

Date Mailed: December 23, 2025

Docket No.: 25-041623

Case No.: [REDACTED]

Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

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 telephone hearing commenced via Microsoft Teams on December 17, 2025. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Danielle Moton, specialist.

ISSUE

The issue is whether MDHHS properly determined Petitioner’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. As of October 2025, Petitioner was disabled, not pregnant, aged [REDACTED] years-old, and a Medicare recipient.
2. As of October 2025, Petitioner resided in a household that included three children aged [REDACTED] and [REDACTED] years.
3. As of October 2025, Petitioner received [REDACTED] in gross monthly Retirement, Survivors, Disability, Insurance (RSDI) income.
4. Beginning October 3, 2025, Petitioner received the following gross weekly wages: [REDACTED] [REDACTED] [REDACTED] and [REDACTED]
5. On October 7, 2025, MDHHS determined that Petitioner was eligible for the limited-coverage MA category of Plan First (PF) and Medicaid subject to a \$1,318 monthly deductible beginning November 2025.
6. On October 30, 2025, Petitioner requested a hearing to dispute MA eligibility.

CONCLUSIONS OF LAW

The MA program is established by Title XIX of the Social Security Act, 42 USC 1396 to 42 USC 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 to 42 CFR 430.25. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10 and MCL 400.103 to MCL 400.112k of the Social Welfare Act, MCL 400.1 *et seq.* MA policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing to dispute MA eligibility for herself. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice dated October 7, 2025, stated that Petitioner was eligible for the limited-coverage MA category of PF and Medicaid subject to a \$1,318 monthly deductible beginning November 2025.¹ Exhibit A, pp. 6-11.

Medicaid is also known as MA. BEM 105 (January 2024) p. 1. The MA program includes several sub-programs and categories. *Id.* To receive MA under a Supplemental Security Income (SSI)-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. *Id.* Medicaid eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MICHild and Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology.² *Id.*

Persons may qualify under more than one MA category. *Id.*, p. 2. Federal law gives them the right to the most beneficial category. *Id.* The most beneficial category is the one that results in eligibility, the least amount of excess income or the lowest cost share. *Id.*

MA categories are also split into categories of Group 1 and Group 2. *Id.*, p. 1. For Group 1, a group's net income must be at or below a certain income level for eligibility. *Id.* Group 2 categories are considered a limited benefit because a deductible is possible. *Id.*

The evidence supported that Petitioner was a Medicare recipient, a caretaker to minor children, 21-65 years of age, disabled, and not pregnant. Given the circumstances, Petitioner is ineligible for all full-coverage MAGI-related categories. As a disabled and/or aged individual, Petitioner is potentially eligible to receive MA under the SSI-related Group 1 category of Aged/Disability-Care (AD-Care). AD-Care policies are found in BEM 163.

¹ Plan First is a MAGI-related limited-coverage MA category available to any United States citizen or individual with a qualified immigration status. BEM 124 (July 2023) p. 1. Plan First coverage is a "limited-coverage" because it only covers family planning services such as birth control (see form DCH-2840-MSA).

² Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

At all relevant times, Petitioner did not reside with a spouse. For purposes of AD-Care, Petitioner's group size is one. BEM 211 (October 2023) p. 8.

For AD-Care, MDHHS is to determine countable income according to SSI-related MA policies in BEM 500, 501, 502, 503, 504 and 530, except for RSDI. BEM 163 (July 2017) p. 2. For RSDI, MDHHS is to count gross RSDI from the benefit month except from January through March in which gross RSDI from the most recent December is counted. *Id.* For AD-Care, MDHHS is to apply the deductions in BEM 540 (for children) or 541 (for adults). *Id.*

As of the disputed benefit month, Petitioner received gross monthly RSDI of [REDACTED]. Generally, MDHHS counts the gross amount of RSDI in determining Medicaid eligibility.³ BEM 503 (January 2023) p. 29. Petitioner's countable unearned income for AD-Care is [REDACTED].

For SSI-Related MA categories, a \$20 disregard is given for unearned income. BEM 541 (July 2019) p. 3. MDHHS gives AD-Care budget credits for employment income, guardianship expenses, and/or conservator expenses. No other disregards or expenses were applicable. Subtracting the disregard from Petitioner's countable RSDI results in a net income of [REDACTED].

Petitioner also received wages. MDHHS factored the following gross wages from October 2025 for Petitioner: [REDACTED] on October 3, [REDACTED] on October 10, [REDACTED] on October 17, and [REDACTED] on October 24. For all programs, MDHHS generally factors gross wages. BEM 501 (October 2025) p. 7.⁴ For non-averaged income, MDHHS is to budget the income based on the amount which was or will be received. BEM 530 (April 2020) p. 2. Adding Petitioner's gross weekly income results in [REDACTED] in countable monthly wages (dropping cents). For employment income, MDHHS applies a \$65+50% disregard. Applying the disregard results in countable wages of [REDACTED]. Adding Petitioner's countable RSDI and wages results in a total countable income of [REDACTED].

Petitioner contended her income meets the income limit in a chart enclosed with the Health Care Coverage Determination Notice. Exhibit A, p. 9. The chart reflects income limits for HMP: a MAGI category. Petitioner is not potentially eligible for Medicaid under HMP because she is a Medicare recipient. BEM 137 (January 2024) p. 1.

Net income for AD-Care cannot exceed 100% of the federal poverty level. BEM 163 (July 2017) p. 2. In 2025, the annual federal poverty level for a one-person group

³ Exceptions to counting gross RSDI include the following: certain former SSI recipients (e.g., disabled-adult children, 503 individuals, and early widowers), retroactive RSDI benefits, Medicare premium refunds, fee deductions made by qualified organizations acting as payee, and "returned benefits" (see BAM 500). No exceptions were applicable to the present case.

⁴ Exceptions to using gross wages include the following: earned income tax credits, flexible benefits, striker earnings, TANF-subsidized employment, census worker earnings, and work study. BEM 501 (October 2025) pp. 6-9. None of these exceptions apply to the present case.

residing in Michigan is [REDACTED]. Dividing the annual FPL by 12 results in a monthly income limit of [REDACTED] (rounding up to nearest dollar). The same income limit of [REDACTED] is found in policy.⁶ RFT 242 (April 2025) p. 1. Petitioner's countable income of [REDACTED] exceeds the AD-Care income limit.⁷

Petitioner's circumstances of disability and employment suggest possible eligibility for one other MA category: Freedom-To-Work (FTW). FTW is an SSI-related Group 1 MA category. BEM 174 (October 2024) p. 1. FTW is available to a client with disabilities aged 16 through 64 who has earned income. *Id.* MDHHS did not present evidence that Petitioner was ineligible for FTW or that FTW eligibility was considered. Thus, MDHHS will be ordered to reprocess the MA determination to consider Petitioner's potential eligibility for FTW. Because Petitioner's FTW eligibility is unknown, the analysis will proceed to determine if Petitioner's deductible was properly calculated.

Though Petitioner is ineligible for MA benefits under AD-Care, Petitioner may still receive MA under a Group 2 category. For Group 2 categories, eligibility is possible even when net income exceeds the income limit for a Group 1 category; this is possible because incurred medical expenses are used when determining eligibility. BEM 105 (January 2023) p. 1. Group 2 categories are considered a limited MA benefit because a deductible is possible. *Id.* For caretakers of children, G2C is the applicable Group 2 MA category (see BEM 135).⁸

Deductible is a process which allows a client with excess income to become eligible for Group 2 MA if sufficient allowable medical expenses are incurred. BEM 545 (July 2022) p. 10. Each calendar month is a separate deductible period. *Id.* The fiscal group's monthly excess income is called the deductible amount. *Id.* Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. *Id.*

BEM 536 outlines a 16-step procedure for determining a client's income for purposes of G2C eligibility:

- Step 1 Determine countable employment income using BEM 500 and BEM 530.
- Step 2 Deduct \$90 from each member's employment income.
- Step 3 Subtract \$30 + 1/3 of a group member's employment income if the person received FIP or LIF benefits in any one of the four previous months.
- Step 4 Subtract \$200 from any remaining employment income if member has dependent care expenses.
- Step 5 Determine countable child support income using BEM 500 and BEM 530.
- Step 6 Subtract \$50 for countable child support income.
- Step 7 Determine countable unearned income using BEM 500 and BEM 530.

⁵ <https://www.healthcare.gov/glossary/federal-poverty-level-fpl/>

⁶ MDHHS policy lists an income limit of [REDACTED] while noting the \$20 disregard is factored into the limit.

⁷ Presumably, Petitioner's group's income is within the income guidelines to receive the limited coverage MA category of Plan First. The Plan First income limit is 195% of the FPL. BEM 124 (July 2023) p. 2.

⁸ As a disabled individual, Petitioner is potentially eligible for a Group 2-Spenddown deductible (G2S). G2S eligibility will not be considered because the estimated deductible is higher than the G2C deductible.

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- Step 8 Add countable earned and unearned income.
- Step 9 Subtract child support paid by a group member (not to exceed the monthly obligation).
- Step 10 Subtract \$83 if client has court-appointed guardian paid by a group member. The result is the group's total net income.
- Step 11 Determine the number of dependents. A spouse and children under 18 are dependents.
- Step 12 Add 2.9 to the number of dependents to determine the prorate divisor.
- Step 13 Divide the prorated divisor into each group member's income to determine each member's prorated share of income.
- Steps 14-16 Applicable for non-parent caretakers.

The adult's net income for purposes of G2C is calculated by adding the following and subtracting insurance premiums, remedial services, and ongoing medical expenses:

- 2.9 x adult's prorated income (if adult has dependents)
- 3.9 x spouse's prorated income
- Prorated share of adult's income

Petitioner's gross wages of [REDACTED] are unchanged for G2C. Subtracting \$90 results in countable wages of [REDACTED]. Adding Petitioner's RSDI of [REDACTED] results in total countable income of [REDACTED]. Dividing the income by 4.9 (2.9 + 2 minor children) results in [REDACTED] as Petitioner's prorated share of income. Multiplying the prorated income by 2.9 results in [REDACTED] for Petitioner's share of her own income: also Petitioner's countable net income. The protected income level (PIL) is subtracted from the net income to determine a deductible amount. A PIL is a standard allowance for non-medical need items such as shelter, food, and incidental expenses. The PIL for a group size of two based on Petitioner's shelter area is \$375. RFT 240 (December 213) p. 1. Subtracting \$375 from [REDACTED] results in a deductible of \$1,318: the same deductible calculated by MDHHS. Exhibit A, p. 29

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Petitioner to be eligible for PF and Medicaid subject to a \$1,318 monthly deductible beginning November 2025, if not eligible for FTW. Ignoring potential FTW eligibility, the actions taken by MDHHS are **AFFIRMED**.

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS did not establish that Petitioner is not eligible for MA under FTW. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

- Reprocess Petitioner’s MA eligibility beginning November 2025 subject to the finding that MDHHS did not establish that Petitioner was ineligible for Medicaid under FTW; and
- Issue notice and supplements, if any, in accordance with policy.

Concerning Petitioner’s potential FTW eligibility, the actions of MDHHS are **REVERSED**.



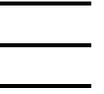
CHRISTIAN GARDOCKI
ADMINISTRATIVE LAW JUDGE

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://irs.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

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