

## ISSUE

The issue is whether MDHHS properly determined Petitioner's Medical Assistance (MA) eligibility.

## FINDINGS OF FACT

The administrative law judge, based on competent, material, and substantial evidence on the whole record, finds as material fact:

1. On **REDACTED**, 2025, Petitioner submitted to MDHHS an application reporting a household with no minor children.
1. As of December 2025, Petitioner received Medicaid subject to a \$850 monthly deductible.
2. As of December 2025, Petitioner was disabled, a Medicare recipient, unmarried, and not pregnant.
3. On December 6, 2025, MDHHS determined Petitioner to be eligible for Medicaid subject to an \$812 monthly deductible beginning January 2026.
4. As of January 2026, Petitioner received ongoing gross monthly Retirement, Survivors and Disability Insurance (RSDI) of **\$REDACTED** which included a cost-of-living adjustment (COLA) of **\$REDACTED**.
5. On January 14, 2026, Petitioner requested a hearing to dispute MA eligibility.

## CONCLUSIONS OF LAW

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 requested a hearing to dispute a determination of Medicaid. Exhibit A, pp. 3-4. A Health Care Coverage Determination Notice dated December 6, 2025, stated that Petitioner was eligible for Medicaid subject to a monthly deductible of \$812 beginning January 2026.<sup>1</sup> Exhibit A, pp. 6-9. To determine if MDHHS properly determined Petitioner's MA eligibility, an analysis of Medicaid categories must be considered.

---

<sup>1</sup> The notice also informed Petitioner of an approval of a deductible of \$850 for December 2025. Included with the notice was a Deductible Report which allows clients to document and report medical expenses to MDHHS. Exhibit A, pp. 10-11.

Medicaid is part of the MA program. 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.<sup>2</sup> *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, and not pregnant. Petitioner testified that she resided with a minor child but did not report this on an application dated **REDACTED**, 2025; thus, based on the information reported to MDHHS, Petitioner was properly not considered for MA categories based on a caretaker status.<sup>3</sup> Under Petitioner's reported 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 **REDACTED** (for adults). *Id.*

As of January 2026, Petitioner received gross monthly RSDI of **\$REDACTED**. Generally, MDHHS counts the gross amount of RSDI in determining Medicaid eligibility.<sup>4</sup> BEM 503

---

<sup>2</sup> Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

<sup>3</sup> During the hearing, MDHHS was advised to consider Petitioner's testimony as a reporting of a change in household members and to update Petitioner's MA eligibility accordingly.

<sup>4</sup> 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.

(October 2025) p. 31. MDHHS should have factored Petitioner's RSDI from December 2025 for a benefit month from January through March. After factoring a **\$REDACTED** COLA, Petitioner's countable income for AD-Care is **\$REDACTED**.

For SSI-Related MA categories, a \$20 disregard is given for unearned income. BEM **REDACTED** (January 2025) p.3. MDHHS gives AD-Care budget credits for employment income, guardianship expenses, and/or conservator expenses' none of these credits were applicable. Subtracting the \$20 disregard from Petitioner's countable RSDI 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**.<sup>5</sup> 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.<sup>6</sup> 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.

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. Cost of living adjustments (i.e. the annual increase in RSDI) 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. No applicable expenses were alleged other than a COLA of **\$REDACTED**.

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 as

---

<sup>5</sup> <https://www.healthcare.gov/glossary/federal-poverty-level-fpl/>

<sup>6</sup> MDHHS policy lists an income limit of **\$REDACTED** while noting the \$20 disregard is factored into the limit.

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. MDHHS calculated a higher PIL of **\$REDACTED**. Because the PIL of **\$REDACTED** factored by MDHHS is more favorable for Petitioner, it will be accepted as the correct PIL.

Subtracting the PIL of **\$REDACTED**, \$20 unearned income disregard, and **\$REDACTED** COLA from Petitioner's countable RSDI of **\$REDACTED** results in a monthly deductible of \$812; MDHHS calculated the same deductible. Exhibit A, p. 5. Given the evidence, MDHHS properly determined Petitioner's Medicaid eligibility.

During the hearing, Petitioner testified to a need for in-home care. MI Choice Waiver provides home and community-based services for aged and disabled persons who, if they did not receive such services, would require care in a nursing home (see BEM 106). Petitioner can call 248-357-2255 or 586-263-8700 for further information.

### **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 beginning January 2026 for Medicaid subject to a \$812 monthly deductible. The actions of MDHHS are **AFFIRMED**.