

Date Mailed: January 23, 2026

Docket No.: 25-046293

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 January 13, 2026. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Jarrod Schwartz, Assistance Payments Supervisor (APS).

During the hearing proceeding, the Department's Hearing Summary packet was admitted as Exhibit A, pp. 1-62.

Shortly after the hearing commenced, the contested issues were clarified. Petitioner withdrew the State Emergency Relief (SER) portion of the hearing request on the record. Accordingly, the SER portion of the hearing request is **DISMISSED**.

ISSUE

Did the Department properly determined Petitioner's eligibility for Food Assistance Program (FAP) and Medical Assistance (MA) benefits?

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 receiving MA under the Healthy Michigan Plan (MA-HMP) category. (APS Testimony)
2. On [REDACTED] 2025, Petitioner applied for SER benefits for herself and FAP benefits for herself and a foster child. Petitioner reported self-employment income from being a business owner or operator as well as additional income from foster care subsidy and rental income. (Exhibit A, pp. 11-18)
3. On November 4, 2025, a SER Verification Checklist was issued requesting verification of need for SER utility services, other self-employment, and the amount for SER utility services with a due date of November 12, 2025. The requested proofs for the other self-employment were one of the following: recent business

receipts to date; recent accounting or other business records to date; or recent income tax return. (Exhibit A, pp. 27-28)

4. On November 4, 2025, a Verification Checklist was issued to Petitioner requesting verification of child foster care and other self-employment with a due date of November 14, 2025. The requested proof for the child foster care was one of the following: recent check stub(s); or letter or document from person/agency making payment. The requested proofs for the other self-employment were one of the following: recent business receipts to date; recent accounting or other business records to date; or recent income tax return. (Exhibit A, pp. 29-31)
5. On November 4, 2025, blank Self-Employment Income and Expense Statement forms were sent to Petitioner for the months of August, September, and October. (Exhibit A, pp. 32-37)
6. A November 4, 2025 case comment indicates the Department was obtaining verification of the SER need for assistance with the water bill. The Department contacted Petitioner and explained she did not need to send in verifications because the worker would be getting it from them. It was noted that the case was pending for self-employment income, rental income, and adoption income. (Exhibit A, p. 61)
7. On or about November 6, 2025, November 17, 2025, and November 18, 2025, Petitioner submitted a profit and loss statement for Wear Your Curls LLC for date range January 1, 2025 to December 31, 2025 and a handwritten statement regarding not receiving income from the LLC and additional business credit card expenses not reported on the profit and loss statement along with a credit card statement. (Exhibit A, pp. 38, 44, and 59-60)
8. On November 17, 2025, Petitioner submitted a copy of the Standard Rental Agreement for the property she rents dated September 26, 2023. (Exhibit A, pp. 39-44)
9. On November 17, 2025, an interview was completed with Petitioner. The notes indicate Petitioner was requesting FAP for both herself and the foster child. Petitioner reported income from the rental and it was noted that the copy of the lease that was uploaded has an incorrect amount on it. Petitioner reported the amount of the rental income and the foster care payment she receives. Petitioner reported the business is an LLC, she has not paid herself in the last three months, and she does not expect to pay herself because money is owed to the business expenses. It was noted that Petitioner would be uploading a letter regarding her income. (Exhibit A, pp. 19-26 and 61)
10. On November 17, 2025, a Notice of Case Action was issued stating the FAP was denied based on income exceeding the gross income limit and failure to provide income verifications. (Exhibit A, pp. 50-54)

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11. On November 17, 2025, a Health Care Coverage Determination Notice was issued to Petitioner stating MA-HMP was denied effective January 1, 2026 based on countable income exceeding the income limit and that Petitioner was not eligible under any other MA category. (Exhibit A, pp. 55-58)
 12. The Department asserted that Petitioner failed to provide verification on rental income and foster care payments. (Exhibit A, p. 2)
 13. On December 1, 2025, Petitioner submitted a hearing request contesting the Department's determinations. (Exhibit A, pp. 4-10)

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 general, verification is to be obtained when information regarding an eligibility factor is unclear, inconsistent, incomplete, or contradictory. Verification is usually required at application/redetermination and for a reported change affecting eligibility or benefit level. The Department must tell the client what verification is required, how to obtain it, and the due date. The client must obtain required verification, but the Department must assist if the client needs and requests help. If neither the client nor the Department can obtain verification despite a reasonable effort, the Department should use the best available information. If no evidence is available, the Department is to use their best judgment. BAM 130, May 1, 2024, pp. 1-4.

For FAP, the Department must allow the client 10 calendar days (or other time limit specified in policy) to provide the verification requested. Verifications are considered to be timely if received by the date they are due. The Department is to send a negative

action notice when the client indicates refusal to provide a verification, or the time period given has elapsed and the client has not made a reasonable effort to provide it. BAM 130, May 1, 2024, p. 7. For FAP only, if the client contacts the department prior to the due date requesting an extension or assistance in obtaining verifications, assist the client with the verifications but do not grant an extension. Explain to the client they will not be given an extension and their case will be denied once the VCL due date is passed. Also, explain their eligibility will be determined based on their compliance date if they return required verifications. Re register the application if the client complies within 60 days of the application date; see Subsequent Processing in BAM 115. BAM 130, pp. 7-8.

For MA, the Department must allow the client 10 calendar days (or other time limit specified in policy) to provide the verification requested. If the client cannot provide the verification despite a reasonable effort, the Department can extend the time limit up to two times when specific conditions are met. These conditions include that the customer/authorized representative need to make the request. An extension should not automatically be given. Verifications are considered timely if received by the date they are due. The Department is to send a case action notice when the client indicates refusal to provide a verification, or the time period given has elapsed. BAM 130, pp. 8-9.

A non-categorically eligible Senior/Disabled/Veteran (SDV) FAP group must have income below the net income limits. A non-categorically eligible, non-SDV FAP group must have income below the gross and net income limits. BEM 550, April 1, 2025, p. 1. For a group size of two, the FAP monthly gross income limit was [REDACTED] effective October 1, 2025. RFT 250, October 1, 2025, p. 1.

Healthy Michigan Plan (MA-HMP) is based on Modified Adjusted Gross Income (MAGI) methodology. The MA-HMP provides health care coverage for individuals who: are 19-64 years of age; do not qualify for or are not enrolled in Medicare; do not qualify for or are not enrolled in other Medicaid programs; are not pregnant at the time of application; meet Michigan residency requirements; meet Medicaid citizenship requirements; and have income at or below 133 percent Federal Poverty Level (FPL). BEM 137, January 1, 2024, p. 1.

Medicaid eligibility is determined on a calendar month basis. Unless policy specifies otherwise, circumstances that existed, or are expected to exist, during the calendar month being tested are used to determine eligibility for that month. When determining eligibility for a future month, assume circumstances as of the processing date will continue unchanged unless you have information that indicates otherwise. BEM 105, January 1, 2024, p. 2. This is consistent with 42 CFR § 435.603(h), which states that financial eligibility for Medicaid for applicants must be based on current monthly household income and family size.

133% of the 2025 FPL for the 48 contiguous states and the District of Columbia for a group size of one was a monthly income of [REDACTED]

Bridges counts the income an individual receives from an S-Corp or LLC as wages, even if the individual is the owner. BEM 501, October 1, 2025, p. 5. Wages are the pay an employee receives from another individual organization or S-Corp/LLC. The Department counts the gross wage amount as earned income. BEM 501, October 1, 2025, pp. 6-7.

When an individual rents their non-homestead house to another individual. The Department determines whether to treat the rent as earned or unearned income based on the time the landlord actively engages in managing the rental property. BEM 504, June 1, 2024, p. 2. The Department counts the gross rent payment minus allowable expenses as income. BEM 504, June 1, 2024, p. 3.

For MA, the Department excludes government, court or private agency payments for child foster care and independent living stipends. For FAP, the Department counts these payments as the unearned income of the foster child who has a FAP program request status of yes. The policy also states that children's services worker should be contacted for the amount paid. BEM 503, October 1, 2025, p. 5.

In this case, Petitioner applied for SER benefits for herself and FAP benefits for herself and a foster child on [REDACTED] 2025. Petitioner reported self-employment income from being a business owner or operator as well as additional income from foster care subsidy and rental income. (Exhibit A, pp. 11-18).

On November 4, 2025, a SER Verification Checklist was issued requesting verification of need for SER utility services, other self-employment, and the amount for SER utility services with a due date of November 12, 2025. The requested proofs for the other self-employment were one of the following: recent business receipts to date; recent accounting or other business records to date; or recent income tax return. (Exhibit A, pp. 27-28). On November 4, 2025, a Verification Checklist was issued to Petitioner requesting verification of child foster care and other self-employment with a due date of November 14, 2025. The requested proof for the child foster care was one of the following: recent check stub(s); or letter or document from person/agency making payment. The requested proofs for the other self-employment were one of the following: recent business receipts to date; recent accounting or other business records to date; or recent income tax return. (Exhibit A, pp. 29-31). On November 4, 2025, blank Self-Employment Income and Expense Statement forms were sent to Petitioner for the months of August, September, and October. (Exhibit A, pp. 32-37).

A November 4, 2025 case comment indicates the Department was obtaining verification of the SER need for assistance with the water bill. The Department contacted Petitioner and explained she did not need to send in verifications because the worker would be getting it from them. It was noted that the case was pending for self-employment income, rental income, and adoption income. (Exhibit A, p. 61). This may have cause some confusion if Petitioner was advised she did not need to send in "verifications" because it appears that the Department was only obtaining one requested verification, not all of the requested verifications.

It appears that Petitioner was making reasonable efforts to provide the requested verification regarding income from her business. On or about November 6, 2025, November 17, 2025, and November 18, 2025, Petitioner submitted a profit and loss statement for Wear Your Curls LLC for date range January 1, 2025 to December 31, 2025 and a handwritten statement regarding not receiving income from the LLC and additional business credit card expenses not reported on the profit and loss statement along with a credit card statement. (Exhibit A, pp. 38, 44, and 59-60). Additionally, on November 17, 2025, Petitioner submitted a copy of the Standard Rental Agreement for the property she rents dated September 26, 2023. (Exhibit A, pp. 39-44). However, the rent amount on this lease differed from the reported rental income listed on the assistance application. (Exhibit A, pp. 16 and 39). Pursuant to the November 17, 2025 case comment, it appears the Department was going to allow Petitioner to upload a letter regarding not actually receiving income from her LLC as well as the rental income. (Exhibit A, p. 61). However, it appears that the Department proceeded the FAP and MA denials on November 17, 2025 without waiting for Petitioner to submit the letter. (Exhibit A, pp. 50-58 and 61). Further, if additional verification was requested to clarify Petitioner's income, the Department should have issued an additional Verification Checklist and allowed Petitioner 10 days to provide the information.

Regarding the income from the foster care payments, Petitioner explained that she believed the Department had access to his information because of the Department's involvement with the foster care subsidy. Petitioner also indicated she believed she was only requesting FAP for herself, not the foster child and therefore, the foster care payment would not be counted. (Petitioner Testimony). It appears that it was not until a November 24, 2025 contact that Petitioner clarified she was not requesting FAP for the foster child. (Exhibit A, p. 61). However, pursuant to the BEM 503 policy, the child foster care payment would not have been counted for the MA eligibility determination. Accordingly, it appears that a failure to provide verification of the foster care payment should not affect eligibility for MA. Additionally, the BEM 503 policy regarding foster care subsidy payments states that the children's services worker should be contacted for the amount paid. BEM 503, p. 5.

Overall, the evidence shows that the same day the verification checklists were issued, Petitioner was advised she did not need to provide "verifications." Petitioner made attempts to provide requested income verifications, and despite the case comment on November 17, 2025 indicating Petitioner would be allowed to provide further clarification of her business and rental income, the Department denied FAP and MA benefits that same day. Further, pursuant to the BEM 503 policy, the children's services worker should have been contacted to verify the foster care payment amount. Accordingly, the FAP and MA denials based on the alleged failure to provide verification and exceeding income limits cannot be upheld.

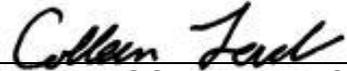
DECISION AND ORDER

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 eligibility for Food Assistance Program (FAP) and Medical Assistance (MA) benefits.

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 for the [REDACTED] 2025 application and Petitioner's eligibility for MA as of the January 1, 2026 effective date in accordance with Department policy. This would include allowing an opportunity to provide any needed verification(s).



COLLEEN LACK
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.

