

ISSUE

Did the Department properly close Petitioner's Medicaid (MA) case for failure to return verification of income?

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 was an ongoing recipient of FAP benefits and MA coverage for herself and her REDACTED-year-old daughter, REDACTED (Daughter). Petitioner is under the age of 65. Daughter is a high school senior, turned REDACTED on REDACTED 2025, and is Petitioner's dependent. (Exhibit A, pp. 16, 20).
2. On November 4, 2025, the Department received verification of self-employment income from Petitioner.
3. On December 8, 2025, the Department received two paystubs from Petitioner, dated November 28, and December 5, 2025, for employment with REDACTED (Employer). The November 28, 2025 paystub was Petitioner's first paystub from Employer.
4. On December 9, 2025, the Department sent Petitioner a Verification Checklist (VCL) for Food Assistance Program (FAP) benefits. The VCL requested verification of Petitioner's last 30 days of earned income and her self-employment and unearned income, by December 19, 2025. The VCL also specifically requested verification of the last 90 days of child support income. (Exhibit B, pp. 1 – 2).
5. On December 12, 2025, the Department received a completed MA redetermination application from Petitioner. She reported that she had earned income from Employer, self-employment, and unearned income. (Exhibit A, pp. 15 – 21).
6. On January 6, 2026, Petitioner went to the local office and submitted paystubs from Employer.
7. On January 22, 2026, the Department sent Petitioner a Health Care Coverage Determination Notice (HCCDN) that approved Daughter for full coverage MA for February 2026. The HCCDN also denied Daughter MA effective March 1, 2026, for failure to return verification of income, and denied Petitioner MA effective February 1, 2026, because she was not under 21, pregnant, caretaker of a minor child, over 65, blind, or disabled. The HCCDN reflected that the Department budgeted Petitioner's annual income as REDACTED for a household size of two. (Exhibit A, pp. 8 – 9).
8. On January 28, 2026, the Department sent Petitioner a VCL for FAP benefits. The VCL requested verification of Petitioner's income from Employer for the period of

December 27, 2025 to January 27, 2026, by February 9, 2026. (Exhibit A, pp. 12 – 13).

9. On January 30, 2026, the Department received a request for hearing from Petitioner. Petitioner disputed the Department's actions regarding her FAP benefits and MA coverage. (Exhibit A, pp. 3 – 5).

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 actions regarding her FAP benefits and MA coverage. The Department denied Daughter MA effective March 1, 2026, for failure to return verification of income, and denied Petitioner MA effective February 1, 2026, because she was not under 21, pregnant, caretaker of a minor child, over 65, blind, or disabled. The Department initially testified that Petitioner's MA was denied due to excess income.

As a preliminary matter, Petitioner testified that her dispute regarding her FAP benefits was resolved prior to the hearing and requested to withdraw her request for hearing in that regard. The Department had no objection. Accordingly, Petitioner's request for hearing regarding FAP benefits was dismissed and the hearing proceeded to address her dispute regarding MA only.

The Department must complete a full review of eligibility factors for MA clients annually including verification of income if required. BAM 210 (February 2026), pp. 1, 3 – 4; BEM 501 (October 2025), p. 10. When verification of a client's information is required to determine eligibility, the Department must tell the client what verification is required, how to obtain it, and the due date. BAM 130 (February 2026), pp. 2 – 3. For MA, the Department must allow the client 10 calendar days (or other time limit specified in policy) to provide the verification requested, and if the client cannot provide the verification despite a reasonable effort, the time limit may be extended up to two times upon request of the client. BAM 130, p. 8. If the client refuses to provide a verification, or the time period given has elapsed, the Department sends a HCCDN to notify the client that MA has been denied or terminated. BAM 130, pp. 8 – 9.

In this case, Petitioner was due for a redetermination of her MA eligibility effective February 1, 2026, and returned her completed redetermination application to the Department on December 12, 2025. There was no dispute that Petitioner reported that she had income from Employer, self-employment, and child support. Although the Department initially testified that Petitioner's MA was closed effective February 1, 2026, due to excess income, it further testified that Petitioner failed to provide verification of her income.

The Department testified that it received two paystubs from Petitioner for Employer on December 8, 2025, dated November 14 and December 5, 2025. It further testified that it sent Petitioner a VCL for FAP benefits on December 9, 2025, because she had not provided all of her paystubs. The record established that the Department also sent Petitioner a second VCL for FAP benefits on January 28, 2026, with a due date of February 9, 2026. The Department testified that it received additional paystubs from Petitioner on February 4, 2026. However, there was no evidence the Department sent Petitioner a VCL for MA or otherwise requested additional verifications after she returned her MA redetermination application and before it denied her ongoing MA coverage.

Petitioner disputed the Department's assertion that she submitted a paystub dated November 14, 2025. She credibly testified that her first paystub from Employer was dated November 28, 2025, and that she provided the only two paystubs she had received to date to the Department on December 8, 2026. She further testified that on January 6, 2026, she submitted all additional paystubs she had received to date to the Department in person. The Department also testified that Petitioner's MA was closed effective February 1, 2026, due to excess income. However, a review of the record does not support the conclusion that Petitioner had excess income for a MA group of two, consisting of herself and Daughter. BEM 211 (December 2025), pp. 1 – 3; 2026-00755 (91 FR 1797) (eff. January 13, 2026).

Therefore, based on Petitioner's clear and credible testimony and the balance of the record, the Department failed to meet its burden that it acted in accordance with policy when it denied Petitioner and Daughter ongoing MA coverage and closed their MA case.

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 failed to satisfy its burden of showing that it acted in accordance with Department policy when it closed Petitioner's and Daughter's MA for failure to return verification of income or due to excess income.

Accordingly, Petitioner's request for hearing as to **FAP** is **DISMISSED**, and the Department's decision as to **MA** is **REVERSED**.

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS

HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Redetermine Petitioner's eligibility for MA effective February 1, 2026, and Daughter's eligibility for MA effective March 1, 2026, based on the finding that Petitioner timely provided verification of her income;
1. If eligible, provide Petitioner with the most beneficial MA coverage she is eligible to receive effective February 1, 2026;
2. If eligible, provide Daughter with the most beneficial MA coverage she is eligible to receive effective March 1, 2026; and
3. Notify Petitioner of its decision in writing.