

## ISSUE

Did the Department properly determine Petitioner's Medicaid (MA) eligibility effective January 1, 2026?

## 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 a single, REDACTED-year-old who lives in REDACTED, and has no dependent children. She receives Retirement, Survivors, and Disability Insurance (RSDI) income and has Medicare Part B.
1. Since at least December 1, 2023, Petitioner has been approved for Medicare Savings Program (MSP) - Additional Low-Income Medicare Beneficiaries (ALMB). (Exhibit A, p. 9).
2. Since at least January 1, 2025, Petitioner has been approved for Group 2 Aged, Blind and Disabled (G2S) MA subject to a monthly deductible of \$1,157. (Exhibit A, pp. 8, 11).
3. Effective January 1, 2026, Petitioner's RSDI income increased to REDACTED per month, based on a cost-of-living adjustment (COLA) of \$45. (Exhibit A, p. 12).
4. On January 6, 2026, the Department received a request for hearing from Petitioner, disputing the Department's failure to approve her for full coverage MA. (Exhibit A, pp. 3 – 5).
5. On January 28, 2026, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN). The Department approved her for:
  - a. Plan First Family Planning (PF) MA and MSP – ALMB effective January 1, 2026,
  - b. MA subject to a monthly deductible of \$1,071 from January 1, 2026 to February 28, 2026, and
  - c. MA subject to a monthly deductible of \$1,196 effective March 1, 2026 ongoing.

The HCCDN did not approve or deny any other MA coverage. (Exhibit A, pp. 8, 14 – 15).

## 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.

Petitioner requested a hearing to dispute the Department's determination that she was not eligible for full coverage MA. The Department testified that Petitioner has been approved for Group 2 Aged, Blind and Disabled (G2S) MA since at least January 1, 2024. Following her request for hearing, the Department approved Petitioner for G2S MA subject to a monthly deductible of \$1,071 from January 1, 2026 to February 28, 2026; and, effective March 1, 2026, G2S MA subject to a monthly deductible of \$1,196.

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. 3. All MA category options must be considered in order for the Petitioner's right of choice to be meaningful. BEM 105, p. 3. 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 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. Because Petitioner is over 65 and is not the caretaker of a minor child, Petitioner is eligible for MA under only SSI-related categories.

Based on Petitioner's circumstances, she was potentially eligible for AD-Care MA. The AD-Care program is a Group 1, full-coverage, SSI-related MA program for individuals who are income-eligible based on their MA fiscal group size. BEM 163 (July 2017), p. 1. Net income for this program cannot exceed 100% of the Federal Poverty Level (FPL) for the fiscal group size. BEM 163, p. 1. For SSI-related MA purposes, adults who are not

married, such as Petitioner, are a fiscal group size of one. BEM 211 (December 2025), p. 8. Because Petitioner is a fiscal group of one, to be income eligible for this program in 2026, her monthly income would have to be \$1,330 or less. RFT 242 (April 2026); 2026-00755 (91 FR 1797) (eff. January 13, 2026). However, federal law requires that when the Department determines a client's MA eligibility for the coverage months of January, February, or March of a new year, it must disregard any COLA increase that began that year. BEM 503, pp. 30 – 31.

There was no dispute that Petitioner received a \$45 COLA increase effective January 1, 2026, which increased her RSDI income to REDACTED per month. The gross benefit amount of RSDI income is counted as unearned income but, for purposes of SSI-related MA, is reduced by \$20 to determine the net unearned income. BEM 163, p. 2; BEM 503 (October 2025), pp. 31 – 33; BEM 541 (January 2026), p. 3. Petitioner's gross RSDI income of REDACTED, reduced by \$20, equals REDACTED in net unearned income. Petitioner, who does not have earned income, expenses related to non-SSI children, or a court-appointed guardian and/or conservator, is not eligible for any additional deductions. BEM 541, pp. 1, 3.

Therefore, Petitioner's countable net income was REDACTED. Because this amount exceeds the \$1,330 income limit for AD-Care MA, the Department properly determined that Petitioner was not eligible for AD-Care MA. Additionally, the record established that disregarding Petitioner's COLA increase, as required by federal law, would not render her eligible for AD-Care MA for the months of January, February, or March 2026.

Clients who are ineligible for full-coverage MA coverage because of excess income may still be eligible for G2S MA, an SSI-related MA program which provides for MA coverage with a monthly deductible. BEM 105, p. 1; BEM 166 (April 2017), p. 2. The deductible for G2S MA is equal to:

- a. The amount of the individual's SSI-related net income,
- a. Minus allowable needs deductions set forth in BEM 544, and
- b. Minus the applicable Group 2 MA protected income level (PIL).

BEM 166, p. 2; BEM 541, pp. 1, 3 – 4; BEM 544 (January 2020), pp. 1 – 2. The PIL is a set allowance for non-medical need items such as shelter, food, and incidental expenses, based on the county in which the client resides and the client's fiscal MA group size. BEM 544, p. 1. The PIL for Wayne County, where Petitioner resides, is \$375 for a one-person fiscal group. RFT 200 (April 2017), p. 2; RFT 240 (December 2013).

In this case, the Department presented a budget showing how Petitioner's G2S deductible was calculated effective January 1, 2026. (Exhibit A, p. 10). From Petitioner's net income of REDACTED, as discussed above, the Department subtracts allowable needs deductions, consisting of health insurance premiums of the MA recipient and remedial services for residents of adult foster care (AFC) or homes for the aged (HA). BEM 544, pp. 1 – 2. There was no dispute that the Department pays Petitioner's Medicare Part B

premium and Petitioner's AHR testified that Petitioner does not live in AFC or HA. Accordingly, Petitioner was not entitled to any needs deductions.

The Department's budget reflected that it properly deducted \$45 for Petitioner's COLA exclusion, which reduced her countable income to REDACTED. The Department's budget reflected that it then deducted a \$500 PIL, resulting in a monthly deductible of \$1,071. However, policy establishes that Petitioner's applicable PIL was \$375, not \$500. Thus, the Department applied a PIL \$125 higher than permitted by policy. Although the Department did not deduct the correct applicable PIL to determine Petitioner's G2S MA deductible from January 1, 2026 to February 28, 2026, its error was favorable to Petitioner.

Therefore, with the exception of the error made in favor of Petitioner, the Department acted in accordance with policy when it determined Petitioner's G2S MA deductible from January 1, 2026 to February 28, 2026. Further, the record established that the Department properly corrected its error when it increased Petitioner's monthly deductible by the difference of \$125 effective March 1, 2026, and approved her for G2S MA subject to a monthly deductible of \$1,196. BAM 115 (February 2026), p. 32.

### **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 denied Petitioner full coverage AD-Care MA due to excess income and approved her for G2S MA subject to a monthly deductible.

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