



Date Mailed: January 15, 2026
Docket No.: 25-044527
Case No.: [REDACTED]
Petitioner: [REDACTED]



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

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Docket No.: 25-044527

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 January 7, 2026. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Rich'kelle Curney, Hearings Facilitator.

ISSUE

Did the Department properly close Petitioner's Food Assistance Program (FAP) case due to excess net income?

Did the Department properly determine Petitioner's eligibility for Medicaid (MA) and Medicare Savings Program (MSP)?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. At all times relevant to this matter, Petitioner was over 60 and under 65 years old. (Exhibit A, pp. 22, 35).
1. Petitioner receives Retirement, Survivors, and Disability Insurance (RSDI) income. (Exhibit A, p. 29).
2. On [REDACTED] 2025, the Department received an application for FAP benefits and MA coverage from Petitioner.
3. On July 23, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that denied her MA coverage effective July 1, 2025, because she was not over 65, blind, disabled, or otherwise qualified.
4. On July 23, 2025, the Department sent Petitioner a Verification Checklist (VCL) that requested current statements from her a) checking account(s), b) savings account(s), and c) retirement IRA or Keogh account(s). The requested verifications were due by August 4, 2025. (Exhibit A, pp. 8 – 9).

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5. On August 8 and August 15, 2025, the Department received multiple bank statements from Petitioner. The statements were from [REDACTED] (CB), [REDACTED] (NF), and [REDACTED] (FT).
 6. On September 3, 2025, the Department sent Petitioner a HCCDN that approved her for Plan First Family Planning (PFFP) MA and denied her MSP coverage, effective July 1, 2025. The Department denied Petitioner MSP coverage due to excess income and failure to provide verifications. (Exhibit A, pp. 10 – 11).
 7. On October 10, 2025, the Department sent Petitioner a HCCDN that denied her MA coverage effective November 1, 2025, because she was not over 65, blind, disabled, or otherwise qualified. (Exhibit A, pp. 48 – 49).
 8. On October 10, 2025, the Department sent Petitioner a VCL that requested verification of her last 30 days of income and other information by October 20, 2025.
 9. On October 21, 2025, the Department sent Petitioner a Notice of Case Action (NOCA) that closed her FAP case effective December 1, 2025, for failure to provide paystubs. (Exhibit A, pp. 15 – 16).
 10. On November 5, 2025, the Department received three bi-weekly paystubs from Petitioner. The paystubs were issued to Petitioner by [REDACTED] (Employer), listed her position as a day-to-day substitute teacher, and reflected that:
 - a. On September 9, 2025, Petitioner received gross earnings of \$ [REDACTED] for 16 hours of work for the period of August 16 to August 29, 2025,
 - b. On September 23, 2025, Petitioner received gross earnings of \$ [REDACTED] for 28 hours of work for the period of August 30 to September 12, 2025, and
 - c. On November 4, 2025, Petitioner received gross earnings of \$ [REDACTED] for 48 hours of work for the period of October 11 to October 24, 2025.(Exhibit A, pp. 19 – 21).
 11. On [REDACTED] 2025, the Department received an application for MA and MSP coverage from Petitioner. Petitioner reported that she was disabled, has Medicare, received RSDI income, and was employed an average of 8 hours per week by Employer. Petitioner also indicated on the application that she requested a hearing. (Exhibit A, pp. 22 – 27).
 12. On December 3, 2025, the Department sent Petitioner a second NOCA regarding her FAP case. The NOCA:
 - a. Approved Petitioner for FAP benefits:

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- i. From July 1 to July 31, 2025, in the amount of \$23,
- ii. From August 1 to August 31, 2025, in the amount of \$58,
- iii. From September 1 to September 30, 2025, in the amount of \$23,
and
- iv. From October 1 to October 31, 2025, in the amount of \$24;

and

- b. Closed Petitioner's FAP case effective December 1, 2025, due to excess net income based on \$[REDACTED] in earned income, \$[REDACTED] in unearned income, a standard deduction, and excess shelter expenses only.

The NOCA did not approve or deny Petitioner FAP benefits from November 1 to November 30, 2025. (Exhibit A, pp. 28 – 29).

13. On December 5, 2025, the Department sent Petitioner a HCCDN. The HCCDN denied Petitioner:

- a. MSP coverage effective November 1, 2025, because:

- i. She was not over 65, blind, disabled, or otherwise qualified, and
- ii. She failed to provide verifications;

and

- b. MA coverage effective November 1, 2025, because:

- i. No member of her group was a child,
- ii. She was not over 65, blind, disabled, or otherwise qualified,
- iii. She failed to return a supplemental questionnaire,
- iv. Specifically, as to Healthy Michigan Plan (HMP), she was eligible for Medicare,
- v. Specifically, as to PFFP, she had excess income, and
- vi. She failed to provide verifications.

(Exhibit A, pp. 48 – 49).

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14. On December 1, 2025, the Department received a second request for hearing from Petitioner. Petitioner indicated that she disputed the Department's determinations regarding her FAP benefits and MA coverage. (Exhibit A, pp. 4 – 7).
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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 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.

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 requested a hearing to dispute the Department's determinations regarding her FAP benefits and MA coverage. When the hearing commenced, Petitioner clarified that she disputed the closure of her FAP case and denial or closure of her MA coverage. The Department closed Petitioner's FAP case effective December 1, 2025, due to excess net income. The Department denied Petitioner MA and MSP coverage effective July 1, 2025, and effective November 1, 2025, for multiple reasons.

FAP

The Department determines a client's eligibility for FAP benefits based on the client's actual income and/or prospective income and must consider all countable earned and unearned income available to the Petitioner. BEM 500 (April 2022), pp. 1 – 5. For purposes of FAP, the Department counts the gross benefit amount of RSDI income, after any reduction due to previous overpayments, as unearned income. BEM 500, p. 6; BEM 503 (October 2025), pp. 30 – 33. The Department counts the gross amount of wages from employment as earned income, which may be based on actual or prospected income. BEM 501 (October 2025), pp. 6 – 9.

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Prospective income is income not yet received, but expected, and is based on the past 30 days when that income appears to accurately reflect what is expected to be received in the benefit month, and the Department must seek input from the client to establish an estimate whenever possible. BEM 505 (June 2025), pp. 1 – 4, 6 – 7. For the purposes of FAP, the Department must convert income that is received more often than monthly into a standard monthly amount and the average of bi-weekly amounts is multiplied by 2.15. BEM 505, pp. 8 – 9. However, when wages are not received on a regular schedule or are received unpredictably, they are irregular and the Department must determine a standard monthly amount by adding together the amounts received and dividing the total by the number of months used. BEM 505, pp. 2, 9.

Here, the Department testified Petitioner had excess net income for FAP. Although the Department did not introduce a net income budget, the record established that the Department budgeted \$[REDACTED] in earned income, \$[REDACTED] in unearned income, a standard deduction for a one-person FAP group, and excess shelter expenses only. Regarding Petitioner's earned income, the Department testified that it received three bi-weekly paystubs from Petitioner, dated September 9, September 23, and November 4, 2025. The Department further testified that Petitioner's standard monthly earned income was calculated using two paystubs dated October 26 and November 4, 2025, which reflected gross earnings of \$[REDACTED] each. However, the Department's testimony was unclear because:

- a. It did not introduce a paystub dated October 26, 2025,
- b. A pay date of October 26, 2025, is inconsistent with Employer's payroll schedule as established by the record, and
- c. There was no evidence that Employer changed its bi-weekly pay cycle.

The Department explained that it determined the amount of Petitioner's RSDI income based on the State Online Query (SOLQ) from the Social Security Administration (SSA), which reported that Petitioner receives RSDI in the gross amount of \$[REDACTED] per month. However, although Petitioner did not dispute that the full gross amount of her RSDI income was \$[REDACTED], she testified that her monthly benefit was reduced by SSA due to an overpayment and the Department was unable to clearly confirm or refute Petitioner's testimony.

In addition to the foregoing, because Petitioner is over 60 years of age, she is considered a senior/disabled/veteran (SDV) household. BEM 550, p. 1. Households with SDV members and earned and unearned income may be eligible for the following deductions:

- A 20% earned income deduction.
- Standard deduction based on group size.
- Dependent care expense.

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- Medical expense deduction for medical expenses of the SDV member in excess of \$35.
 - Court ordered child support and arrearages paid to non-household members.
 - Excess shelter deduction.

BEM 554 (November 2025) p. 1; BEM 556 (November 2025) pp. 3 – 6; RFT 255 (October 2025). SDV groups who verify one-time or ongoing medical expenses in excess of \$35 for the SDV member receive a standard medical deduction (SMD) of \$165, unless they have and verify actual medical expenses in a higher amount. BEM 554, p. 9.

Here, both the Department and Petitioner testified that she pays \$185 per month for Medicare Part B. However, the NOCA dated December 3, 2025, does not reflect that the Department budgeted Petitioner's ongoing medical expense, and the Department was unable to explain its omission. Based on the totality of the testimony and the evidence presented, the Department failed to establish that it properly determined Petitioner's countable income and allowable deductions when it closed Petitioner's FAP case effective December 1, 2025, due to excess net income.

MA and MSP

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 Petitioner'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.

Here, there was no dispute that Petitioner is disabled, a Medicare recipient, does not have any dependent children, and is employed. Therefore, Petitioner was potentially eligible for coverage under SSI-related MA categories, including Freedom to Work (FTW) and Group 2 Aged, Blind and Disabled (G2S), and for MSP benefits. See generally BEM 163 (July 2017); BEM 165 (July 2024); BEM 166 (April 2017); BEM 174 (October 2024).

SSI-related MA categories and MSP both have asset tests and require the Department to consider a client's countable assets when determining eligibility for those categories.

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BEM 400 (March 2025), pp. 1, 6. For SSI-related MA categories, unless the client's own report of asset values exceeds the limit, the Department must verify the value of countable assets at application, redetermination, and when a change is reported. BEM 400, p. 62. For purposes of SSI-related MA categories, countable assets include cash and funds in bank accounts, and the value of those assets cannot exceed the applicable asset limit, which is \$9,660 for an asset group of one, such as Petitioner. BEM 400, pp. 1 – 3; 7 – 8; BEM 174, p. 2.

To obtain verifications, the Department must send the client a VCL that identifies what verification is required, how to obtain it, and the due date. BAM 130 (May 2024), p. 3. A checking, draft, or savings account may be verified by phone contact with the financial institution, a written statement from the financial institution, or a monthly statement of the account. BEM 400, pp. 64 – 67.

For MA, the Department must allow the client 10 calendar days (or other time limit specified in policy) to provide the verification requested, and if the client cannot provide the verification despite a reasonable effort, the time limit may be extended up to two times upon request of the client. BAM 130, p. 8. Policy requires that the Department give the client a reasonable opportunity to resolve any discrepancy between the client's statements and information from another source before determining eligibility. BAM 130, p. 9. If the client refuses to provide a verification, or the time period given has elapsed, the Department sends a HCCDN to notify the client that MA has been denied. BAM 130, pp. 8 – 9.

Here, the testimony of the parties and the evidence established that:

- a. Petitioner applied for MA on [REDACTED] 2025,
- b. The Department sent her a VCL on July 23, 2025, that requested verification of her checking, savings, and retirement accounts,
- c. Petitioner provided bank statements to the Department on August 8 and August 15, 2025,
- d. The Department sent Petitioner a HCCDN on September 3, 2025, that approved her for PFFP MA coverage; and denied her MSP assistance effective July 1, 2025, based on failure to provide verifications, and
- e. The September 3, 2025 HCCDN did not approve or deny Petitioner for any other MA coverage.

There was no evidence that Petitioner had a retirement account and the Department testified that the bank statements provided by Petitioner were from accounts with CB, NF, and FT, but were insufficient to satisfy the verification requirements. The Department explained that the bank statements provided were insufficient because:

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- a. The full account numbers were redacted on multiple pages of the documents, thus the Department was unable to identify how many bank accounts Petitioner held; and
 - b. Several of the documents were only the top half of the first page of the statement.

In support of its testimony, the Department introduced several pages of documents it identified as the bank statements Petitioner provided; however, the evidence was illegible as presented. (Exhibit A, pp. 36 – 43).

Petitioner credibly testified that she had two accounts with CB, two accounts with NF, and an account with FT. She further testified that she presented the actual statements to the Department in person, and the Department copied the statements for her.

Thus, although the Department alleged that the bank statements were insufficient, based on the documentation presented, the undersigned is unable to determine the extent of Petitioner's compliance or noncompliance with the Department's request. Moreover, there was no evidence that the Department requested additional verifications, informed Petitioner of the deficiency, gave her an opportunity to resolve the issue, or attempted to verify the required information by phone contact with the financial institution.

Therefore, the Department failed to establish that it acted in accordance with Department policy when Petitioner provided documents before the due date, the Department determined they were not acceptable, and it did not give her a reasonable opportunity to resolve any discrepancy.

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 closed Petitioner's FAP case due to excess net income and denied Petitioner MA and MSP for failure to return verifications.

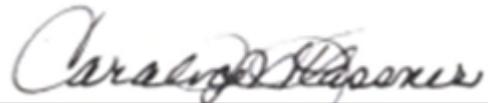
Accordingly, the Department's decision is **REVERSED**.

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's eligibility for FAP benefits effective December 1, 2025, requesting additional verifications if necessary;

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1. If Petitioner is eligible for any FAP benefits, issue supplemental payments to Petitioner for any FAP benefits she was eligible to receive but did not, from December 1, 2025;
2. Redetermine Petitioner's eligibility for MA and MSP effective July 1, 2025, requesting additional verifications if necessary;
3. If Petitioner is eligible, provide her with the most beneficial MA and MSP coverage she was eligible to receive effective July 1, 2025; and
4. Notify Petitioner of its decision in writing.



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://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.

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Via Electronic Mail:

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