

ISSUE

Did the Respondent properly deny Petitioner's request for a hardship exemption under the Michigan Estate Recovery Program on the basis that the estate subject to recovery is a home of modest value?

FINDINGS OF FACT

The Administrative Law Judge, based upon the competent, material and substantial evidence on the whole record, finds as material fact:

1. On REDACTED, 2025, Petitioner submitted an Application for Hardship Waiver. (Exhibit A; Testimony.)
2. The application listed the value of the real estate at REDACTED. (Exhibit A; Testimony.)
3. At the time of application, REDACTED was owed on the mortgage. (Exhibit A; Testimony.)
4. The average price of homes within Ionia County was \$104,392. (Exhibit A; Testimony).
5. With respect to the criteria for hardship waiver that the exemption was sought under, the application indicated that:

The estate asset subject to recovery is a home of modest value (i.e. a home with a value no higher than 50% of the average price of homes in the county where the home is located as of the date of the member's death.)¹

6. On December 8, 2025, the Department sent written notice that the request for a hardship exemption had been denied. (Exhibit A; Testimony.)
7. On January 20, 2026, the MOAHR received the request for hearing filed in this matter with respect to the Hardship Waiver denial. (Hearing File.)

CONCLUSIONS OF LAW

The Estate Recovery Program is operated according to policies developed by the Department based on 42 USC 1396p, 42 CFR 433.36, MCL 400.112g, and the Michigan State Medicaid Plan as amended.

MCL 400.112g requires the Department to establish and implement an estate recovery program subject to an amendment to the Michigan State Medicaid Plan and operated

¹ Exhibit A, p 3.

according to the provisions of the amended State Plan as accepted by the Centers for Medicare & Medicaid Services (CMS).

With respect to such estate recovery, Bridges Administrative Manual (BAM) 120 (6-1-2024) states in part:

MSA ESTATE RECOVERY UNIT

Recoveries for Medicaid claims correctly paid are as follows:

- For individuals who received medical assistance at age 55 or older, recovery is made from the individual's estate for all services covered by the Michigan Medicaid program with dates of service on or after July 1, 2010, except Medicaid cost sharing. To be subject to estate recovery, a person over 55 must have begun receiving long-term care services after September 30, 2007. If a beneficiary over the age of 55 began receiving long-term care services prior to September 30, 2007, and there was a break in coverage and a new eligibility period began any time after September 30, 2007, the Medicaid recipient will be deemed to have begun receiving long-term care after September 30, 2007, and therefore be subject to recovery.
- Recovery will only be pursued if it is cost-effective to do so as determined by the department at its sole discretion.

Limitations on Recoveries

The state complies with the requirements of section 1917(b)(2) of the Social Security Act: Recovery of medical assistance will be made only after the death of the individual's surviving spouse, and only when the individual has no surviving child who is either under age 21, blind, or disabled.

Undue Hardship

Recovery may be waived if a person inheriting property from the estate can prove that recovery would result in an undue hardship. An application for an undue hardship must be requested by the applicant and returned with proper documentation in order for a hardship waiver to be considered. In order to qualify for a hardship exemption, an applicant must file the application with the department not later than 60 days from the date the department sends the Notice of Intent to the personal representative or estate

contact. An undue hardship exemption is granted to the applicant only and not the estate generally.

Undue hardship waivers are temporary. Submitted applications will be reviewed by the department or its designee, and the department shall make a written determination on such application.

An undue hardship may exist when one or more of the following are true:

- The estate subject to recovery is the sole-income producing asset of the survivors (where such income is limited), such as a family farm or business.
- The estate subject to recovery is a home of modest value, see definition in this item.

When considering whether to grant an undue hardship, the department shall apply a means test to all applicants to ensure that waivers are not granted in a way that is contrary to the intent of the estate recovery program under federal law.

An applicant for an undue hardship waiver will satisfy the means test only if both of the following are true:

- Total household income of the applicant is less than 200 percent of the poverty level.
- Total household resources of the applicant do not exceed \$10,000.

Appeals

The Hardship Waiver applicant has the right to contest the department decision of whether an undue hardship exists. The applicant may request a hearing within 60 days of the notice of case action on the application. The request for a hearing must be in writing and will be conducted under the provisions of BAM 600, Hearings.

Definitions:

- **Survivor:** An heir who does not predecease the deceased beneficiary under the provisions of MCL 700.2104 or according to the terms of the decedent's will.

- **Home of Modest Value:** A home that is valued at 50 percent or less of the average price of homes in the county where the home is located as of the date of the Medicaid beneficiary's death.
- **Value of Medicaid recipient's home:** The State Equalized Value (SEV) of a Medicaid recipient's home from the year the Medicaid recipient died is used to determine whether that home is a home of modest value. The SEV will be double to find the value of the home.
- **Average Price:** The average price of homes in the county shall be determined from the Equalized Valuation Totals Summary report (L-4023) published by the State Tax Commission. The average price shall be calculated by dividing the total True Cash Value of Residential Real Property in the county by the total Number of Parcels.
- **Resources:** All income, as defined in BEM 500 series, and assets, as defined in BEM 400 an applicant has.
- **Long-Term Care Services:** Means services, including but not limited to, nursing facility services, hospice, home and community based services, adult home help, and home health.²

Here, Petitioner filed a request for an undue hardship exemption from estate recovery on the basis that the estate subject to recovery is a home of modest value; the Respondent denied that request; and Petitioner appealed that deal.

In appealing the denial, Petitioner bears the burden of proving by a preponderance of evidence that the Respondent erred.

Given the record in this case, Petitioner has failed to meet that burden of proof; and the Respondent's decision must, therefore, be affirmed.

As discussed above, an exemption to estate recovery may be granted on the basis that if the person inheriting property from the estate can prove that recovery would result in an undue hardship, with the estate subject to recovery being a home of modest value a type of undue hardship.

However, the estate subject to recovery in this case does not meet the definition of a home of modest value as it is valued at more than 50 percent of the average price of homes in the county where the home is located as of the date of the Medicaid beneficiary's death.

² BAM 120, pp 9-11.

As credibly testified to by the Departmental Analyst during the hearing and consistent with the above policy, the average price of homes in Ionia County, where the home in question is located, was determined to be \$104,392 based on the total true cash value of residential real property in the county divided by the number of parcels; the value of the estate property was calculated to be REDACTED; and that the home in this case was, therefore, not a home of modest means as its value exceeded 50% of the average price of homes in Ionia County.

In response, Petitioner argues there are several unattached mobile homes on the property. Policy, however, does not carve out exceptions for this type of arrangement.

Accordingly, for the reasons discussed above, the undersigned Administrative Law Judge finds that Petitioner failed to meet their burden of proof and the Respondent's decision must therefore be affirmed.

DECISION AND ORDER

The Administrative Law Judge, based on the above findings of fact and conclusions of law, decides that the Respondent properly denied Petitioner's request for an undue hardship exemption under the Michigan Estate Recovery Program on the basis that the estate subject to recovery is a home of modest value.

IT IS THEREFORE ORDERED that:

The Respondent's decision is **AFFIRMED**.