

Date Mailed: February 4, 2026

Docket No.: 25-044475

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 was held via Microsoft Teams on January 7, 2026. Petitioner participated and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Danielle Moton, specialist.

After the hearing on January 7, 2026, was not completed, a continued hearing was held on January 29, 2026. Petitioner again participated and was unrepresented. MDHHS was again represented by Ms. Moton.

ISSUE

The issue is whether MDHHS properly determined Petitioner's and her spouse's Medicaid and Medicare Savings Program (MSP) 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. On [REDACTED] 2025, Petitioner applied for Medicaid and MSP benefits for herself and her spouse, [REDACTED] (hereinafter, "Spouse").
2. As of August 2025, Petitioner and Spouse were both disabled and/or over the age of [REDACTED] years, not pregnant, not caretakers to minor children, and Medicare recipients.
3. As of August 2025, Petitioner and Spouse received [REDACTED] and [REDACTED] in respective Retirement, Survivors, Disability Insurance (RSDI) benefits. Spouse also received a gross monthly pension of [REDACTED] (dropping cents).
4. On September 9, 2025, MDHHS determined that Petitioner was eligible for the Plan First (PF) MA category beginning October 2025. MDHHS also determined that Spouse was ineligible for MA beginning August 2025 due to failing to verify

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unearned income. Petitioner and Spouse were also determined ineligible for MSP beginning August 2025 due to failing to verify information.

5. On September 25, 2025, MDHHS mailed Petitioner a Verification Checklist (VCL) requesting by October 6, 2025, verification of a checking account that Petitioner shared with her child.
6. On October 13, 2025, MDHHS determined that Petitioner and Spouse were ineligible for MSP beginning August 2025 due to failing to verify a checking account. Spouse was also determined to be ineligible for MSP beginning August 2025 due to being eligible under a different case number.
7. On October 30, 2025, Petitioner returned to MDHHS verification of the checking account shared with her child.
8. On November 5, 2025, Petitioner requested a hearing to dispute Medicaid and MSP eligibility.
9. On November 6, 2025, MDHHS determined that Petitioner was eligible for Medicaid subject to a \$1,324 deductible.
10. On November 6, 2025, MDHHS determined that Petitioner was eligible for Medicaid and MSP in October 2025. MDHHS also determined that Petitioner was ineligible for MSP beginning November 2025 due to not being disabled. Spouse was determined ineligible for MSP beginning September 2025 due to being eligible in another case.
11. On January 15, 2026, MDHHS determined that Petitioner and Spouse were each eligible for Medicaid subject to \$1,289 deductible beginning January 2026. MDHHS also determined that Petitioner and Spouse were eligible for MSP beginning January 2026.

CONCLUSIONS OF LAW

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. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MA policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing, in part, to dispute Medicaid eligibility. Exhibit A, pp. 3-5. Petitioner and Spouse applied for Medicaid on [REDACTED] 2025. Exhibit B, pp. 8-15. A Health Coverage Determination Notice dated September 9, 2025, stated that Petitioner

was only eligible for the limited-coverage MA category of PF beginning October 2025; MDHHS determined that Spouse was ineligible for MA beginning August 2025 due to failing to verify unearned income. Exhibit B, pp. 29-33. On November 6, 2025, MDHHS sent Petitioner a HCCDN stating that Petitioner was eligible for a monthly deductible of \$1,324 beginning December 2025.¹ Exhibit C, pp. 1-6. A second HCCDN dated November 6, 2025, stated that Petitioner was eligible for Medicaid in October 2025. Exhibit D, pp. 1-5. A HCCDN dated January 15, 2026, stated that Spouse was eligible for PF and a \$1,289 deductible beginning January 2026. Exhibit F, pp. 1-8. MDHHS testified that Petitioner and Spouse each had \$1,289 Medicaid deductibles beginning January 2026.

Medicaid is also known as MA. BEM 105 (October 2023) p. 1. The MA program includes several sub-programs or 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 (not limited coverage) because a deductible is possible. *Id.*

It was not disputed that Petitioner and Spouse were over the age of 21 years, disabled and/or aged, Medicare recipients, and not caretakers to a minor child. Given the circumstances, Petitioner and Spouse are ineligible for all MAGI-related categories. As disabled and/or aged individuals, Petitioner and Spouse are 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.

At all relevant times, Petitioner and Spouse were married to each other. For purposes of AD-Care, Petitioner's and Spouse's group size is two. 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

¹ MDHHS also presented a deductible budget explaining how the deductible was calculated. Exhibit B, p. 38.

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

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.*

During 2025, Petitioner and Spouse received gross monthly RSDI of [REDACTED] and [REDACTED]. Generally, MDHHS counts the gross amount of RSDI in determining Medicaid eligibility.³ BEM 503 (January 2023) p. 29. Spouse also received a gross monthly pension of [REDACTED]. MDHHS counts gross pension amounts as unearned income. BEM 503 (October 2025) p. 30. For AD-Care, Petitioner's and Spouse's group's countable income for AD-Care is [REDACTED].

For SSI-Related MA categories, a \$20 disregard is given to the group 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 for 2025. Subtracting the disregard from Petitioner's and Spouse's gross income results in a net income of [REDACTED].

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 2-person group residing in Michigan is [REDACTED].⁴ Dividing the annual FPL by 12 results in a monthly income limit of [REDACTED] (rounding up to nearest dollar); The same income limit is found in policy.⁵ RFT 242 (April 2025) p. 1. Petitioner's and Spouse's group's countable net income of [REDACTED] exceeds the AD-Care income limit. Given the evidence, MDHHS properly determined Petitioner and Spouse to be ineligible for MA under any Group 1 MA category other than PF.⁶

Though Petitioner and Spouse are ineligible for MA benefits under AD-Care or any other Group 1 category offering unlimited MA coverage, Petitioner and Spouse 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 aged/disabled persons, G2S is the applicable Group 2 MA category (see BEM 166).

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

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

⁵ MDHHS policy lists an income limit of [REDACTED] while noting the \$20 disregard is factored into the limit.

⁶ 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.

reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month. *Id.*

For 2025, Petitioner's and Spouse's total countable income of [REDACTED] as calculated above, remains unchanged for calculating a deductible. The G2S budget allows a \$20 disregard for unearned income and various employment income disregards. Cost of living adjustments (i.e. the annual increase in RSDI) is also applicable for January, February, and March budget months. In addition to AD-Care disregards, the G2S budget factors ongoing medical expenses (which are applied toward a deductible), insurance premiums, and remedial services. During 2025, Petitioner had a Medicare premium of \$185. Subtracting the unearned income disregard (\$20) and insurance premium (\$185) from the countable income [REDACTED] results in a net income of [REDACTED]

A client's deductible is calculated by subtracting the protected income level (PIL) from the client's net income. A PIL is a standard allowance for non-medical need items such as shelter, food, and incidental expenses. The PIL for Petitioner's and Spouse's shelter area and group size is [REDACTED] RFT 240 (December 2013) p. 1.

Subtracting the PIL of [REDACTED] from Petitioner's and Spouse's countable income results in a monthly deductible of \$1,324; MDHHS calculated the same deductible for 2025. Exhibit A, p. 21.

Beginning January 2026, Petitioner's and Spouse's RSDI increased to [REDACTED] and [REDACTED] respectively. Adding Spouse's pension of [REDACTED] results in a total income of [REDACTED]. MDHHS credited Petitioner and Spouse each with increased Medicare premiums of \$202.90 (\$405.80 total). Subtracting the \$20 disregard, insurance premiums, \$58 COLA, and [REDACTED] PIL result in a \$1,289 deductible beginning January 2026. Given the evidence, MDHHS properly determined Petitioner's Medicaid eligibility.

Petitioner also requested a hearing to dispute her and Spouse's MSP eligibility. Exhibit A, pp. 3-5. Petitioner and Spouse applied for MSP on [REDACTED] 2025. Exhibit B, pp. 8-15. Petitioner only disputed benefit months in which no MSP benefits were issued by MDHHS.

MSP is an SSI-related Medicaid category. BEM 165 (July 2024) p. 1. One of four different subprograms are available under MSP. Qualified Medicare Beneficiaries (QMB) coverage pays for a client's Medicare premiums, coinsurances, and deductibles. *Id.*, p. 2. Specified Low Income Beneficiaries (SLMB) coverage pays for a client's Medicare Part B premium. *Id.* Additional Low-Income Beneficiaries (ALMB) coverage pays for a client's Medicare Part B premium if MDHHS funding is available. *Id.* The NMB category is applicable only when Medicaid is issued despite income or assets exceeding the MA category limits. *Id.* The MSP benefit group's income determines the MSP subprogram issued.

Eligibility Summaries for Petitioner listed MSP eligibility in November and December 2025 under SLMB, and beginning January 2026 under ALMB. Exhibit G, p. 1 and

Exhibit H, p. 1. Thus, Petitioner's MSP eligibility from August through October 2025 was disputed. A HCCDN dated September 9, 2025, stated that Petitioner and Spouse were ineligible for MSP beginning August 2025 due to failing to verify information. Exhibit B, pp. 29-33. A HCCDN dated October 13, 2025, stated that Petitioner was ineligible for MSP beginning August 2025 due to failing to verify a checking account. Exhibit B, pp. 34-36.

For SSI-Related MA categories, assets are countable. BEM 400 (March 2025) p. 1. For SSI-Related MA categories, countable assets include cash, such as checking and savings accounts. *Id.*, p. 3. Assets must be verified at application. *Id.*, at 62.

For all programs, MDHHS is to inform the client what verification is required, how to obtain it, and the due date. BAM 130 (January 2023) p. 2. MDHHS is to use the DHS-3503, Verification Checklist (VCL), to request verification. *Id.* For MA, MDHHS is to allow the client 10 calendar days to provide the verification that is requested. *Id.*, p. 7. MDHHS may send a negative action notice when:

- The client indicates refusal to provide a verification, or
- The time period given has elapsed. *Id.*

MDHHS testified that it discovered a previously unreported bank account during an asset detection. MDHHS will utilize an asset verification program to electronically detect unreported assets belonging to applicants and beneficiaries. *Id.*, 1. In response, MDHHS sent Petitioner a VCL dated September 25, 2025, requesting verification of the checking account. Exhibit B, pp. 16-17. The stated VCL due date was October 6, 2025. *Id.*

An asset must be available to be countable. BEM 400 (March 2025) p. 3. Available means that someone in the asset group has the legal right to use or dispose of the asset. *Id.*

Petitioner testified that the checking account in question belonged to one of her children. However, Petitioner acknowledged that her name was also on the account. Though Petitioner may have intended the checking account funds for her child, her name was on the account; thus, the accounts were available to her. Accordingly, the account balance was a countable asset and MDHHS properly requested verification.

MDHHS testified that Petitioner did not timely return the account verification. Documentation of Petitioner's electronic case file listed multiple bank statement submission returned by Petitioner. Exhibit A, pp. 20-26. MDHHS also testified that a check of the bank statements showed that the specifically requested statement was not returned until October 30, 2025. Petitioner recalled returning the requested bank statement before the VCL due date of October 6, 2025 though acknowledged that her memory is less than stellar.

The evidence was mixed, but MDHHS's statement that it did not receive Petitioner's bank statement until October 30, 2025, was more reliable than Petitioner's testimony. It

is found that Petitioner returned the requested checking statement verification to MDHHS on October 30, 2025. Given the return date of October 30, 2025, MDHHS properly denied MSP eligibility to Petitioner and Spouse beginning August 2025 due to Petitioner failing to comply with the VCL due date of October 6, 2025. Petitioner's submission does allow MDHHS to process Petitioner's and Spouse's active MA case for MSP eligibility.

For MA, changes which result in an increase in the household's benefits must be effective no later than the first allotment issued 10 days after the date the change was reported, provided any necessary verification was returned by the due date. BAM 220 (June 2025) p. 8. If verification is returned late, the increase must affect the month after verification is returned.

Given an untimely and verified change date of October 30, 2025, MDHHS should have processed the change to affect Petitioner's MSP eligibility beginning the following month: November 2025. Indeed, MDHHS approved Petitioner for MSP benefits beginning November and December and later beginning January 2026. Thus, MDHHS properly processed Petitioner's MSP eligibility.

Concerning Spouse's MSP eligibility, an Eligibility Summary for Spouse listed approved ALMB or SLMB eligibility through October 2025. Exhibit E, p. 1. Thus, Spouse's MSP eligibility since November 2025 is disputed.

MDHHS testified that a HCCDN dated November 7, 2025, stated that Spouse was eligible for SLMB in November 2025. A HCCDN dated January 15, 2026, stated that Spouse was eligible for SLMB in December 2025 and ALMB in January 2026. Exhibit F, pp. 1-8. MDHHS also testified that Spouse was eligible for MSP beginning January 2026. However, Spouse's eligibility beginning November 2025 was not verified by an Eligibility Summary. The discrepancy may be explainable by Spouse having multiple case numbers and MDHHS not presenting an Eligibility Summary of the second case number. To ensure Spouse's MSP eligibility, MDHHS will be ordered to approve MSP eligibility for Spouse beginning November 2025.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Petitioner's and Spouse's Medicaid eligibility stemming from Petitioner's Medicaid application dated [REDACTED] 2025. MDHHS also properly determined Petitioner's MSP eligibility stemming from Petitioner's application dated [REDACTED] 2025. Concerning Medicaid and Petitioner's MSP 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 failed to establish that it approved Spouse for MSP benefits since November 2025. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

- (1) Approve Spouse's MSP eligibility beginning November 2025; and
- (2) Issue supplements and notice, if any, in accordance with policy.

Concerning Spouse's MSP eligibility, the actions taken by MDHHS are **REVERSED**.



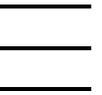
CHRISTIAN GARDOCKI
ADMINISTRATIVE LAW JUDGE

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://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

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[REDACTED]

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