Michigan Office of Administrative Hearings and Rules
P.O. Box 30639
Lansing, MI 48909

Date Mailed: February 9, 2026
Docket No.: 26-001291
Case No.: [redacted]
Petitioner: [redacted]

[redacted]
MI [redacted]

This is an important legal document. Please have someone translate the document.

هذه وثيقة قانونية مهمة. يرجى أن يكون هناك شخص ما يترجم المستند.

এটি একটি গুরুত্বপূর্ণ আইনি ডকুমেন্ট। দয়া করে কেউ দস্তাবেজ অনুবাদ করুন।

Este es un documento legal importante. Por favor, que alguien traduzca el documento.

这是一份重要的法律文件。请让别人翻译文件。

Ky është një dokument ligjor i rëndësishëm. Ju lutem, kini dikë ta përktheni dokumentin.

Date Mailed: February 9, 2026
Docket No.: 26-001291
Case No.: [redacted]
Petitioner: [redacted]

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 hearing was held by teleconference on February 5, 2026. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Dewanda Holley, Eligibility Specialist.

ISSUE

Did the Department properly determine Petitioner's monthly Food Assistance Program (FAP) benefit?

Did the Department properly close Petitioner's Medicaid (MA) case effective February 1, 2026, due to excess income?

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, single, and does not have Medicare. She receives $[redacted] per week in unemployment compensation and has no other income. (Exhibit A, pp. 4, 7).

2. On December 3, 2025, the Department received a completed redetermination application for FAP benefits from Petitioner that was due by January 31, 2026. Petitioner reported that she received income from unemployment compensation and paid for rent plus heat and other utilities. Petitioner did not report any child support or dependent care expenses. (Exhibit A, pp. 7 – 9).

3. On December 22, 2025, the Department sent Petitioner a Notice of Case Action (NOCA) that decreased her FAP benefits to $24 per month effective January 1, 2026, and approved her for FAP benefits of $24 per month effective February 1, 2026 ongoing, based on $0 earned income, $[redacted] in unearned income, a standard deduction, a housing expense of $1,250, and a heat and utility expense. (Exhibit A, pp. 14 – 15).

4. On December 22, 2025, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that closed her MA case effective February 1, 2026, due to excess income. Petitioner was approved for Healthy Michigan Plan (HMP) MA through January 31, 2026.

5. On January 5, 2026, the Department received a request for hearing from Petitioner, disputing the reduction of her monthly FAP benefit and closure of her MA case. (Exhibit A, pp. 3 – 5).

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 Food Assistance Program (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. The Department (formerly known as the Department of Human Services) administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011. 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 was previously approved for FAP benefits of $298 per month and HMP MA. During a FAP redetermination, Petitioner disclosed that she was receiving unemployment compensation. The Department testified that it was previously unaware of Petitioner's unemployment compensation and when it budgeted the income, it determined she was eligible for $24 per month in FAP benefits effective January 1, 2026, and had excess income for HMP MA effective February 1, 2026. Petitioner requested a hearing to dispute the Department's determinations.

FAP

To determine whether the Department properly calculated Petitioner's income for purposes of FAP, all countable earned and unearned income available to the Petitioner must be included. BEM 500 (January 2026), pp. 1 – 4. For purposes of FAP, unemployment compensation is unearned income and the Department must count the gross amount. BEM 503 (October 2025), p. 39. For the purposes of FAP, the Department must convert income that is received more often than monthly into a

standard monthly amount; the average of weekly income is multiplied by 4.3 and bi-weekly income is multiplied by 2.15. BEM 505 (June 2025), pp. 8 – 9.

Here, there was no dispute that Petitioner receives $[redacted] per week in unemployment compensation. The Department testified that Petitioner's income was not previously budgeted and explained that when it learned of Petitioner's unemployment compensation, it converted it into a standard monthly amount to determine her monthly countable income. A review of the record established that whether Petitioner's weekly unemployment income was converted to a standard monthly amount, based on both a weekly or bi-weekly pay schedule, the Department properly determined Petitioner had countable unearned income of $[redacted] per month. (Exhibit A, pp. 10 – 11).

Once Petitioner's countable income has been calculated, the Department must determine whether Petitioner is entitled to any deductions from that income. Petitioner confirmed that she is not a senior, disabled, or a disabled veteran (SDV). FAP groups with no SDV members and unearned income only are entitled to the following deductions:

- Standard deduction based on group size.
- Dependent care expense.
- Court ordered child support and arrearages paid to non-household members.
- Excess shelter deduction up to the maximum allowed in RFT 255.

BEM 550 (April 2025), p. 1; BEM 554 (January 2026) p. 1; BEM 556 (November 2025) pp. 3 – 6; RFT 255 (October 2025).

The Department introduced a budget to explain how it determined Petitioner's monthly FAP benefit. (Exhibit A, pp. 11 – 13). As a one-person FAP group, Petitioner was entitled to a standard deduction in the amount of $209. RFT 255. Petitioner confirmed that she does not have any dependent care or court ordered child support expenses; and no deduction for those expenses are reflected on the budget. Thus, the budget properly reflected that Petitioner received only the standard deduction from her countable income based on her one-person FAP group size. BEM 550, p. 1.

Next, the Department determines any excess shelter expense deduction. To start, the Department first calculates Petitioner's adjusted gross income (AGI) by subtracting the allowable deductions outlined above from the countable income. Based on Petitioner's countable income of $[redacted] and the standard deduction of $209, Petitioner's AGI was $[redacted].

To complete the excess shelter deduction calculation, the Department reviews Petitioner's housing and utility expenses, if any. When a FAP group has heating and other utility expenses, separate from the housing expense, it is entitled to a heat and utility (h/u) standard amount of $682 to be included in the calculation of the excess

shelter deduction, which is the highest amount available to FAP groups who pay utilities. BEM 554, p. 19; RFT 255. Once Petitioner's housing and utility expenses have been determined, the Department must add those amounts together for a total shelter amount and then subtract 50% of Petitioner's AGI from the total shelter amount. BEM 556, pp. 5 – 6. This determines Petitioner's excess shelter deduction.

Here, there was no dispute that Petitioner has a housing expense of $1,250 per month and pays for heat and other utilities. The record established that the Department properly determined that the total of Petitioner's monthly housing of $1,250 and the h/u standard of $682, was $1,932. (Exhibit A, p. 13). When 50% of Petitioner's $[redacted] AGI, in the amount of $[redacted], was subtracted from the total shelter amount of $1,932, Petitioner's excess shelter deduction was $1,078. However, the excess shelter deduction is limited to $744 for FAP groups with no SDV members. RFT 255. When Petitioner's maximum excess shelter deduction of $744 was subtracted from her AGI of $[redacted], Petitioner's net income was $[redacted].

Once the net monthly income has been determined under the FAP program, the Department determines what benefit amount Petitioner is entitled to, based on the group size, according to the Food Assistance Issuance Table found in RFT 260. Based on Petitioner's one-person FAP group size and net income of $964, the Department properly determined Petitioner's monthly benefit amount of $24. RFT 260 (October 2025), p. 14.

MA

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.

In this case, there was no dispute that Petitioner is [redacted] years old, not married, has no dependent children, and does not have Medicare. There was no evidence that Petitioner was blind, disabled, or pregnant. Therefore, Petitioner is potentially eligible for full-coverage HMP and/or PF MA coverage only. HMP and PF are Modified Adjusted Gross Income (MAGI)-related MA programs, with HMP providing full coverage and PF providing limited coverage. Because HMP offers full MA coverage, it is a more beneficial coverage for Petitioner than PF.

To qualify for health care coverage under HMP, an individual's income must be less than or equal to 133% of the Federal Poverty Level (FPL) for their group size, among other program requirements. BEM 137, p. 1. An individual may be eligible for PF if their MAGI-income is no more than 195% of the FPL applicable to the individual's group size. BEM 124, p. 1. Additionally, for MAGI-related plans, a 5% disregard is available to make individuals eligible, who would otherwise not be eligible, and increases the income limit by an amount equal to 5% of the FPL for the group size. BEM 500 (April 2022), p. 5.

An individual's group size for MAGI purposes requires consideration of the client's tax filing status and because Petitioner has no spouse or dependents, Petitioner has a household size of one. BEM 211 (October 2023), pp. 1 – 2; 42 CFR 435.603(f). Beginning in January 2025, the annual FPL for a household size of one was $15,650, which increased to $15,960 effective January 13, 2026. 90 FR 5917 (January 2025), No. 2025-01377, pp. 5917-5918; 2026-00755 (91 FR 1797) (January 13, 2026).

Based on the 2025 FPL, the HMP income limit for a fiscal group of one was $20,814.50 annually, or $1,734.54 per month. For HMP, the 5% disregard was $783, which increased the total income limit for HMP to $21,597, or $1,799.75 per month. Based on the 2026 FPL, the HMP limit for a fiscal group of one is $21,226.80 annually, or $1,768.90 per month. With the 5% disregard, the 2026 HMP limit is increased to $22,024.80, or $1,835.40 per month.

Here, the Department testified that based on Petitioner's unemployment income of $[redacted] per week, it determined that she had $[redacted] in gross monthly income for purposes of MA (Exhibit A, p. 10), which was in excess of the income limit for HMP. As explained previously, there was no dispute regarding Petitioner's weekly unemployment compensation amount, and the record established that the Department properly determined Petitioner's MAGI-income was $[redacted]. 42 CFR 435.603(e); 435.603(h); MAGI-Based Income Methodologies (SPA 17-0100), eff. 11/01/2017, app. 03/13/2018; BEM 500, pp. 1, 3 – 4. However, because $[redacted] was less than the 2025 FPL income limit for HMP when the 5% disregard is added, the Department did not properly conclude that Petitioner had excess income for HMP MA.

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's monthly FAP benefit amount, but did not act in accordance with Department policy when it determined Petitioner had excess income for HMP MA.

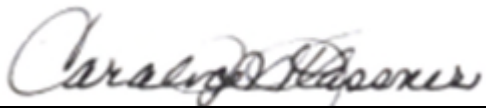
Accordingly, the Department's decision is **AFFIRMED IN PART** with respect to **FAP** and **REVERSED IN PART** with respect to **MA**.

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 eligibility for HMP MA effective February 1, 2026, applying the 5% disregard;

2. If eligible, provide Petitioner with the most beneficial MA coverage she was eligible to receive but did not effective February 1, 2026; and

3. Notify Petitioner of its decision in writing.



CARALYCE M. LASSNER
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-GRANDMONT-DHHS
17455 GRAND RIVER AVE
DETROIT, MI 48227
MDHHS-WAYNE-31-GRANDMONT-HEARINGS@MICHIGAN.GOV

Via First Class Mail: **Petitioner**
[redacted]
MI [redacted]