

Date Mailed: February 9, 2026
Docket No.: 25-048268
Case No.: 102789090
Petitioner: SUSAN BAZZI

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 February 4, 2026. Petitioner participated and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Danielle Moton, specialist.

ISSUE

The issue is whether MDHHS properly determined Medical Assistance (MA) eligibility for Petitioner’s minor child.

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 October 2025, Petitioner resided in a household that included her spouse, ■■■ (hereinafter, “Spouse”), a ■■■-year-old child, ■■■ (hereinafter, “Child1”), an ■■■-year-old-child, ■■■ (hereinafter, “Child2”), and a ■■■-year-old child, ■■■■■■■■■ (hereinafter, “Child3”).
2. As of October 2025, neither Petitioner nor her children were disabled, Medicare recipients, or pregnant.
3. During October 2025, Petitioner received biweekly gross wages averaging ■■■■■■■■■ and Spouse received biweekly gross wages averaging ■■■■■■■■■
4. As of October 2025, Petitioner and Spouse claimed Child2 and Child3 as tax dependents.
5. On an unspecified date before December 4, 2025, Petitioner reported to MDHHS a responsibility for approximately \$500 in insurance premiums. MDHHS did not subsequently request from Petitioner verification of insurance premiums.

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6. On December 4, 2025, MDHHS determined that Child3 was eligible for Medicaid subject to a monthly deductible of \$4,897 beginning January 2026 based on \$0 insurance premiums.
 7. On December 11, 2025, Petitioner requested a hearing to dispute Medicaid eligibility for Child3.

CONCLUSIONS OF LAW

The MA program is established by Title XIX of the Social Security Act, 42 USC 1396 to 42 USC 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 to 42 CFR 430.25. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10 and MCL 400.103 to MCL 400.112k of the Social Welfare Act, MCL 400.1 *et seq.* MA policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing to dispute Medicaid eligibility for Child3. Exhibit A, pp. 3-6. A Health Care Coverage Determination Notice dated December 4, 2025, stated that Child3 was eligible for Medicaid subject to a \$4,897 monthly deductible beginning January 2026 and ineligible for the MA categories of MiChild and HMP due to excess income. Exhibit B, pp. 1-6

Medicaid is also known as MA. BEM 105 (January 2024) 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.¹ *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.*

Petitioner testified that Child3 was under 18 years of age, not disabled, not pregnant, and not a Medicare recipient. As such, Child3 is potentially eligible to receive MA under the MAGI categories of HMP and/or MiChild. The analysis will begin with Child3's potential HMP eligibility.

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

¹ Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

the Code.² 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.³

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.⁴ 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.⁵

A MAGI-MA benefit group for a tax filer consists of the tax filer, spouse, and tax dependents. BEM 211 (October 2023) p. 2. Petitioner testified that she resided with Spouse, two minor children who were tax dependents, one of which was Child3. Petitioner also resided with a third child who was not a tax dependent. Petitioner's HMP group size is four.

For all programs, MDHHS generally counts gross wages.⁶ BEM 501 (October 2025) p. 7. MDHHS testified that Petitioner received in October 2025 three gross biweekly pays of ██████ beginning October 3, 2025. Spouse received two gross biweekly pays of ██████ beginning October 10, 2025. Multiplying Petitioner's biweekly gross income by 26 and dividing by 12 results in a monthly income of ██████ (dropping cents). Multiplying Spouse's biweekly gross income by 26 and dividing by 12 results in a monthly income of ██████ (dropping cents). Petitioner's group's gross monthly income totals ██████ no relevant deductions were alleged.

HMP income limits are based on 133% of the federal poverty level (FPL). RFT 246 (April 2014) p. 1. 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, HMP income limits are functionally 138% of the FPL. The 2025 FPL for a 4-person group residing in Michigan is \$32,150.⁷ Multiplying the FPL by 1.38 results in an income limit of \$44,367.00 (\$3,697.25 per month). Petitioner's benefit group's MAGI exceeds the HMP income limit. Given the evidence, MDHHS properly determined Child3 to be ineligible for MA benefits under HMP.

² 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.

³ https://www.michigan.gov/documents/mdhhs/SPA_17-0100_Approved_638230_7.pdf

⁴ <https://www.investopedia.com/terms/a/agi.asp>

⁵ <https://www.irs.gov/credits-deductions/modified-adjusted-gross-income>

⁶ Exceptions to counting gross wages include student earnings, striker benefits, census worker pay, flexible benefits, strikers worker pay and earned income tax credits.

⁷ <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

Child3 is also potentially eligible to receive MA benefits under MiChild. MiChild is a MAGI-related Medicaid Expansion program for children who are under 19 years of age and who are not enrolled in comprehensive health insurance. BEM 130 (January 2024) p. 1. For children between 1 and 19 years of age, the income limit is 161 percent to 212 percent of the FPL. *Id.*

As a MAGI category, the benefit group of 4 and income of ██████ remains unchanged, After a 5% income disregard, the income limit is functionally 217% of the FPL: ██████ ██████ per month). The group's income of ██████ exceeds the MiChild income limit. Thus, Child3 is not eligible to receive Medicaid under the MA category of MiChild.

Though Child3 is ineligible for MA benefits under HMP, MiChild, or any other unlimited coverage Group 1 category, Child3 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 2024) p. 1. Group 2 categories are considered a limited MA benefit because a deductible is possible. *Id.* For children under age 21, the applicable Group 2 MA category is G2U (see BEM 132).

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 countable income for purposes of G2U eligibility:

- Step 1 Determine countable employment income using BEM 500 and BEM 530.
- Step 2 Deduct \$90 from each member's employment income.
- 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.

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- Step 11 Determine the number of dependents. A spouse and children under 18 are dependents.
- Step 12 Add 2.9 to the number of dependents to determine the prorate 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.

A child's fiscal group's net income is the sum of the following:

- The child's net income (or 2.9 prorated shares of the child's own income if the child has dependents)
- For each parent in the fiscal group, 3.9 prorated shares of the parent's own income (this is the child's and parent's share of the parent's income)
- One prorated share of each of the parent's own income when both of the child's parents are in the fiscal group and married to each other. This is the couple's share of each other's income. BEM 536 (July 2019) pp. 1-7

As discussed above, Petitioner received average biweekly gross wages of [REDACTED] (dropping cents). The evidence did not establish recent FIP eligibility, recent LIF eligibility, unearned income, or guardianship expenses for Petitioner. For G2C, MDHHS is to multiply biweekly income by two to convert it to a monthly amount. Multiplying Petitioner's biweekly wages by 2 results in a monthly income of [REDACTED]. Subtracting a \$90 credit for employment income results in a running countable income of [REDACTED]. Dividing Petitioner's countable income by 4.9 (2.9 + two dependents) results in a prorated income of [REDACTED] (dropping cents) for Petitioner.

Spouse received average biweekly gross wages of [REDACTED] (dropping cents). The evidence did not establish recent FIP eligibility, recent LIF eligibility, unearned income, or guardianship expenses for Spouse. Multiplying Spouse's biweekly wages by 2 results in a monthly income of [REDACTED]. Subtracting a \$90 credit for employment income results in a running countable income of [REDACTED]. Dividing Spouse's countable income by 4.9 (2.9 + two dependents) results in a prorated income of [REDACTED] for Spouse.

Child3 had no income. Multiplying Petitioner's prorated income of [REDACTED] by 3.9 results in [REDACTED] for Petitioner's and Child3's share of income. Multiplying Spouse's prorated income of [REDACTED] by 3.9 results in [REDACTED] for Spouse's and Child3's share of income. Adding Petitioner's and Spouse's prorated income results in [REDACTED] of the couple's share of each other's income. Adding [REDACTED], [REDACTED], and [REDACTED] results in a total net income of [REDACTED].

The final steps of the G2U are to deduct remedial services and insurance premiums from net income. BEM 544 (January 2020) p. 1-4. Petitioner credibly testified that she reported to MDHHS \$500 in monthly insurance premiums for herself and/or her spouse. MDHHS is to verify the cost of health insurance and Medicare premiums before allowing them as a need item. *Id.* Petitioner further testified that she was never asked to verify her insurance premiums. MDHHS did not dispute Petitioner's testimony.

The protected income level (PIL) is subtracted from the total income to determine a deductible amount. A PIL is a standard allowance for non-medical need items such as shelter, food, and incidental expenses. The PIL for a group size of three based on Petitioner's shelter area is \$532. RFT 240 (December 213) p. 1. Subtracting \$532 from the net income of [REDACTED] calculated by MDHHS results in a deductible of \$4,897: the same deductible calculated by MDHHS. Exhibit C p. 1

Given the evidence, MDHHS properly determined Child to be ineligible for Group1 MA categories based on excess income. Concerning the deductible amount, other than requesting verification of insurance premiums, MDHHS correctly calculated Child3's deductible. MDHHS will be ordered to request verification of Petitioner's reported insurance premium so the deductible can be updated.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Child3 to be ineligible for Group1 MA categories beginning January 2026. Concerning Group1 MA categories, the actions of 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 requested proof of Petitioner's insurance premiums in calculating Child3's Medicaid deductible. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

- (1) Request verification of Petitioner's insurance premiums; and
- (2) Update Child3's deductible based on Petitioner's response; and
- (3) Issue notice and supplements, if any, in accordance with policy.

Concerning Child3's deductible, the actions taken by MDHHS are **REVERSED**.

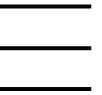

CHRISTIAN GARDOCKI
ADMINISTRATIVE LAW JUDGE

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

WAYNE-GREENFIELD/JOY-DHHS

8655 GREENFIELD RD

DETROIT, MI 48228

MDHHS-WAYNE-17-HEARINGS@MICHIGAN.GOV

Via First Class Mail:

Petitioner

[REDACTED]

[REDACTED]

[REDACTED], MI [REDACTED]