

## ISSUES

The first issue is whether MDHHS properly terminated Petitioner's Food Assistance Program (FAP) eligibility.

The second issue is whether MDHHS properly denied Petitioner's subsequently submitted FAP benefit application.

The third issue is whether MDHHS properly determined Petitioner's Medicaid eligibility,

The fourth issue is whether MDHHS properly terminated Petitioner's Medicare Savings Program (MSP) eligibility,

## FINDINGS OF FACT

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

1. As of September 2025, Petitioner was an ongoing recipient of FAP, Medicaid, and MSP benefits.
1. On September 10, 2025, MDHHS sent Petitioner a Notice of Food Assistance (FAP) Closure stating that Petitioner's FAP eligibility would end September 2025 due to a failure to return a Mid-Certification Contact Notice (MCCN).
2. On September 26, 2025, MDHHS received a MCCN from Petitioner.
3. As of October 2025, Petitioner's FAP eligibility ended.
4. On **REDACTED**, 2025, Petitioner reapplied for FAP benefits.
5. On November 4, 2025, MDHHS determined Petitioner was eligible for the limited-coverage Medicaid category of Plan First (PF) beginning December 2025.
6. On November 12, 2025, MDHHS denied Petitioner's FAP benefit application due to an alleged failure to verify a lump sum inheritance.
7. On November 12, 2025, MDHHS determined Petitioner to be eligible for Medicaid in September 2025 and ineligible for MSP beginning December 2025 due to Petitioner failing to verify assets.
8. On January 20, 2026, Petitioner requested a hearing to dispute the termination of FAP benefits, the determination of Medicaid, and the termination of MSP benefits.
9. On February 26, 2026, during an administrative hearing, MDHHS did not verify it requested proof of Petitioner's assets.

## CONCLUSIONS OF LAW

The 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. MDHHS administers the FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011. FAP policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing, in part, to dispute a termination of FAP benefits. A Notice of Food Assistance (FAP) Closure dated September 10, 2025, stated that Petitioner's FAP eligibility would end at the end of the month unless Petitioner returned to MDHHS a MCCN. Exhibit B, pp. 1-2.

For all programs, a complete redetermination is required at least every 12 months. BAM 210 (July 2025) p. 3. The MDHHS database sends a DHS-2240-A, Mid-Certification Contact Notice, for groups assigned a 24-month FAP benefit period during the 11th month of their benefit period. *Id.*, p. 11. If the MCCN is not logged by the 10th day of the 12<sup>th</sup> month, the MDHHS database will generate a Notice of Food Assistance (FAP) Closure, to the client. *Id.*, p. 13. This reminder notice explains that the client must return the MCCN and all required verifications by the last day of the month or the FAP case will close. *Id.*, pp. 13-14.

MDHHS testimony acknowledged that Petitioner returned a MCCN on September 26, 2025. Notably, Petitioner's submission date was before the deadline of September 30, 2025. MDHHS provided no explanation for why the MCCN was not processed.

Given the evidence, MDHHS failed to process Petitioner's MCCN received by MDHHS on September 26, 2025. As a remedy, MDHHS will be ordered to process the MCCN to determine Petitioner's FAP eligibility beginning October 2025.

Petitioner also requested a hearing to dispute a denial of FAP benefits. Exhibit A, pp. 3-5. Petitioner reapplied for FAP benefits on **REDACTED**, 2025, after FAP eligibility ended in September 2025. A Notice of Case Action dated November 12, 2025, stated that Petitioner's FAP eligibility was denied beginning October 20, 2025, due to a failure to verify a lump sum inheritance. Exhibit C, pp. 1-5.

For all programs, MDHHS is to tell the client what verification is required, how to obtain it, and the due date. BAM 130 (May 2024) p. 3. MDHHS is to use the DHS-3503, Verification Checklist (VCL), to request verification. *Id.* MDHHS is to allow the client 10 calendar days (or other time limit specified in policy) to provide the verification that is requested. *Id.*, p. 7. For FAP, MDHHS is to send a negative action notice when:

- The client indicates refusal to provide a verification, or
- The time period given has elapsed and the client has not made a reasonable effort to provide it. *Id.*

During the hearing, MDHHS presented no evidence that a VCL was sent to Petitioner requesting a lump sum inheritance payment. Furthermore, Petitioner's AHR explained that Petitioner did not receive an inheritance; Petitioner actually received a lawsuit settlement and/or had assets within a trust.

Given the evidence MDHHS improperly denied Petitioner's FAP benefit application dated **REDACTED**, 2025. As a remedy, Petitioner is entitled to a reprocessing of the application. It should be noted, that reprocessing the application may be unnecessary if Petitioner is approved for FAP benefits as part of the order to redetermine Petitioner's FAP eligibility beginning October 2025.

The MA program is established by Title XIX of the Social Security Act, 42 USC 1396 to 42 USC 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 to 42 CFR 430.25. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10 and MCL 400.103 to MCL 400.112k of the Social Welfare Act, MCL 400.1 *et seq.* MA policies are contained in the BAM, BEM, and RFT.

Petitioner also requested a hearing to dispute Medicaid eligibility. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice dated November 4, 2025, stated that Petitioner was eligible only for the limited-coverage MA category of PF beginning December 2025.<sup>1</sup> Exhibit D, pp. 1-5. Petitioner contended that she was eligible for an unlimited-coverage Medicaid category. To determine if MDHHS properly determined Petitioner's Medicaid eligibility, an analysis of MA categories must be considered.

Medicaid is also known as MA. 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.*

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<sup>1</sup> Plan First is a MAGI-related limited-coverage MA category available to any United States citizen or individual with a qualified immigration status. BEM 124 (July 2023) p. 1. Plan First coverage is a "limited-coverage" because it only covers family planning services such as birth control (see form DCH-2840-MSA).

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

The evidence suggested that Petitioner was a Medicare recipient, not pregnant, and not a caretaker to minor children. Under the circumstances, Petitioner would be only eligible for SSI-related MA categories.

Assets must be considered in determining SSI-Related MA eligibility. p. 1 and 6. For SSI-related MA, all assets are countable (unless specifically excluded otherwise) including cash and retirement accounts. *Id.*, p. 3. Thus, MDHHS properly considered Petitioner's assets in determining Medicaid eligibility.

For all programs, MDHHS is to inform the client what verification is required, how to obtain it, and the due date. BAM 130 (May 2024) p. 3. MDHHS is to use the DHS-3503, Verification Checklist (VCL), to request verification. *Id.* For MA, MDHHS is to allow the client 10 calendar days to provide the verification that is requested. *Id.*, p. 8. For MA, MDHHS may send a negative action notice when:

- The client indicates refusal to provide a verification, or
- The time period given has elapsed. *Id.*, pp. 8-9

Presumably, MDHHS determined Petitioner to be eligible for only PF coverage after concluding that Petitioner failed to verify assets or Petitioner exceeded the asset limit. MDHHS did not present evidence that Petitioner was sent a VCL or otherwise informed of verification requirements. Furthermore, MDHHS did not present evidence of what assets were counted in determining Petitioner's asset eligibility.

Given the evidence, MDHHS failed to establish it properly determined Petitioner's Medicaid eligibility. As a remedy, Petitioner is entitled to a reinstatement of Medicaid eligibility beginning December 2025.

Petitioner lastly requested a hearing to dispute a termination of MSP benefits. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice dated November 12, 2025, stated that Petitioner was ineligible for MSP beginning December 2025 due to a failure to verify assets. Exhibit A, pp. 8-11

MSP is an SSI-related Medicaid category. BEM 165 (July 2024) p. 1. One of four different subprograms are available under MSP. Qualified Medicare Beneficiaries (QMB) coverage pays for a client's Medicare premiums, coinsurances, and deductibles. *Id.*, p. 2. Specified Low Income Beneficiaries (SLMB) coverage pays for a client's Medicare Part B premium. *Id.* Additional Low-Income Beneficiaries (ALMB) coverage pays for a client's Medicare Part B premium if MDHHS funding is available. *Id.* The NMB category is applicable only when Medicaid is issued despite income or assets exceeding the MA category limits. *Id.* The MSP benefit group's income determines the MSP subprogram issued. Because MSP is an SSI-related MA category, assets are countable.

During the hearing, MDHHS acknowledged it received bank statements, a benefit award letter, and a letter from the company administering Petitioner's trust on November 4, 2025. The evidence suggested that MDHHS possessed verification of Petitioner's assets

when it terminated Petitioner's MSP eligibility. If MDHHS possessed Petitioner's asset verifications, a termination due to a failure to verify would be improper.

Furthermore, as discussed in the Medicaid analysis, there was no evidence that MDHHS requested proper verification of assets from Petitioner. Without establishing that verification was properly requested, a termination of benefits based on an alleged failure to verify cannot follow.

Some of the hearing was spent discussing a trust started for Petitioner in July 2025. MDHHS testified it received trust documents from Petitioner on January 20, 2026. MDHHS sent Petitioner's trust documents to its trust evaluation unit on January 27, 2026. For purposes of this decision, the trust had no bearing; however, it may impact Petitioner's future benefit eligibility. Petitioner should be aware that a hearing may again be requested if future benefit eligibility is adversely impacted.

Given the evidence, MDHHS failed to establish that it properly terminated Petitioner's MSP eligibility beginning December 2025. Accordingly, MDHHS will be ordered to reinstate Petitioner's MSP eligibility beginning December 2025.

### **DECISION AND ORDER**

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS improperly terminated Petitioner's FAP, Medicaid, and MSP eligibility. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

- (1) Reinstate Petitioner's Medicaid and MSP eligibility beginning December 2025 subject to the findings that MDHHS failed to establish that Petitioner failed to verify assets and/or exceeded asset limits;
- (1) Redetermine Petitioner's FAP eligibility beginning October 2025 subject to the finding that MDHHS received an MCCN from Petitioner on September 26, 2025;
- (2) If necessary, reregister and reprocess Petitioner's FAP benefit application dated **REDACTED**, 2025; and
- (3) Issue notice and supplements, if any, in accordance with policy.

The actions taken by MDHHS are **REVERSED**.