



**Date Mailed:** December 15, 2025  
**Docket No.:** 25-040570  
**Case No.:** [REDACTED]  
**Petitioner:** [REDACTED]

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

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

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Ky është një dokument ligjor i rëndësishëm. Ju lutem, kini dikë ta përktheni dokumentin.

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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; 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 December 10, 2025. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Caitlin Dodge, Family Independence Manager.

### **ISSUE**

Did the Department properly close Petitioner's Medical Assistance (MA) and Food Assistance Program (FAP) benefit cases?

### **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 was an ongoing FAP and MA recipient.
2. On September 12, 2025, Petitioner completed a redetermination related to her benefit cases (Exhibit A, pp. 10-14).
3. Petitioner's household consisted of herself and her [REDACTED]-year-old child.
4. Petitioner had unearned income in the form of Retirement, Survivors and Disability Insurance (RSDI) in the gross amount of \$ [REDACTED] per month.
5. Petitioner had unearned income in the form of a donation from a family member in the gross amount of \$ [REDACTED] per month.
6. Petitioner's son was previously receiving Supplemental Security Income (SSI) benefits. As of October 1, 2025, Petitioner's son was no longer receiving SSI benefits. Petitioner's son did receive \$ [REDACTED] in October 2025 in State SSI Payment (SSP) benefits.
7. Petitioner's son had income from employment (Exhibit A, pp. 36-37).

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8. On November 14, 2025, the Department sent Petitioner a Notice of Case Action informing her that her FAP benefit case was closing effective October 1, 2025, ongoing (Exhibit A, pp. 40-44).
  9. On November 14, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice informing her that her MA benefit case was closing effective December 1, 2025, ongoing (Exhibit A, pp. 45-48).
  10. Petitioner submitted a request for hearing disputing the Department's actions.

### **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).

#### **FAP**

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.

In this case, Petitioner was an ongoing FAP recipient. In September 2025, Petitioner completed a redetermination related to her FAP benefit case. The Department determined Petitioner exceeded the net income limit for her group size. A non-categorically eligible Senior/Disabled/Veteran (SDV) FAP group must have income below the net income limits. BEM 550 (April 2025), p.1. The Department presented a FAP budget to establish the calculation of Petitioner's FAP eligibility (Exhibit A, pp. 38-39).

All countable earned and unearned income available to the client must be considered in determining a client's eligibility for program benefits and group composition policies specify whose income is countable. BEM 500 (July 2017), pp. 1-5. The Department determines a client's eligibility for program benefits based on the client's actual income and/or prospective income. Prospective income is income not yet received but expected. BEM 505 (October 2017), pp. 1-2. In prospecting income, the Department is required to use income from the past 30 days if it appears to accurately reflect what is expected to be received in the benefit month, discarding any pay if it is unusual and does not reflect the normal, expected pay amounts. BEM 505, pp. 5-6. A standard monthly amount must be determined for each income source used in the budget. BEM 505, pp. 7-8. Income received biweekly is converted to a standard amount by

25-040570

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multiplying the average of the biweekly pay amounts by the 2.15 multiplier. BEM 505, pp. 7-9. Income received weekly is multiplied by a 4.3 multiplier. BEM 505, pp. 7-9. Income received twice per month is added together. BEM 505, pp. 7-9. An employee's wages include salaries, tips, commissions, bonuses, severance pay and flexible benefit funds not used to purchase insurance. The Department counts gross wages in the calculation of earned income. BEM 501 (January 2020), pp. 6-7.

Per the budget provided, the Department included \$ [REDACTED] in earned income. The Department presented Petitioner's son's pay statements showing he was paid on August 15, 2025, in the gross amount of \$ [REDACTED] and on August 29, 2025, in the gross amount of \$ [REDACTED]. Petitioner's son was paid on a biweekly basis. Petitioner's son's averaged income multiplied by the 2.15 multiplier results in a standard monthly income of \$ [REDACTED]. It is unclear how the Department obtained the \$ [REDACTED] income amount. However, the error is harmless, as it is in Petitioner's favor.

All countable earned and unearned income available to the client must be considered in determining a client's eligibility for program benefits and group composition policies specify whose income is countable. BEM 500 (April 2022), pp. 1-5. For RSDI, the Department counts the gross benefit amount as unearned income. BEM 503 (October 2025), p. 28. For FAP benefit cases, the Department includes the gross amount of current Social Security Administration (SSA)-issued SSI as unearned income. BEM 503, p. 34. Whenever an SSA-issued independent living or household of another payment is budgeted, the Department will include the monthly SSP payment amount as unearned income. BEM 503, p. 35. A donation to an individual by family or friends is the individual's unearned income. BEM 503, p. 11. The Department counts the gross amount received, if the individual making the donation and the recipient are not members of any common eligibility determination group. BEM 503, p. 11.

Per the budget provided, Petitioner had \$ [REDACTED] in unearned income. Petitioner had RSDI income in the gross amount of \$ [REDACTED], Petitioner received a donation from a family member in the gross amount of \$ [REDACTED] per month and Petitioner's son received an SSP payment in October 2025, in the amount of \$ [REDACTED] per month. Petitioner's total countable unearned income amount is \$ [REDACTED]. Therefore, the Department correctly determined Petitioner's household unearned income.

The deductions to income on the net income budget were also reviewed. There was evidence presented that the Petitioner's group includes a senior/disabled/veteran (SDV). BEM 550. Thus, the group is eligible for the following deductions to income:

- Dependent care expense.
- Excess shelter.
- Court ordered child support and arrearages paid to non-household members.
- Standard deduction based on group size.
- Medical deduction.

BEM 554 (January 2020), p. 1; BEM 556 (January 2020), p. 3.

The Department will reduce the gross countable earned income by 20 percent and is known as the earned income deduction. BEM 550 (January 2022), p.1. The Department correctly determined Petitioner is entitled to an earned income deduction of \$510. Petitioner's FAP benefit group size of two justifies a standard deduction of \$209. RFT 255, p. 1. There was no evidence presented that Petitioner had any out-of-pocket dependent care, child support expenses or medical expenses. Therefore, the budget properly excluded any deduction for dependent care, child support or medical expenses.

In calculating the excess shelter deduction of \$754, the Department stated that it considered Petitioner's verified housing expense of \$1,700 and that she was responsible for a monthly heating expense, entitling her to the heat/utility standard of \$682. BEM 554, pp. 14-15. The Department testified when calculating Petitioner's excess shelter amount, they added the total shelter amount and subtracted 50% of the adjusted gross income. Petitioner's excess shelter deduction was properly calculated at \$754 per month.

The FAP benefit group's net income is determined by taking the group's adjusted gross income and subtracting the allowable excess shelter expense. After subtracting the allowable deductions, the Department properly determined Petitioner's adjusted gross income to be \$[REDACTED]. Petitioner's adjusted gross income subtracted by the \$754 excess shelter deduction results in a net income of \$[REDACTED]. The net income limit for a group of two is \$1,763. RFT 250 (October 2025), p. 1. Therefore, the Department acted in accordance with policy when it closed Petitioner's FAP benefit case.

## MA

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 was an ongoing recipient under the full coverage Healthy Michigan Plan (HMP) program. In September 2025, Petitioner completed a redetermination related to her MA benefit case. The Department notified Petitioner that her MA benefit case was closing effective December 1, 2025, ongoing.

The Department concluded that Petitioner was not eligible for HMP because her income exceeded the applicable income limit for her group size. HMP uses a Modified Adjusted Gross Income (MAGI) methodology. BEM 137 (October 2016), p. 1. An individual is

25-040570

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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 filed taxes and claimed one of her children as a dependent. Therefore, for HMP purposes, she has a household size of two. BEM 211 (January 2016), pp. 1-2.

138% of the annual FPL in 2025 for a household with two members is \$29,187. See <https://aspe.hhs.gov/poverty-guidelines>. The monthly income limit for a group size of two is \$ 2,432.25. Therefore, to be income eligible for HMP, Petitioner's income cannot exceed \$29,187 annually or \$ 2,432.25 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.

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.

Generally, MAGI based income includes the sum of the MAGI-based income of every individual in the individual's household. 42 CFR 435.603(d)(1). However, the MAGI-based income of an individual who is included in the household of their natural parent, and is not expected to be required to file a tax return for the taxable year in which eligibility for Medicaid is being determined, is not included in household income whether or not the individual files a tax return. 42 CFR 435.603(d)(2)(i). The tax filing threshold for a single individual under 65 in 2024 was \$14,600. See: <https://www.irs.gov/pub/irs-pdf/p501.pdf>

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

The Department presented Petitioner's son's income verification. Per the pay statements provided, as of August 29, 2025, Petitioner's son's year-to-date income was \$[REDACTED]. Therefore, Petitioner's son/dependent would be required to file a tax return, and thus, his income is countable. As stated above, Petitioner's son was paid on August 15, 2025, in the gross amount of \$[REDACTED] and on August 29, 2025, in the gross amount of \$[REDACTED]. Petitioner's son did not have any pretax withholdings. Therefore, Petitioner's son's countable MAGI-based income was \$[REDACTED]. Additionally, Petitioner's gross RSDI income of \$[REDACTED] is countable. Petitioner's son's earned income combined with Petitioner's RSDI income results in a total countable monthly income of \$[REDACTED], which is above the income limit for the HMP program for Petitioner's group size. Therefore, the Department properly determined Petitioner was not eligible for HMP benefits.

As a disabled and/or aged individual, Petitioner is potentially eligible to receive MA benefits through AD-Care and the Group 2 SSI-related MA programs. Ad-Care is an SSI-related full-coverage MA program. BEM 163 (July 2017), p. 1. G2S is an SSI-related MA category. BEM 166 (April 2017), p.1. The Department conceded that Petitioner had been determined as disabled and her eligibility under the disability related MA programs was not determined. Therefore, the Department failed to establish it properly determined Petitioner's MA eligibility.

### **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 acted in accordance with Department policy when it closed Petitioner's FAP benefit case. The Department did not act in accordance with Department policy when it determined Petitioner's MA eligibility.

Accordingly, the Department's decision is **AFFIRMED IN PART** with respect to Petitioner's FAP benefit case and **REVERSED IN PART** with respect to Petitioner's MA benefit case.

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:

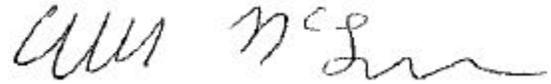
25-040570

1. Redetermine Petitioner's MA eligibility as of December 1, 2025, ongoing;
2. Provide Petitioner with MA benefits she is entitled to receive; and

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3. Notify Petitioner of its MA decision in writing.



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**ELLEN MCLEMORE  
ADMINISTRATIVE LAW JUDGE**

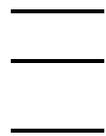
**APPEAL RIGHTS:** Petitioner may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at [courts.michigan.gov](https://courts.michigan.gov). 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.

25-040570



**Via Electronic Mail:**

**Respondent**

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**Via First Class Mail:**

**Petitioner**

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