

## ISSUE

Did the Department properly determine Petitioner's and Spouse's Medicaid (MA) 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. Petitioner is REDACTED years old and disabled, and Spouse is over 65 years old. They live in REDACTED, and both receive Retirement, Survivors, and Disability Insurance (RSDI) income. (Exhibit A, pp. 12, 24 – 25).
2. From October 1, 2025 to December 31, 2025, Petitioner received RSDI of REDACTED per month and Spouse received RSDI income of REDACTED per month. (Exhibit A, pp. 24 – 25).
3. On REDACTED 2025, the Department received an application for Medicaid (MA) from Petitioner for herself and Spouse. (Exhibit A, pp. 9 – 23).
4. On October 27, 2025, the Department sent Petitioner a Health Care Coverage Supplemental Questionnaire to be returned by November 6, 2025. (Exhibit A, p. 26).
5. Effective November 1, 2025, Petitioner began paying Medicare Part B premiums in the amount of \$202.90 per month.
6. On November 3, 2025, the Department received a joint bank account statement for Petitioner and Spouse for the month ending October 21, 2025. The account ended in REDACTED. (Exhibit A, pp. 30 – 32).
7. On November 3, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that approved her for Plan First Family Planning (PF). The HCCDN denied Petitioner and Spouse Medicare Savings Program (MSP) coverage effective October 1, 2025, due to excess income, and did not approve or deny Petitioner or Spouse for any other MA coverage. (Exhibit B, pp. 1 – 2).
8. On December 4, 2025, the Department sent Petitioner a HCCDN that denied Petitioner and Spouse for MSP coverage effective October 1, 2025, due to excess income. The HCCDN did not approve or deny Petitioner or Spouse for any other MA coverage. (Exhibit B, pp. 4 – 5).
9. On December 15, 2025, the Department sent Petitioner a HCCDN that:
  - a. Approved Spouse for PF and MA subject to a monthly deductible effective October 1, 2025. Spouse's monthly MA deductible was \$1,991 for October

2025, \$1,788 for November and December 2025, and \$1,787 effective January 1, 2026 ongoing, and

- b. Denied Petitioner and Spouse MSP effective October 1, 2025, due to excess income.

The HCCDN did not approve or deny Petitioner or Spouse for any other MA coverage. (Exhibit A, pp. 36 – 37).

10. On December 16, 2025, the Department received a request for hearing from Petitioner disputing the Department's determinations regarding MA for herself and Spouse. Petitioner reported that she and Spouse paid Medicare Part B premiums of \$400 per month, among other things. (Exhibit A, pp. 5 – 7).
11. Effective January 1, 2026, Petitioner's RSDI income increased to REDACTED per month and Spouse's RSDI income increased to REDACTED per month. (Exhibit A, p. 24).
12. On January 12, 2026, the Department sent Petitioner a HCCDN that approved her for PF and MA subject to a monthly deductible effective October 1, 2025. Petitioner's monthly MA deductible was \$1,991 for October 2025, \$1,788 for November and December 2025, and \$1,853 effective January 1, 2026 ongoing. The HCCDN also denied Petitioner and Spouse MSP effective October 1, 2025, due to excess income, failing to meet basic criteria, and not being over 65, blind, or disabled. The HCCDN did not approve or deny Petitioner or Spouse for any other MA coverage. (Exhibit B, pp. 8 – 9).

### **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 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 MA for herself and Spouse. As of the date of Petitioner's request for hearing, the Department had approved her for PF, and approved Spouse for PF and MA subject to a monthly deductible effective October 1, 2025. Spouse's monthly MA deductible was \$1,991 for October 2025, \$1,788 for November and December 2025, and \$1,787 effective

January 1, 2026 ongoing. The Department denied both Petitioner and Spouse for MSP assistance. After Petitioner requested a hearing, the Department approved her for MA subject to a monthly deductible effective October 1, 2025. Petitioner's monthly MA deductible was \$1,991 for October 2025, \$1,788 for November and December 2025, and \$1,853 effective January 1, 2026 ongoing.

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:

- a. Under SSI-related categories to individuals who are aged (65 or older), blind or disabled,
- a. To individuals who are under age 19, parents or caretakers of children, or pregnant or recently pregnant women, and
- b. 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; BEM 124 (July 2023), p. 1. Individuals who do not qualify for one of the foregoing coverages may qualify for Plan First (PF), which is a Modified Adjusted Gross Income (MAGI)-related limited coverage MA category; however, a client may also be approved for PF in conjunction with other MA coverage. BEM 124, p. 1. Because Petitioner is disabled and has Medicare coverage, and because Spouse is over age 65, and neither are the caretaker of a minor child, they are each eligible for MA under SSI-related categories only.

Based on Petitioner's and Spouse's circumstances, they were each potentially eligible for AD-Care MA. The AD-Care program is a Group 1, full-coverage, SSI-related MA program for individuals who are income-eligible based on their MA fiscal group size. BEM 163 (July 2017), p. 1. Net income for this program cannot exceed 100% of the Federal Poverty Level (FPL) for the fiscal group size. BEM 163, p. 1. For SSI-related MA purposes, married adults are a fiscal group size of two. BEM 211 (October 2023), p. 8. Because Petitioner and Spouse are married, they are each a fiscal group of two and, as such, to be income eligible for this program in 2025, their fiscal group's monthly income would have to have been \$1,763 or less. RFT 242 (April 2025).

When determining an individual's MA eligibility, the total gross amount of the fiscal group's RSDI is counted as unearned income but, for purposes of SSI-related MA, is reduced by \$20 to determine the net unearned income. BEM 503 (October 2025), p. 31; BEM 530 (April 2020), pp. 1 – 4; BEM 541 (January 2025), p. 3; BEM 163. In this case, there was no dispute that from October 1, 2025 to December 1, 2025, Petitioner received REDACTED, and Spouse received REDACTED, in monthly RSDI income. Thus, each of them had total individual RSDI income of REDACTED. Their individual total income of REDACTED, reduced by \$20, equals REDACTED in SSI-related net income.

Petitioner and Spouse, who do not have earned income, expenses related to non-SSI children, or a court-appointed guardian and/or conservator, are not eligible for any additional deductions. BEM 541, pp. 1, 3. Therefore, Petitioner's and Spouse's individual countable SSI-related net income remained REDACTED for each of them. Because that is more than the \$1,763 limit for AD-Care MA for their two-person fiscal group, the Department properly determined that neither Petitioner nor Spouse were eligible for AD-Care MA.

Clients who are ineligible for full-coverage MA coverage because of excess income may still be eligible for Group 2 Aged, Blind and Disabled (G2S) MA, an SSI-related MA program which provides for MA coverage with a monthly deductible. BEM 105, p. 1. The deductible for G2S MA is equal to:

- a) The amount of the individual's SSI-related net income,
- b) Minus allowable needs deductions set forth in BEM 544, and
- c) Minus the applicable Group 2 MA protected income level (PIL).

BEM 166 (April 2017), p. 2; BEM 541, pp. 1, 3 – 4; BEM 544 (January 2020), pp. 1 – 4; RFT 200 (April 2017); RFT 240 (December 2013). The PIL is a set allowance for non-medical need items such as shelter, food, and incidental expenses that is based on the county in which the client resides and the client's fiscal MA group size. BEM 544, p. 1. The PIL for REDACTED, where Petitioner and Spouse reside, is \$541 for a two-person fiscal group. RFT 200, p. 3; RFT 240.

### **G2S MA for October 2025**

The Department presented budgets to demonstrate how Petitioner's and Spouse's G2S MA deductible was calculated effective October 1, 2025. (Exhibit A, pp. 34, 44). From their individual SSI-related net income of REDACTED, as discussed above, the Department subtracts allowable needs deductions, consisting of health insurance premiums of the MA recipient and remedial services for residents of adult foster care (AFC) or homes for the aged (HA). BEM 544, pp. 1 – 2.

There was no evidence or testimony that Petitioner or Spouse paid any health insurance premiums in October 2025, and Petitioner confirmed that neither she nor Spouse lived in AFC or HA. Accordingly, neither Petitioner nor Spouse were entitled to any other deduction from their income, and they each had countable income of REDACTED. The Department then deducted \$541 PIL from their individual countable income of REDACTED, which left REDACTED. This amount becomes the deductible amount. Therefore, the Department properly approved Petitioner and Spouse each for MA subject to a monthly deductible of \$1,991 from October 1, 2025 to October 31, 2025.

### **G2S MA effective November 1, 2025**

The record established that effective November 1, 2025, Petitioner's and Spouse's individual G2S MA deductibles were reduced by \$203, from \$1,991 to \$1,788 per month.

Although the Department did not explain why Petitioner's and Spouse's individual monthly MA deductibles were reduced, it did testify that Petitioner began paying Medicare Part B premiums of \$202.90 effective November 1, 2025, which is consistent with the amount their individual MA deductibles were reduced. However, Spouse testified that he began paying Medicare Part B premiums in November 2025 as well, in the amount of \$185 per month. Although the Department testified that the State Online Query (SOLQ) for Spouse did not reflect that he paid Medicare Part B premiums until January 1, 2026, Spouse's testimony was credible. Thus, based on the totality of the testimony and evidence, the Department did not meet its initial burden of showing that it acted in accordance with policy when it determined Petitioner's and Spouse's monthly MA deductible amount effective November 1, 2025 ongoing.

Additionally, the Department introduced a G2S MA budget for Petitioner effective February 1, 2026 (Exhibit A, p. 45), and for Spouse effective January 1, 2026 (Exhibit A, p. 35). Each of those budgets reflect an insurance premium deduction of \$136.90. Although the Department testified that it determined Spouse began paying \$136.90 for his Medicare Part B premium effective January 1, 2026, the budgets were inconsistent with the undisputed testimony regarding Petitioner's Medicare Part B premium. However, because the Department failed to meet its initial burden regarding its determination of Petitioner's and Spouse's monthly MA deductible amount effective November 1, 2025, no separate finding regarding Petitioner's and Spouse's MA deductibles after that date is necessary.

### **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 acted in accordance with Department policy when it determined Petitioner and Spouse were ineligible for full coverage AD-Care MA due to excess income, and when it determined Petitioner's and Spouse's individual monthly MA deductible amounts effective October 1, 2025 to October 31, 2025; but failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined Petitioner's and Spouse's individual monthly MA deductible amounts effective November 1, 2025 ongoing.

Accordingly, the Department's decision is **REVERSED only as to Petitioner's and Spouse's individual monthly MA deductible amounts effective November 1, 2025 ongoing**.

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 and Spouse's individual MA eligibility effective November 1, 2025 ongoing;

2. If eligible, provide Petitioner and Spouse with the most beneficial MA coverage each was eligible to receive effective November 1, 2025 ongoing; and
3. Notify Petitioner of its decision in writing.