial eligibility under HMP, income must be calculated in accordance with MAGI under federal tax law. BEM 500 (July 2017), p. 3. MAGI is based on Internal Revenue Service rules and relies on federal tax information. BEM 500, p. 3. Income is verified via electronic federal data sources in compliance with MAGI methodology. MREM, § 1.

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In order to determine income in accordance with MAGI, a client's adjusted gross income (AGI) is added to any tax-exempt foreign income, Social Security benefits, and tax-exempt interest. AGI is found on IRS tax form 1040 at line 37, form 1040 EZ at line 4, and form 1040A at line 21. Alternatively, it is calculated by taking the "federal taxable wages" for each income earner in the household as shown on the paystub or, if not shown on the paystub, by using gross income before taxes reduced by any money the employer takes out for health coverage, childcare, or retirement savings. See <https://www.healthcare.gov/income-and-household-information/how-to-report/>. For MAGI MA benefits, if an individual receives RSDI benefits and is a tax filer, all RSDI income is countable. BEM 503 (January 2019), p. 29.

Effective November 1, 2017, when determining eligibility for ongoing recipients of MAGI related MA, the State of Michigan has elected to base financial eligibility on current monthly income and family size. See:

https://www.michigan.gov/documents/mdhhs/MAGI-Based_Income_Methodologies_SPA_17-0100_-_Submission_615009_7.pdf

The Department determined that Petitioner had countable earned income of \$[REDACTED] per month (Exhibit A, p. 25). The Department presented Petitioner's pay statements showing he is paid on a weekly basis in the amount of \$[REDACTED] each week. Petitioner did not have any pretax withholdings, and therefore, his MAGI based income from employment is \$[REDACTED].

Petitioner also had rental income in the amount of \$[REDACTED] per month. The Department testified that it included the entire \$[REDACTED] amount in determining Petitioner's MA eligibility. However, when calculating rental AGI, the total rental income is reduced by allowable expenses such as depreciation, repair costs and operating expenses. See: <https://www.irs.gov/taxtopics/tc414>. Petitioner testified that he had expenses when operating his rental. The Department failed to establish that it requested information or verification from Petitioner when considering his MAGI based rental income, as required by policy. BAM 130 (April 2017), p. 1. Therefore, the Department failed to establish it properly determined Petitioner's rental income. Thus, the Department failed to establish it properly determined Petitioner's MA eligibility.

It should be noted that Petitioner requested a hearing to dispute his child's MA case closure. The Department presented evidence that Petitioner's daughter has ongoing full coverage MA benefits.

DECISION AND ORDER

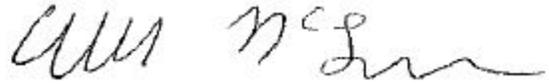
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department failed to

satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner's 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 Petitioner and Petitioner's wife's MA eligibility as of November 1, 2025, ongoing;
2. Provide Petitioner and his wife with MA coverage they are entitled to receive; and
3. Notify Petitioner of its MA decision in writing.



**ELLEN MCLEMORE
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.



Via Electronic Mail:

Respondent

WAYNE-GREENFIELD/JOY-DHHS
8655 GREENFIELD RD
DETROIT, MI 48228

MDHHS-WAYNE-17-HEARINGS@MICHIGAN.GOV

Via First Class Mail:

Petitioner

[REDACTED]
[REDACTED]
[REDACTED] MI [REDACTED]