

Date Mailed: January 27, 2026

Docket No.: 25-048074

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 22, 2025. Petitioner participated and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Jamila Goods, specialist.

ISSUES

The first issue is whether MDHHS properly determined Petitioner’s eligibility for Medicaid.

The second issue is whether MDHHS properly terminated Petitioner’s 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. As of February 2025, Petitioner received [REDACTED] in gross monthly Retirement, Survivors, Disability Insurance (RSDI) benefits. Petitioner was also a Medicare recipient.
2. As of November 2025, Petitioner was aged [REDACTED] years, a caretaker to a minor child, not pregnant, and a Medicare recipient.
3. As of November 2025, Petitioner resided with a minor child and no other household members.
4. As of November 2025, Petitioner had no guardianship or conservator expenses.
5. On November 26, 2025, MDHHS determined Petitioner to be eligible for the MA category of Plan First (PF) from June through August 2025 and beginning November 2025.

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6. On December 3, 2025, MDHHS denied MSP eligibility to Petitioner beginning February 2025 due to excess income.
 7. On December 18, 2025, Petitioner requested a hearing to dispute MSP eligibility beginning February 2025 and Medicaid eligibility. Petitioner also requested a hearing to dispute Food Assistance Program eligibility and the denial of State Emergency Relief (SER).
 8. As of January 2026, Petitioner received gross monthly RSDI of [REDACTED]
 9. Beginning February 2026, MDHHS calculated Petitioner to be eligible for Medicaid subject to a monthly deductible of \$224.

CONCLUSIONS OF LAW

The FAP [formerly known as the Food Stamp program] is funded under the federal Supplemental Nutrition Assistance Program (SNAP) established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 to 7 USC 2036d. It is implemented by the federal regulations contained in 7 CFR 273. MDHHS administers the FAP pursuant to MCL 400.10 of the Social Welfare Act, MCL 400.1 *et seq.*, and Mich Admin Code, R 400.3001 to R 400.3031. FAP policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

The State Emergency Relief (SER) program is established by the Social Welfare Act, MCL 400.1 *et seq.* MDHHS administers the program pursuant to MCL 400.10 and Mich Admin Code, R 400.7000 to R 400.7049. SER policies are contained in the Emergency Services Manual (ERM).

Petitioner requested a hearing, in part, to dispute FAP eligibility and a denial of SER. Exhibit A, pp. 3-5. Petitioner applied for SER on December 9, 2025, seeking assistance with an eviction. Exhibit A, pp. 12-18. Petitioner testified that MDHHS has since corrected her FAP eligibility and that she understands and accepts the denial of SER. MDHHS had no objections to Petitioner's partial hearing request withdrawal. Concerning FAP and SER, Petitioner's hearing request will be dismissed.

The 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 BAM, BEM, and RFT.

Petitioner also requested a hearing to dispute a determination of MA benefits. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice dated November 26, 2025, stated that Petitioner was eligible only for the limited-coverage MA category of PF from

June through August 2025 and beginning November 2025.¹ Exhibit E, pp. 1-5. MDHHS also testified that Petitioner was eligible for Medicaid but subject to a monthly deductible. To determine if MDHHS properly determined Petitioner's Medicaid eligibility, an analysis of MA categories must be considered.

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 was aged [REDACTED] years, not pregnant, a Medicare recipient, and a caretaker to a minor child. As a non-pregnant Medicare recipient above the age of 21 and a caretaker to minor children, Petitioner is ineligible for all full-coverage MAGI-related categories other than Low-Income Family (LIF). As a disabled individual, Petitioner is potentially eligible to receive full-coverage MA under the Group 1 SSI-related category of Aged/Disabled Care (AD Care). BEM 163 (July 2017) p. 1. Consideration for AD-Care will be first considered.

At all relevant times, Petitioner was unmarried. 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.*

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.

During 2025, Petitioner was eligible to receive 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 income for AD-Care is [REDACTED].

A \$20 disregard is given for unearned income. BEM 541 (July 2019) p. 3. AD-Care budget credits are also given for employment income, guardianship expenses, and/or conservator expenses. Cost of living adjustments (COLA) are applicable for the benefit months of January through March only. BEM 503 (January 2023) p. 29. No applicable expenses were alleged. Subtracting the \$20 disregard from Petitioner's countable RSDI results in a net countable monthly income of [REDACTED]1,362.

Net income for AD-Care cannot exceed 100% of the federal poverty level (FPL). BEM 163 (July 2017) p. 2. In 2025, the annual federal poverty level for a 1-person group residing in Michigan is [REDACTED]. Dividing the annual FPL by 12 results in a monthly income limit of [REDACTED] (rounding to nearest half dollar). The same income limit is found in policy.⁵ RFT 242 (April 2025) p. 1. Petitioner's group's countable income exceeds the AD-Care income limit. Given the evidence, MDHHS properly determined Petitioner to be ineligible for MA under any Group 1 MA category.

Concerning the MAGI category of LIF, group members include the applicant and tax dependents. BEM 211 (October 2023) p. 1. Presumably Petitioner's minor child was a tax dependent resulting in a benefit group of two persons.

MAGI-based income means income calculated using the same financial methodologies used to determine modified adjusted gross income as defined in section 36B(d)(2)(B) of the Code.⁶ 42 CFR 435.603(e). For individuals who have been determined financially-eligible for Medicaid using the MAGI-based methods set forth in this section, a State may elect in its State plan to base financial eligibility either on current monthly household income and family size or income based on projected annual household income and family size for the remainder of the current calendar year. 42 CFR 435.603(h). MDHHS has chosen to determine HMP eligibility based on current monthly income.⁷

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 Income exceptions are made for lump-sums which are counted as income only in the month received; scholarships, awards, or fellowship grants used for education purposes and not for living expenses; and various exceptions for American Indians and Alaska natives. No known exceptions are applicable to the present case.

⁷ https://www.michigan.gov/documents/mdhhs/SPA_17-0100_Approved_638230_7.pdf

Modified adjusted gross income can be defined as a household's adjusted gross income with any tax-exempt interest income and certain deductions added back.⁸ Common deductions and disregards which should be factored in determining a person's adjusted gross income include alimony payments, unreimbursed business expenses, Health Savings Account (e.g., 401k) payments, and student loan interest.⁹

Petitioner's RSDI of [REDACTED] is countable for MAGI (see BEM 503). Also countable is the RSDI of [REDACTED] received by Petitioner's child. No relevant expenses were alleged. The total RSDI for the group is [REDACTED]

Adults with a dependent child and income under 54% of the FPL will be considered LIF eligible. Also, MDHHS applies a 5% disregard to the income limit when the disregard is the difference between eligibility and non-eligibility. BEM 500 (July 2017) p. 5. Thus, LIF income limits are functionally 59% of the FPL. The 2025 FPL for a 2-person group residing in Michigan is [REDACTED].¹⁰ Multiplying the FPL by 59% results in an income limit of [REDACTED] [REDACTED] per month). Petitioner's benefit group's MAGI exceeded the income limit. Given the evidence, MDHHS properly determined Petitioner to be ineligible for MA under any Group 1 MA category other than PF beginning November 2025.¹¹

Though Petitioner is ineligible for MA benefits under AD-Care, LIF, or any other unlimited-coverage Group 1 category, 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).¹²

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.

⁸ <https://www.investopedia.com/terms/a/agi.asp>

⁹ *Id.*

¹⁰ <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

¹¹ 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.

¹² 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 (\$987) is substantially higher than the G2C deductible.

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- 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.
- 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 Petitioner and children under 18 are dependents.
- Step 12 Add 2.9 to the number of dependents to determine the prorated 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 Petitioner's prorated income
- Prorated share of adult's income

Beginning February 2026, MDHHS calculated a G2C deductible for Petitioner of \$224. Exhibit A, p. 31. Petitioner's only income in 2026 derived from gross monthly RSDI of [REDACTED]. No child support or guardian expenses were applicable. Petitioner was unmarried and a caretaker to a minor child which suggests that Petitioner had one tax dependent. The G2C budget appeared to factor a second tax dependent resulting in a prorated divisor of 4.9.¹³ Because MDHHS used a more generous prorated divisor than 3.9, 4.9 will be accepted as proper for purposes of the analysis. Dividing 4.9 into the countable income of [REDACTED] results in [REDACTED] for Petitioner's prorated share of income.

Petitioner's net income is the sum of the adult's prorated share of income x 2.9 [REDACTED]. Deductions are given for insurance premiums and cost of living adjustments (COLA) for budget months of February through March. MDHHS factored a Medicare premium of \$203 (rounding up to nearest dollar) and COLA of \$39. Subtracting insurance premiums and the COLA results in a net income of [REDACTED].

A client's G2C 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 shelter area and group size is [REDACTED] RFT 240 (December 2013) p. 1. Subtracting the PIL from a net

¹³ Petitioner's testimony suspected that MDHHS may have counted her grandchild, who previously lived with her, as a second tax dependent.

income of █████ results in a deductible of \$224: MDHHS calculated the same deductible.¹⁴ Exhibit D, p. 1. The evidence established that MDHHS properly calculated Petitioner's MA eligibility.

Petitioner lastly requested a hearing to dispute MSP eligibility. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice dated December 3, 2025, stated that Petitioner was ineligible for MSP benefits beginning February 2025 due to excess income and a failure to verify a savings account. Exhibit A, p. 7. A Health Care Coverage Determination Notice dated December 9, 2025, stated that Petitioner was ineligible for MSP beginning February 2025 due to excess income.¹⁵ Exhibit A, p. 10. A Health Care Coverage Determination Notice dated December 10, 2025, stated that Petitioner was eligible for MSP from March through August 2025 but ineligible in February 2025 and beginning October 2025 due to excess income and an alleged failure to cooperate with child support. Exhibit A, pp. 8-9.

During the hearing, MDHHS did not allege that Petitioner was ineligible for MSP due to child support or failing to verify information; only income ineligibility was alleged. Thus, only Petitioner's income eligibility for MSP will be addressed in the analysis.

MDHHS testified that its database listed Petitioner to be eligible for MSP from March through August 2025. MDHHS's testimony was consistent with its approval notice dated December 9, 2025, but was not otherwise verified. Petitioner testified that she has not received her full RSDI since February 2025. The evidence supported that MDHHS may yet reimburse Petitioner for Medicare premiums from March through August 2025, though the process is known to take several weeks. Due to the uncertainty of Petitioner's MSP eligibility from March through August 2025, it will be assumed that MDHHS determined Petitioner to be ineligible for MSP since February 2025.

MSP is an SSI-related Medicaid category. BEM 165 (July 2024) p. 1. One of three 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 client's income determines the MSP subprogram issued (see RFT 242).¹⁶

For MSP eligibility, MDHHS is to determine countable income according to the SSI-related MA policies in BEM 165, 500, 501, 502, 503, 504 and 530. BEM 165 (July 2024) p. 8. MDHHS is to apply the deductions in BEM 540 (for children) and 541 (for adults) to determine a client's net income for MSP. *Id.*

¹⁴ A second G2C budget for Petitioner verified a deductible of \$541 beginning May 2024. Exhibit C, p. 1.

¹⁵ Because only one page of the notice was included, other reasons for MSP denial may have been listed.

¹⁶ Since April 2024, MDHHS added a fourth category, Non-Categorically Eligible Michigan Beneficiaries (NMB). BEM 165 (July 2024) p. 1. The category is applicable only when Medicaid is issued despite income or assets exceeding the MA category limits. *Id.*

Petitioner was an unmarried individual. As an unmarried individual, Petitioner's MSP benefit group size is one.¹⁷

During 2025, Petitioner had gross monthly RSDI of [REDACTED]. Generally, MDHHS counts the gross amount of RSDI in determining MA eligibility.¹⁸ BEM 503 (April 2024) p. 30. For MSP, Petitioner's benefit group's monthly countable income is [REDACTED].

For MSP, MDHHS allows a standard \$20 disregard for unearned income, disregards for employment income, guardianship/conservatorship expense credits, and a disregard for cost-of-living adjustments (January through March only). Applying the \$20 disregard results in a countable income of [REDACTED]. For purposes of this decision, the COLA for February and March 2025 will not be factored.

Income eligibility exists for MSP when net income is within the limits in RFT 242 or 247. *Id.*, p. 8. After the \$20 disregard is factored, the highest income limit for any MSP category for a group size of one person is [REDACTED]. RFT 242 (April 2024) p. 1. Petitioner's group's countable net income falls below the highest income limit for MSP eligibility. Thus, Petitioner is income eligible to receive MSP.¹⁹ As a remedy, MDHHS will be ordered to reprocess Petitioner's MSP eligibility beginning February 2025.²⁰

¹⁷ See BEM 211 for determining the group size for MA benefits.

¹⁸ 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.

¹⁹ MDHHS's MSP budget from March 2026 inexplicably concluded that Petitioner was income ineligible after factoring a net income of [REDACTED] and income limit of [REDACTED]. Exhibit B, p. 1.

²⁰ The reprocessing may find Petitioner to still be ineligible, perhaps based on child support or some other eligibility factor. Petitioner retains the right to request a hearing to dispute the yet to be performed reprocessing.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that Petitioner withdrew her disputes of FAP eligibility amount and a denial of an SER application dated December 9, 2025. Concerning FAP and SER, Petitioner's hearing request is **DISMISSED**.

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Petitioner to be eligible only for the Group 1 MA category of PF beginning November 2025 and Medicaid subject to a \$224 deductible beginning February 2026. Concerning Petitioner's Medicaid 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 it properly determined Petitioner's MSP eligibility. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

- (1) Reprocess Petitioner's MSP eligibility beginning February 2025 subject to the finding that MDHHS failed to establish it properly determined Petitioner to be ineligible due to excess income or any other basis; and
- (2) Issue notice and supplements, if any, in accordance with policy.

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



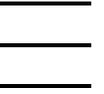
CHRISTIAN GARDOCKI
ADMINISTRATIVE LAW JUDGE

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://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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