

## ISSUE

Did the Department properly determine Petitioner's eligibility for Medical Assistance (MA)?

## 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, an application for MA was submitted for Petitioner. Retirement, Survivors, and Disability Insurance (RSDI) benefit income of **\$REDACTED** was reported. (Exhibit A, pp. 9-14)
2. The Department received verification that the RSDI benefit amount was **\$REDACTED** effective December 1, 2025. (Exhibit A, pp. 15 and 19)
3. On December 12, 2025, a Health Care Coverage Determination Notice was issued stating Petitioner would have a monthly deductible of \$1,211.00 for her MA coverage for December 2025 and would have a monthly deductible of \$1,161.00 effective January 1, 2026. (Exhibit A, pp. 21-27)
4. On December 17, 2025, a Health Care Coverage Determination Notice was issued stating Petitioner was not eligible for the Medicare Savings Program (MSP) because income exceeds the limit for this program. (Exhibit A, pp. 28-30)
5. On January 2, 2026, a hearing request was filed on Petitioner's behalf contesting the MA eligibility determinations. (Exhibit A, pp. 6-8)
6. The Department subsequently redetermined MSP eligibility after a Health Coverage Supplemental Questionnaire was submitted. (Exhibit A, p. 2).
7. On January 6, 2025, a Health Care Coverage Determination Notice was issued stating Petitioner was eligible for the MSP effective January 1, 2026. (Exhibit A, pp. 4 and 31)

## 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.

The Medicaid program comprise several sub-programs or categories. To receive MA under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. Medicaid eligibility for children under 19, parents or caretakers of children, pregnant or recently pregnant women, former foster children, MOMS, MIChild, Flint Water Group and Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology. In general, the terms Group 1 and Group 2 relate to financial eligibility factors. For Group 1, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. The income limit, which varies by category, is for nonmedical needs such as food and shelter. Medical expenses are not used when determining eligibility for MAGI-related and SSI-related Group 1 categories. For Group 2, eligibility is possible even when net income exceeds the income limit. This is because incurred medical expenses are used when determining eligibility for Group 2 categories. Group 2 categories are considered a limited benefit as a deductible is possible. BEM 105, January 1, 2024, p. 1.

MA AD CARE is an SSI-related group 1 MA category. This category is available to persons who are aged or disabled (AD). Net income cannot exceed 100% of the poverty level. BEM 163, July 1, 2017, p. 1.

Group 2 aged, blind, and disabled (Group 2 MA) is an SSI related MA category that available to a person who is aged (65 or older), blind or disabled. BEM 105, January 1, 2024, p. 5; BEM 166, April 1, 2017, p. 1.

In general, the terms Group 1 and Group 2 relate to financial eligibility factors. For Group 1, net income (countable income minus allowable income deductions) must be at or below a certain income limit for eligibility to exist. The income limit, which varies by category, is for nonmedical needs such as food and shelter. Medical expenses are not used when determining eligibility for MAGI-related and SSI-related Group 1 categories. For Group 2, eligibility is possible even when net income exceeds the income limit. This is because incurred medical expenses are used when determining eligibility for Group 2 categories. Group 2 categories are considered a limited benefit as a deductible is possible. BEM 105, January 1, 2024, p. 1.

The Department counts the gross benefit amount of Social Security Administration issued Retirement Survivors Disability Insurance (RSDI) benefits as unearned income when determining eligibility. BEM 503, October 1, 2025, p. 31. The Department disregards the annual cost of living increase for RSDI for January, February, and March. BEM 503, p. 31.

The Department utilizes a Protected Income Level (PIL) in determining MA eligibility. The PIL is a set allowance for non-medical need items such as shelter, food and incidental expenses. BEM 544, January 1, 2020, p. 1. **REDACTED** is part of Shelter Area V, which has a PIL of **\$REDACTED** for a group size of one. RFT 200, April 1, 2017, p. 3 and RFT 240, December 1, 2013, p. 1.

For SSI related adults, the only deductions allowed to countable income are for court-ordered child support, blind/impairment related work expenses, allocation to non-SSI related children, a \$20.00 disregard, an earned income disregard of \$65.00 plus ½ of the remaining earnings, and Guardianship/Conservator expenses. BEM 541, January 1, 2025, pp. 1-7.

Income eligibility exists for all or part of the month tested when there is no excess income or the medical group's allowable medical expenses equal or exceed the fiscal group's excess income. BEM 545, July 1, 2022, p. 1-3.

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. Each calendar month is a separate deductible period. The fiscal group's monthly excess income is called a deductible amount. Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month tested. BEM 545, July 1, 2022, p. 10-12.

There are four categories that make up the MSP: Qualified Medicare Beneficiaries (QMB); Specified Low-Income Medicare Beneficiaries (SLMB); Additional Low-Income Medicare Beneficiaries (ALMB); and Non-Categorically Eligible Michigan Beneficiary (NMB). Income is the major determiner of category. For QMB net income cannot exceed 100% of poverty. For SLMB net income is over 100% of poverty, but not over 120% of poverty. For ALMB net income is over 120% of poverty, but not over 135% of poverty. For NMB, income and assets above allowed ALMB limits but have full coverage Medicaid with Medicare part A/B entitlement. BEM 165, July 1, 2024, p. 1.

RFT 242 addresses the income limits for aged or disabled MA (MA-AD) and the MSP categories. Effective April 1, 2025, for a group size of one the income limit for MA-AD and QMB is \$1,325.00; for SLMB the income limit is \$1,325.01 to \$1,585.00; and for ALMB the income limit is \$1,585.01 to \$1,781.00. The RFT 242 policy notes that these amounts are the applicable percentage of the federal poverty limit plus the \$20.00 disregard for RSDI income. RFT 242, April 1, 2025, p. 1.

In this case, on **REDACTED**, 2025, an application for MA was submitted for Petitioner. RSDI benefit income of **\$REDACTED** was reported. (Exhibit A, pp. 9-14). The Department received verification that the RSDI benefit amount was **\$REDACTED** effective December 1, 2025. (Exhibit A, pp. 15 and 19). On December 12, 2025, a Health Care Coverage Determination Notice was issued stating Petitioner would have a monthly deductible of \$1,211.00 for her MA coverage for December 2025 and would have a monthly deductible of \$1,161.00 effective January 1, 2026. (Exhibit A, pp. 21-27). On

December 17, 2025, a Health Care Coverage Determination Notice was issued stating Petitioner was not eligible for the MSP because income exceeds the limit for this program. (Exhibit A, pp. 28-30).

The Department subsequently redetermined MSP eligibility after a Health Coverage Supplemental Questionnaire was submitted. (Exhibit A, p. 2). On January 6, 2025, a Health Care Coverage Determination Notice was issued stating Petitioner was eligible for the MSP effective January 1, 2026. (Exhibit A, pp. 4 and 31).

Petitioner's AHR did not contest that Petitioner's income exceeded the limit for full coverage MA-AD of **\$REDACTED**. The Department then calculated a monthly deductible for Petitioner. The deductible budget was reviewed with Petitioner. The Department would have considered the \$20.00 disregard as well as the PIL of **\$REDACTED**. The Department would have considered the COLA exclusion for the months of January, February, and March 2026. There was no evidence that Petitioner had any of the other allowable deductions (court-ordered child support, blind/impairment related work expenses, allocation to non-SSI related children, an earned income disregard of \$65.00 plus ½ of the remaining earnings, or Guardianship/Conservator expenses). It appears that the Department considered that Petitioner was responsible for the Medicare premium prior to the MSP approval. When the approval for the MSP under the ALMB category is considered, Petitioner would no longer be eligible to have the Medicare insurance premium included in the MA deductible budget.

Petitioner's son noted that Petitioner needs 24-hour care and assistance with daily activities. They are looking for a chore worker. (AHR Testimony). As discussed, Petitioner may wish to look into a MI Choice Waiver Program or the Program for the All Inclusive Care for the Elderly (PACE).

This Administrative Law Judge must review the Department's determination under the existing policies and has no authority to change or make any exceptions to the applicable policies, which include the income limit for MA-AD Care and the amount of the PIL. Based on the available income information, the Department properly determined Petitioner's eligibility for 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 eligibility for MA.

Accordingly, the Department's decision is **AFFIRMED**.