

Date Mailed: February 19, 2026

Docket No.: 26-002820

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 February 17, 2026. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Jacob Frankmann, supervisor.

ISSUES

The first issue is whether MDHHS properly determined Petitioner's Food Assistance Program (FAP) eligibility.

The second issue is whether MDHHS properly determined Petitioner's Medical Assistance (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. On [REDACTED] 2025, Petitioner applied for FAP and MA benefits and reported a household with no other persons. Petitioner also reported monthly housing expenses of \$727 and having no utility obligations other than telephone.
2. As of December 2025, Petitioner received Medicaid subject to a monthly deductible.
3. As of December 2025, Petitioner was disabled, aged 21-65 years, a Medicare recipient, not a caretaker to minor children, unmarried, and not pregnant.
4. In December 2025, Petitioner received [REDACTED] in gross monthly Retirement, Survivors, Disability Insurance (RSDI).
5. As of December 2025, Petitioner had no dependent care expenses or child support expenses.

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6. In January 2026, Petitioner received ██████ in gross monthly RSDI which included a cost-of-living adjustment (COLA) of ██████
 7. On January 14, 2026, MDHHS approved Petitioner for \$0 in monthly FAP benefits for December 2025 and \$24 beginning January 2026.
 8. On January 14, 2026, MDHHS determined Petitioner to be eligible for the limited-coverage MA category of Plan First (PF) beginning December 2025. MDHHS also determined Petitioner to be eligible for Medicaid subject to a \$992 monthly deductible beginning February 2026.
 9. On January 20, 2026, Petitioner requested a hearing to dispute FAP and Medicaid eligibility.

CONCLUSIONS OF LAW

The 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. MDHHS administers the FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011. FAP policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing, in part, to dispute FAP eligibility. Exhibit A, pp. 3-5. Petitioner applied for FAP benefits on ██████ 2025. Exhibit A, pp. 20-27. A Notice of Case Action dated January 14, 2026, stated that Petitioner was income-eligible for FAP benefits in December 2025 and \$24 beginning January 2026. Exhibit A, pp. 42-46. The analysis will begin with Petitioner's FAP eligibility beginning January 2026.

FAP benefit eligibility is based on a client's net income as calculated by MDHHS policy. Net income is based on the client's group size, countable monthly income, and relevant monthly expenses. BEM 556 outlines the factors and calculations required to determine net income. MDHHS presented FAP budgets listing all relevant factors which calculated a net income of ██████ for Petitioner's FAP benefit group. Exhibit A, pp. 39-41. The notice sent to Petitioner also included a summary of factors used to determine Petitioner's net income. Exhibit A, p. 43. During the hearing, all relevant budget factors were discussed with Petitioner.

In determining Petitioner's FAP eligibility, MDHHS factored a benefit group including only Petitioner. Petitioner did not dispute the benefit group size of one.¹

Petitioner provided Social Security Administration (SSA) documentation verifying gross monthly RSDI benefits of ██████ (dropping cents) beginning January 2026. Generally,

¹ See BEM 212 for policies on determining group size for FAP benefits.

MDHHS counts the gross amount of RSDI in determining FAP eligibility.² BEM 503 (October 2025) p. 31. Petitioner's countable income for FAP is [REDACTED]

MDHHS uses certain expenses to determine net income for FAP eligibility and benefit levels. BEM 554 (November 2025) p. 1. For groups without a senior (over 60 years old), disabled, or disabled veteran (SDV) member, MDHHS considers the following expenses: shelter expenses (housing and utilities) up to a capped amount, dependent care costs, and court-ordered child support and arrearages paid to non-household members. *Id.* Groups with an SDV member who has a verified one-time or ongoing medical expense(s) of more than \$35 for an SDV person(s) will receive the standard medical deduction (SMD) of \$165. *Id.*, p. 9. If the group has actual medical expenses which are more than the SMD, the group has the option to verify their actual expenses instead of receiving the SMD. All medical expenses are subject to a \$35 copayment. *Id.* Groups with an SDV member also have an uncapped excess shelter expense. *Id.*

Petitioner's application alleged having child support expenses; however, Petitioner's testimony acknowledged having no child support expenses. Petitioner had no dependent care expenses. MDHHS credited Petitioner with a \$203 monthly medical expense for a Medicare premium despite Petitioner's approval for Medicare Savings Program benefits which pays Petitioner's premium. Applying the \$35 copayment to the medical expenses results in countable medical expenses of \$168: the amount of Petitioner's countable non-shelter expenses.

Petitioner's FAP benefit group size justifies a standard deduction of \$209 (see RFT 255). The standard deduction is given to all FAP benefit groups, though the amount varies based on the benefit group size. The standard deduction and countable non-shelter expenses are subtracted from the countable monthly income to calculate the group's adjusted gross income. Subtracting the standard deduction (\$209) and countable non-shelter expenses (\$168) from Petitioner's group's countable income [REDACTED] results in an adjusted gross income of [REDACTED]

MDHHS credited Petitioner with monthly housing expenses of \$727: the same amount reported on Petitioner's application. Petitioner's application also alleged that his only utility obligation was for telephone. MDHHS accordingly issued a standard telephone credit of \$31. RFT 255 (October 2025) p. 1. Petitioner claimed to be responsible for a heating/cooling bill in a relative's name but did not allege reporting it to MDHHS until the hearing; thus, MDHHS properly only credited Petitioner with a standard telephone expense. Adding Petitioner's housing expenses and utility credits results in total shelter expenses of \$758.

MDHHS only credits FAP benefit groups with an "excess shelter" expense. The excess shelter expense is calculated by subtracting half of Petitioner's adjusted gross income from

² 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.

Petitioner's total shelter obligation. Petitioner's excess shelter amount is \$113 (rounding up to nearest dollar).

The FAP benefit group's net income is determined by subtracting the excess shelter expense from the group's adjusted gross income; doing so results in [REDACTED] in net income for Petitioner's group. A chart is used to determine the proper FAP benefit issuance.³ RFT 260 (October 2025) pp. 1-5. Based on Petitioner's group size and net income, Petitioner's proper FAP issuance for January 2026 is \$24: the same amount calculated by MDHHS. Thus, MDHHS properly determined Petitioner's FAP eligibility beginning January 2026.

Concerning December 2025, MDHHS presented FAP budgets calculating Petitioner's net income to be [REDACTED] and FAP benefit to be \$0. Exhibit A, pp. 36-38. Petitioner's testimony acknowledged his RSDI in December 2025 was [REDACTED].⁴ MDHHS counted Petitioner's medical expenses as \$0 presumably because of Medicare Savings Program eligibility. Nevertheless, for purposes of this decision, it will be accepted that Petitioner's had the same non-shelter expenses of \$168 as credited in the January 2026 budget. Subtracting the standard deduction of \$209 and non-shelter expenses of \$168 results in adjusted gross income of [REDACTED]. Petitioner's unchanged shelter credits would remain \$758 resulting in an excess shelter deduction of \$0 and net income of [REDACTED]. Without factoring Petitioner's prorated FAP benefit for applying on [REDACTED] Petitioner is eligible for \$0 in FAP benefits.⁵ Given the evidence, MDHHS properly determined Petitioner to be eligible for \$0 FAP benefits in December 2025 and \$24 beginning January 2026.

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 Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner also requested a hearing to dispute a determination of Medicaid. Exhibit A, pp. 3-5. Petitioner applied for MA benefits on [REDACTED] 2025, though MDHHS credibly testified that Petitioner was already receiving Medicaid subject to a monthly deductible. Exhibit A, pp. 20-27. A Health Care Coverage Determination Notice dated January 14, 2026, stated that Petitioner was eligible beginning February 2026 for Medicaid subject to a \$992 monthly deductible and the limited-coverage MA category of PF.⁶ Exhibit A, pp. 52-59. To determine if MDHHS properly determined Petitioner's Medicaid eligibility, an analysis of MA categories must be considered.

³ FAP eligibility can also be calculated by multiplying the net income by 30% and subtracting the amount from the maximum FAP issuance for the group.

⁴ Petitioner's documentation indicated that his RSDI was reduced beginning January 2026 due to a debt owed to SSA exceeding \$116,000. Exhibit A, pp. 6-7.

⁵ FAP benefits are prorated in application months based on the date of application (see BEM 554).

⁶ 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-

Medicaid is also known as MA. BEM 105 (June 2025) 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.⁷ *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.*

As of the disputed benefit month, Petitioner was disabled, between 21-65 years of age, a Medicare recipient, not a caretaker to minor children, and not pregnant. Given the circumstances, Petitioner is ineligible for all MAGI-related categories. As a disabled and/or aged individual, Petitioner is potentially eligible to receive MA under the SSI-related Group 1 category of Aged/Disability-Care (AD-Care). AD-Care policies are found in BEM 163.

At all relevant times, Petitioner did not reside with a spouse. 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.*

As of January 2026, Petitioner received gross monthly income of [REDACTED]. Generally, MDHHS counts the gross amount of RSDI in determining Medicaid eligibility.⁸ BEM 503 (October 2025) p. 31. Petitioner's countable income for AD-Care is [REDACTED].

coverage" because it only covers family planning services such as birth control (see form DCH-2840-MSA).

⁷ Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

⁸ 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.

For SSI-Related MA categories, a \$20 disregard is given for unearned income. BEM 541 (January 2025) p.3. MDHHS gives AD-Care budget credits for employment income, guardianship expenses, and/or conservator expenses. It was not disputed that Petitioner's January 2026 RSDI included a [REDACTED] COLA.. Subtracting the \$20 disregard and [REDACTED] COLA from Petitioner's countable RSDI of [REDACTED] results in a net income of [REDACTED]

Net income for AD-Care cannot exceed 100% of the federal poverty level. BEM 163 (July 2017) p. 2. In 2025, the annual federal poverty level for a 1-person group residing in Michigan is [REDACTED].⁹ Dividing the annual FPL by 12 results in a monthly income limit of [REDACTED] (rounding up to nearest dollar); The same income limit is found in policy.¹⁰ RFT 242 (April 2025) p. 1. Petitioner's countable net income of [REDACTED] exceeds the AD-Care income limit. Given the evidence, MDHHS properly determined Petitioner to be ineligible for MA under any Group 1 MA category other than PF beginning December 2025.¹¹

Though Petitioner is ineligible for MA benefits under AD-Care or any other Group 1 category offering unlimited MA coverage, 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 aged/disabled persons, G2S is the applicable Group 2 MA category (see BEM 166).

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.*

Petitioner's gross RSDI of [REDACTED] is unchanged for G2S. The G2S budget allows a \$20 disregard for unearned income and various employment income disregards. COLA is also applicable for January, February, and March budget months. In addition to AD-Care disregards, the G2S budget factors ongoing medical expenses (which are applied toward a deductible), insurance premiums, and remedial services. MDHHS credited Petitioner with \$203 in insurance premiums and a [REDACTED] COLA.

A client's 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

⁹ <https://www.healthcare.gov/glossary/federal-poverty-level-fpl/>

¹⁰ MDHHS policy lists an income limit of [REDACTED] while noting the \$20 disregard is factored into the limit.

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.

as shelter, food, and incidental expenses. The PIL for Petitioner's shelter area (see RFT 200) and group size is [REDACTED] RFT 240 (December 2013) p. 1.

Subtracting the PIL of [REDACTED] COLA, \$203 in insurance premiums, and \$20 unearned income disregard from Petitioner's countable RSDI of [REDACTED] results in a monthly deductible of \$992. MDHHS calculated the same deductible. Exhibit A, p. 51.

Petitioner testified he has many illnesses requiring prescriptions and physician visits. Petitioner's testimony was consistent with medical documents dated October 7, 2025, which listed many prescribed medications and ailments for Petitioner. Exhibit A, pp. 8-19. Petitioner also testified his Medicare coverage leaves him with many unpaid medical expenses.

The evidence supported Petitioner's need for Medicaid; however, Petitioner is not income eligible to receive Group 1 Medicaid other than PF. Given the evidence, MDHHS properly determined Petitioner's Medicaid eligibility.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly determined Petitioner to be eligible for \$0 FAP benefits in December 2025 and \$24 beginning January 2026. MDHHS also properly determined Petitioner to be eligible for PF beginning December 2025 and a Medicaid deductible of \$992 beginning February 2026. The actions taken by MDHHS are **AFFIRMED**.


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

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