

## ISSUE

Did MDHHS properly determine Petitioner's Medicaid eligibility?

## FINDINGS OF FACT

The undersigned, based upon the competent, material, and substantial evidence on the whole record, finds as material fact:

1. On January 22, 2026, a hearing was held concerning Petitioner's FAP and Medicaid cases under MOAHR docket no. 25-048068.
2. On January 30, 2026, the ALJ issued a Hearing Decision in the matter.
3. The Findings of Fact numbers 1 through 4 in the Hearing Decision are incorporated by reference. Additional Findings of Fact are made as follows:
  - 1a. In December 2025, Petitioner received **\$REDACTED** in gross monthly RSDI income. Her gross monthly RSDI income increased to **\$REDACTED** effective January 2026.
  - 1b. Before receiving RSDI income, Petitioner was approved by the Social Security Administration (SSA) for Supplemental Security Income (SSI). (Exhibit 1, pp. 2, 3)
4. On February 17, 2026, the Michigan Office of Administrative Hearings and Rules (MOAHR) received the AHR's timely request for reconsideration concerning FAP and Medicaid, which is granted herein only with respect to Medicaid.

## CONCLUSIONS OF LAW

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), Reference Tables Manual (RFT), and Emergency Relief Manual (ERM).

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act, 42 USC 1396 *et seq.*; 42 USC 1315; and the Patient Protection and Affordable Care Act of 2010, PL 111-148, as amended; and 42 CFR 430.0 to 42 CFR 430.25. MDHHS (formerly known as the Family Independence Agency) administers the MA program pursuant to 42 CFR 435; 42 CFR 431.10 *et seq.*; 42 CFR 438.1 *et seq.*; and MCL 400.10 and MCL 400.105 to MCL 400.112k of the Social Welfare Act, MCL 400.1 *et seq.*

Upon her receipt of Medicare, Petitioner was no longer eligible for Medicaid under the Healthy Michigan Plan (HMP) but was potentially eligible for Medicaid under SSI-related Medicaid categories that cover individuals who are disabled, blind or over age 65. BEM 137 (January 2024), p. 1; BEM 105 (January 2024), p. 1; 42 CFR 435.110 to 435.119. The AHR argues that Petitioner is eligible for full-coverage SSI-related Medicaid, because

she is income eligible either under BEM 155 based on being a former SSI recipient or under the AD-Care category. Persons may qualify under more than one Medicaid category. BEM 105 (January 2024), p. 3. Federal law gives them the right to the most beneficial category, which is the one that results in eligibility, the least amount of excess income or the lowest cost share. BEM 105, p. 3. For disabled individual who receive Medicare, eligibility for adults must be considered in the following order before Group 2 SSI-related (G2S) is assessed:

- MA for SSI recipients (BEM 150)
- Early Widow(er)s. (BEM 157)
- Disabled Adult Children (DAC) (BEM 158)
- 503 Individuals (BEM 155)
- Home Care or Children's Waiver, SED Waiver (BEM 170, 171, or 172), AD-Care (BEM 163)
- Extended-Care (BEM 164) and Medicare Savings Programs (QMB, SLMB) (BEM 165)
- Group 2 Aged, Blind and Disabled (BEM 166) and, Medicare Savings Programs (QMB, SLMB) (BEM 165)
- Qualified Disabled Working Individuals. (BEM 169)
- Additional Low-Income Medicare Beneficiaries (ALMB). (BEM 165)
- Freedom to Work (BEM 174)

Here, the AHR argues that Petitioner, who received SSI payments before receiving RSDI, is eligible for Medicaid under BEM 155 for 503 individuals. BEM 155 (July 2013), p. 1, provides that, under the Pickle Amendment, Medicaid is available to former SSI recipients who receive RSDI benefits and would now be eligible for SSI if RSDI annual cost-of-living-allowance (COLA) increases paid since SSI eligibility ended were excluded. See also Social Security Administration, *Program Operations Manual System (POMS) SI 01715.015 Special Groups of Former SSI Recipients*, (February 6, 2023). The reason for SSI ineligibility does not matter. BEM 155, p. 1. MDHHS may obtain a COLA history from the SSA district office if the client objects to MDHHS's calculation. BEM 155, p. 3. Individuals eligible under BEM 155 are automatically eligible for Medicare Program Savings benefits under the Qualified Medicare Beneficiary (QMB) category, which pays the recipient's Medicare Part B premiums and Medicare copays and deductibles. BEM 155, p. 1; BEM 165 (July 2024), p. 3.

In this case, there was no evidence presented at the hearing that MDHHS considered Petitioner's eligibility for Medicaid under BEM 155 and the Pickle Amendment. While MDHHS described how Petitioner's RSDI income impacted her Medicaid eligibility, there was no evidence that MDHHS considered whether the COLA increases to Petitioner's RSDI benefits since her SSI benefit ended would have made Petitioner eligible for MA under BEM 155. Since eligibility under BEM 155 must be considered before Group 2 eligibility, MDHHS failed to satisfy its burden of showing that it properly determined Petitioner's MA eligibility.

The AHR also contended that, even if Petitioner is ineligible for full-coverage Medicaid under the Pickle Amendment, the ALJ committed mathematical error in concluding that Petitioner was not income-eligible for full coverage Medicaid under AD-Care. AD-Care is a full-coverage SSI-related MA program. BEM 163 (July 2017), p. 1. To be income-eligible for AD-Care, an individual's net income cannot exceed 100% of the federal poverty level (FPL). BEM 163, p. 2. The income limits shown in RFT 242 (April 2025), p. 1, are determined by subtracting \$20 from the limit shown, which then reflect 100% of the FPL. BEM 163, p. 2. This would result in a net income limit of \$1,305 as of April 2025 for a one-person Medicaid group, which Petitioner, as an unmarried individual, would be. RFT 242, p. 1; <https://aspe.hhs.gov/poverty-guidelines>; BEM 211 (December 2025), p. 8.

Petitioner verified that she received monthly RSDI totaling **\$REDACTED** in 2025. Although Petitioner's RSDI income increased to **\$REDACTED** in 2026, federal law requires that the COLA increases received in January be disregarded for January, February and March. See BEM 163, p. 2. Therefore, Petitioner's increased RSDI income would not be relevant to her eligibility through March 2026.

An individual's net income for SSI-related Medicaid is determined by reducing their gross income by court-ordered child support; blind and impairment-related work expenses; the allocation to non-SSI-related children living with the client; a \$20 disregard from unearned income; an earned income disregard of \$65 plus one-half of the fiscal group's remaining employment income; and an \$83 deduction for court-appointed guardian and/or conservator expenses paid by a fiscal group member.

Here, there was no evidence that Petitioner was eligible for any deduction to gross income other than the \$20 unearned income disregard. When her **\$REDACTED** unearned income is reduced by the \$20 disregard, the resulting net income of **\$REDACTED** continues to exceed the \$1,305 income limit for AD-Care. Therefore, although the ALJ did not properly calculate Petitioner's net income for determining her AD-care eligibility, because her net income exceeded the AD-Care income limit, MDHHS properly determined that Petitioner was ineligible for full-coverage Medicaid under the AD-Care program.

### **DECISION AND ORDER**

Based on the above Findings of Fact and Conclusions of Law, the undersigned finds that MDHHS failed to support its burden of showing that it properly considered Petitioner's eligibility for Medicaid under BEM 155 for 503 individuals.

Accordingly, the January 30, 2026 Hearing Decision is **REVERSED with respect to Medicaid**.

MDHHS IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION ON RECONSIDERATION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Determine Petitioner's eligibility for Medicaid for 503 individuals (under the Pickle Amendment) for December 1, 2025 ongoing;
2. If Petitioner is eligible for coverage under the Pickle Amendment, provide her with this coverage for December 1, 2025 ongoing; and
3. Notify Petitioner in writing of its decision.