

ISSUE

Did MDHHS properly determine Petitioner's Food Assistance Program (FAP) monthly benefits for January 2026 ongoing?

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 an ongoing recipient of FAP benefits.
2. Petitioner receives monthly Retirement, Survivors and Disability Insurance (RSDI) benefits, which were \$**REDACTED** in 2025 and increased to \$**REDACTED** in January 2026.
3. Petitioner is the sole member of her FAP group and resides with, and receives assistance from, a community living support program that is not an adult foster care facility.
4. Petitioner has Group 2 SSI-related Medicaid with a deductible.
5. On November 25, 2025, MDHHS sent Petitioner a Notice of Case Action notifying her that her FAP benefits were decreasing to \$24 monthly effective January 2026 ongoing. Medical expenses were removed as a deduction in calculating Petitioner's FAP benefits. (Exhibit A, pp. 8-12)
6. On January 22, 2026, MDHHS received Petitioner's request for hearing disputing the FAP decrease.

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.

Petitioner requested a hearing disputing the decrease in her FAP benefits. At the hearing, MDHHS acknowledged that Petitioner had medical expenses that it had removed from her FAP budget in error. MDHHS explained that, as of the hearing date, it had recalculated Petitioner's FAP budget to include a medical expense deduction of \$1,339.01, resulting in Petitioner being eligible for monthly FAP of \$271. The hearing proceeded to address the medical expense deduction, which the AHR argued was more than the budgeted \$1,339.01.

In determining FAP eligibility and amount, gross income is reduced by allowable deductions. Petitioner is the only member of her FAP group, and because she receives RSDI based on a disability, she is a senior/disabled/veteran (SDV) member of her FAP group. See BEM 550 (April 2025), pp. 1-2. FAP groups with one or more SDV members and unearned income are eligible for the following deductions to gross income in the FAP budget:

- the standard deduction (based on group size);
- childcare expenses;
- child support expenses;
- a medical expense deduction of \$165 if the SDV member incurs out-of-pocket medical expenses exceeding \$35 but less than \$200 or a deduction equal to verified out-of-pocket medical expenses minus \$35 if the SDV member incurs and verifies more than \$200 in monthly out-of-pocket medical expenses; and
- the excess shelter deduction.

BEM 554 (January 2026) p. 1; BEM 556, pp. 3-5.

Regarding the medical expense deduction, MDHHS policy provides that when a client reports medical expenses for an SDV member of the household, MDHHS must estimate ongoing medical expenses based on (1) verified allowable medical expenses, (2) available information about the SDV member's medical condition and health insurance, and (3) changes that can be anticipated to occur during the benefit period. BEM 554, p. 9. Groups that have a verified one-time or ongoing medical expense of more than \$35 and less than \$200 for an SDV individual receive the \$165 standard medical deduction (SMD). BEM 554, p. 10. If the group has actual medical expenses which are more than the \$165 SMD, they have the option to verify their actual expenses instead of receiving the SMD. BEM 554, p. 10. Groups may voluntarily report and verify changes in medical expenses. BEM 554, p. 10. MDHHS must process those changes that are voluntarily reported and verified during the benefit period, with policy expressly providing as an example expenses reported and verified for an MA deductible. BEM 554, p. 10.

Here, MDHHS explained that when it followed up with a request for assistance to add Petitioner's medical expenses back to her FAP budget, the local office was advised that Petitioner, who verified medical expenses on a monthly basis to establish that she had satisfied her Medicaid deductible and was eligible for active Medicaid, was entitled to a medical expense in her FAP budget in the amount of one cent over the deductible amount. Based on this guidance, MDHHS explained that it redetermined Petitioner's FAP eligibility for January 2026 ongoing, budgeted \$1,339.01 in medical expenses for January 2026

ongoing based on Petitioner's \$1,339 monthly Medicaid deductible, and, as of March 2, 2026, notified Petitioner that she was eligible for \$217 in monthly FAP for January 2026 ongoing.

At the hearing, the AHR argued that Petitioner's medical expenses exceeded \$1,339, explaining that Petitioner's medical expenses were amounts paid to the community living support provider facility where she resided and was provided services and were calculated based on the difference between Petitioner's gross monthly RSDI income and an \$64 allotment for Petitioner's personal expenses. The AHR contended that Petitioner's medical expenses were \$1,671 monthly in 2025 based on her monthly **\$REDACTED** RSDI in 2025 and increased to \$1,719 monthly beginning January 2026 based on an increase in her monthly RSDI to **\$REDACTED**.

MDHHS acknowledged receiving notices from the AHR, one dated December 31, 2025 that Petitioner's monthly medical expenses were \$1,671 per month and the other dated February 4, 2026 that Petitioner's monthly medical expenses increased to \$1,719. However, the evidence presented was that Petitioner had G2S coverage with a monthly deductible.

A Medicaid deductible is allowed as a FAP medical expense if (i) the medical expenses used to meet the Medicaid deductible are allowable FAP expenses and (ii) the medical expenses are not overdue. BEM 554, p. 13. However, MDHHS may use only the portion of the medical expense that is non-reimbursable. BEM 554, p. 13. Individuals with a deductible program become income eligible for Medicaid coverage when their medical expenses are equal to or more than the deductible amount. See BEM 545 (July 2022), p. 3.

MDHHS did not dispute that the medical expenses were allowable FAP expenses and were not overdue. However, MDHHS argued allowable medical expenses that Petitioner incurred in a month over her monthly deductible would be covered by Medicaid and therefore were reimbursed expenses. Because policy requires that MDHHS use only the portion of a medical expense that is **not** reimbursable and is an out-of-pocket expense for Petitioner in determining the FAP medical expense deduction, the medical expense deduction for FAP is limited to the maximum deductible amount, less the \$35 threshold for the medical expense deduction. Because there was no evidence presented that Petitioner incurred any non-reimbursed expenses other than those reported to MDHHS in connection with her G2S deductible, MDHHS acted in accordance with policy when it limited Petitioner's medical expense deduction to her deductible.

At the hearing, the AHR also argued that Petitioner incurred housing and utility expenses that were separate and independent from her medical expenses. MDHHS asserted that Petitioner did not report any housing expenses other than telephone. The AHR contended that the expenses had been previously budgeted but had been removed from Petitioner's FAP budget after August 2025. There was no evidence presented that such expenses had been reported to MDHHS since their removal and more than 90 days had lapsed since the expense had been removed. See BAM 600 (July 2025), p. 6. Therefore,

Petitioner's FAP budget properly did not include housing and utility expenses other than telephone, which is \$31. RFT 255 (October 2025), p. 1. The AHR is advised that if Petitioner incurs such expenses, they can be reported to MDHHS.

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 in calculating Petitioner's medical expenses for purposes of her FAP budget for January 2026 ongoing.

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