

## ISSUES

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

The second issue is whether MDHHS properly determined Petitioner's Medicare Savings Program (MSP) eligibility.

The third issue is whether MDHHS properly determined Petitioner's spouse's Medicaid 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 November 2025, Petitioner received ongoing FAP benefits in a benefit group that included his spouse, **REDACTED** (hereinafter, "Spouse").
2. As of November 2025, Spouse received ongoing Medicaid benefits under the Healthy Michigan Plan (HMP) Medicaid category.
3. As of November 2025, Petitioner received ongoing MSP benefits.
4. As of November 2025, Spouse was neither pregnant, a Medicare recipient, a caretaker to a minor child, nor disabled.
5. As of November 2025, Petitioner had no reported dependent care, child support, or medical expenses.
6. As of November 2025, Petitioner had monthly housing costs averaging \$565.97 and a responsibility to pay for heating and/or cooling.
7. On an unspecified date in November 2025, MDHHS received wage documents for Spouse verifying gross biweekly wages of **\$REDACTED** on October 17, 2025, and **\$REDACTED** on October 31, 2025.
8. On December 2, 2025, MDHHS determined Petitioner to be ineligible for FAP benefits beginning January 2026 due to excess net income.
9. As of January 2026, Petitioner received gross monthly Retirement, Survivors, Disability Insurance (RSDI) of **\$REDACTED**.
10. On February 3, 2026, MDHHS determined Petitioner to be ineligible for MSP beginning January 2026 due to excess income. MDHHS also determined Spouse to be ineligible for Medicaid beginning January 2026.

11. On February 10, 2026, Petitioner requested a hearing to dispute the terminations of FAP, MSP, and Spouse's Medicaid eligibility.

### **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. MA 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 Food Assistance Program (FAP) eligibility. Exhibit A, pp. 3-5. A Notice of Case Action dated December 2, 2025, stated that Petitioner was ineligible to receive FAP benefits beginning January 2026 due to excess net income. Exhibit A, pp. 25-29.

For FAP benefits, net income is based on the client's group size, countable monthly income, and relevant monthly expenses. BEM 556 outlines the factors and calculations required to determine net income. Presented FAP budgets verified that MDHHS calculated **\$REDACTED** in net income and a FAP benefit of \$0. Exhibit A, pp. 31-32. The approval notice sent to Petitioner included a summary of factors used to determine Petitioner's net income. Exhibit A, p. 26. During the hearing, all relevant budget factors were discussed with Petitioner.

Petitioner testified that he has vehicle expenses such as car insurance, as well as other financial obligations. Petitioner's testimony was credible; however, FAP eligibility is based only on expenses authorized by federal regulations and MDHHS policy.

MDHHS factored a benefit group including only Petitioner and Spouse. Petitioner did not dispute the FAP benefit group size of two.<sup>1</sup>

It was not disputed that Spouse received ongoing employment income as of January 2026. MDHHS calculated Spouse's monthly wages based on pay documents listing gross biweekly wages for Spouse of **\$REDACTED** on October 17, 2025, and **\$REDACTED** on October 31, 2025. For FAP benefits, MDHHS generally counts gross wages.<sup>2</sup> BEM 501 (October 2025) p. 7. MDHHS converts stable or fluctuating biweekly income to a monthly amount by multiplying the average income by 2.15. BEM 505 (June 2025) p. 8. Multiplying Spouse's average biweekly gross income by 2.15 results in monthly wages of **\$REDACTED**: the same amount calculated by MDHHS. Exhibit A, p. 33.

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<sup>1</sup> See BEM 212 for policies on determining group size for FAP benefits.

<sup>2</sup> Exceptions to using gross wages include the following: earned income tax credits, flexible benefits, striker earnings, student disregards, and census worker earnings. BEM 501 (October 2025) pp. 7-9. None of these exceptions apply to the present case.

MDHHS applies a 20% budget credit for timely reported wages. Multiplying Spouse's monthly wages of **\$REDACTED** by .8 results in a countable monthly wage of **\$REDACTED** (dropping cents).

Petitioner testified that he receives gross monthly RSDI of **\$REDACTED**. Generally, MDHHS counts the gross amount of RSDI in determining FAP eligibility.<sup>3</sup> BEM 503 (October 2025) p. 31. Petitioner's countable RSDI for FAP is **\$REDACTED**. Adding Petitioner's RSDI of **\$REDACTED** and Spouse's countable wages of **\$REDACTED** results in a total countable income of **\$REDACTED**.

MDHHS uses certain expenses to determine net income for FAP eligibility and benefit levels. BEM 554 (January 2025) p. 1. For groups without a senior (over 60 years old), disabled or disabled veteran (SDV) member, MDHHS factors the following expenses: a capped excess shelter credit based partially on shelter expenses (housing expenses + utility credits), dependent care expenses, and paid court-ordered child support including arrearages paid to non-household members. *Id.* For an SDV group, MDHHS additionally factors medical expenses for SDV members and an uncapped excess shelter expense. An SDV group that has a verified one-time or ongoing medical expense(s) of more than \$35 for an SDV person(s) will receive the standard medical deduction (SMD) of \$165. *Id.*, p. 9. If the group has actual medical expenses which are more than the SMD, the group has the option to verify their actual expenses instead of receiving the SMD. *Id.*

Petitioner did not allege having dependent care, child support, or medical expenses. However, MDHHS acknowledged that it erred by not factoring Petitioner's Medicare Part B premium cost of \$203 after it terminated Petitioner's MSP eligibility. Thus, Petitioner's countable non-shelter expenses total \$203.

Petitioner's FAP benefit group size justifies a standard deduction of \$209 (see RFT 255). The standard deduction is given to all FAP benefit groups, though the amount varies based on the benefit group size. The standard deduction and countable non-shelter expenses are subtracted from the countable monthly income to calculate the group's adjusted gross income. Subtracting the standard deduction (\$209) and countable non-shelter expenses (\$203) from the group's countable income (**\$REDACTED**) results in an adjusted gross income of **\$REDACTED**.

It was not disputed that Petitioner had \$565.97 in housing costs. MDHHS credited Petitioner with the standard heating/utility (h/u) credit of \$682.00. RFT 255 (October 2025) p. 1. Generally, the h/u credit covers all utility expenses and is the maximum credit available for utilities.<sup>4</sup> Petitioner's shelter credits (housing + utilities) total \$1,248.00 (rounding up to nearest dollar).

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<sup>3</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.

<sup>4</sup> MDHHS allows additional credits for "actual utility expenses". Such expenses are only allowed for utility installation charges, water well installation and maintenance, and septic installation and maintenance. BEM 554 (October 2019) p. 15. There was no evidence of applicable exceptions.

MDHHS credits FAP benefit groups with an “excess shelter” expense. The expense is calculated by subtracting half of Petitioner’s adjusted gross income from Petitioner’s total shelter obligation. Petitioner’s excess shelter expense is \$0: the same amount calculated by MDHHS.

The FAP benefit group’s net income is determined by subtracting the excess shelter expense from the group’s adjusted gross income; doing so results in **\$REDACTED** in net income for Petitioner’s group. A chart is used to determine the proper FAP benefit issuance.<sup>5</sup> RFT 260 (October 2025) pp. 1-5. Based on Petitioner’s group size and net income, Petitioner’s proper FAP issuance for January 2026 is \$0: the same amount calculated by MDHHS. Given the evidence, MDHHS properly determined Petitioner to be ineligible for FAP benefits beginning January 2026.

Petitioner also requested a hearing to dispute MSP eligibility. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice dated February 3, 2026, stated that Petitioner was ineligible for MSP benefits beginning January 2026 due to excess income. Exhibit A, pp. 17-22

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.

For MSP eligibility, MDHHS is to determine countable income according to the SSI-related MA policies in BEM 165, 500, 501, 502, 503, 504 and 530. BEM 165 (July 2024) p. 8. MDHHS is to apply the deductions in BEM 540 (for children) and 541 (for adults) to determine a client’s net income for MSP. *Id.*

It was not disputed that Petitioner was a married individual residing with Spouse. As a married individual residing with a spouse, Petitioner’s MSP benefit group size is two.<sup>6</sup>

As discussed in the FAP analysis, Petitioner testified that his gross monthly RSDI income is **\$REDACTED**. MDHHS factored **\$REDACTED** for Petitioner’s RSDI (see Exhibit A, p. 37). For purposes of this decision, it will be accepted that Petitioner’s RSDI is only **\$REDACTED**. Generally, MDHHS counts the gross amount of RSDI in determining MA eligibility. BEM 503 (April 2024) p. 30. For unearned income, MDHHS applies a \$20 disregard. Subtracting the disregard from Petitioner’s RSDI results in countable income of **\$REDACTED**

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<sup>5</sup> FAP eligibility can also be calculated by multiplying the net income by 30% and subtracting the amount from the maximum FAP issuance for the group.

<sup>6</sup> See BEM 211 for determining the group size for MA benefits.

As discussed in the FAP analysis, Spouse received gross biweekly wages of **\$REDACTED** on October 17, 2025, and **\$REDACTED** on October 31, 2025. For SSI-related MA categories, MDHHS converts biweekly income to a monthly income by multiplying the averaged biweekly income by two. Multiplying Spouse's average biweekly wage by two results in a countable income of **\$REDACTED**. For SSI-related MA categories, MDHHS applies a \$65 and 50% disregard to wages. Subtracting \$65 and then 50% from Spouse's wages results in countable wages of **\$REDACTED** (rounding down to nearest dollar). Adding Spouse's countable wages (**\$REDACTED**) and Petitioner's countable RSDI (**\$REDACTED**) creates a total monthly countable income of **\$REDACTED**.

Income eligibility exists for MSP when net income is within the limits in RFT 242 or 247. *Id.*, p. 8. After the \$20 disregard is factored, the highest income limit for any MSP category for a group size of two persons is **\$REDACTED**. RFT 242 (April 2024) p. 1. Petitioner's group's countable net income exceeds the highest income limit for MSP eligibility. Given the evidence, MDHHS properly terminated Petitioner's MSP benefits eligibility due to excess income.

Petitioner lastly requested a hearing to dispute a termination of Spouse's Medicaid eligibility. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice dated February 3, 2026, stated that Spouse was ineligible for Medicaid beginning January 2026. Exhibit A, pp. 17-22. Further analysis requires consideration of MA categories.

Medicaid is also known as MA. BEM 105 (January 2024) 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>7</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.*

Petitioner's testimony acknowledged that Spouse, as of the disputed benefit month, was 21-65 years old, not pregnant, not disabled, not a Medicare recipient, and not a caretaker to minor children. Under the circumstances, Spouse is potentially only eligible to receive full-coverage Medicaid under the MAGI category of HMP. The notice dated February 3, 2026, stated that Spouse was ineligible for HMP due to excess income. Exhibit A, p. 18.

MAGI-based income means income calculated using the same financial methodologies used to determine modified adjusted gross income as defined in section 36B(d)(2)(B) of

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<sup>7</sup> Eligibility factors for all MA categories are found in the Bridges Eligibility Manual from BEM 105 through BEM 174.

the Code.<sup>8</sup> 42 CFR 435.603(e). For individuals who have been determined financially-eligible for [Medicaid](#) using the [MAGI](#)-based methods set forth in this section, a State may elect in its State plan to base financial [eligibility](#) either on current monthly household income and [family size](#) or income based on projected annual household income and family size for the remainder of the current calendar year. 42 CFR 435.603(h). MDHHS has chosen to determine HMP eligibility based on current monthly income.<sup>9</sup>

Modified adjusted gross income can be defined as a household's adjusted gross income with any tax-exempt interest income and certain deductions added back.<sup>10</sup> Common deductions and disregards which should be factored in determining a person's adjusted gross income include alimony payments, unreimbursed business expenses, Health Savings Account payments, 401k contributions, and student loan interest.<sup>11</sup>

Group composition for MAGI-related categories follows tax filer and tax dependent rules. BEM 211 (October 2023) p. 1. The household for a tax filer, who is not claimed as a tax dependent, consists of the tax filer, the tax filer's spouse, and tax dependents. *Id.*, p. 2. Petitioner and/or Spouse were a tax filer who resided together with no other tax dependents. Thus, Spouse's MAGI benefit group size is two.

Documentation from MDHHS's database cited a monthly countable MAGI of **\$REDACTED** for Petitioner. Exhibit A, p. 34. For purposes of this decision, Petitioner's stated RSDI of **\$REDACTED** will be accepted as accurate.

As discussed above, Spouse received biweekly wages of **\$REDACTED** on October 17, 2025, and **\$REDACTED** on October 31, 2025. For HMP, MDHHS converts biweekly income into a monthly amount by multiplying the average income by 2.16. Multiplying Spouse's average biweekly income by 2.16 results in a monthly MAGI of **\$REDACTED**: the same amount calculated by MDHHS. Exhibit A, p. 34. Adding Petitioner's (**\$REDACTED**) and Spouse's (**\$REDACTED**) countable monthly MAGI results in a total monthly MAGI of **\$REDACTED**. Multiplying the monthly group's countable MAGI by 12 results in annual MAGI of **\$REDACTED**.

HMP income limits are based on 133% of the federal poverty level. RFT 246 (April 2014) p. 1. Also, MDHHS applies a 5% disregard to the income limit when the disregard is the difference between eligibility and non-eligibility. BEM 500 (July 2017) p. 5. Thus, HMP income limits are functionally 138% of the FPL. The 2026 federal poverty level for a two-person group residing in Michigan is **\$REDACTED**.<sup>12</sup> Multiplying the FPL by 1.38 results in an income limit of **\$REDACTED** (**\$REDACTED**/month). Spouse's benefit group's income

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<sup>8</sup> Income exceptions are made for lump-sums which are counted as income only in the month received; scholarships, awards, or fellowship grants used for education purposes and not for living expenses; and various exceptions for American Indians and Alaska natives. No known exceptions are applicable to the present case.

<sup>9</sup> [https://www.michigan.gov/documents/mdhhs/SPA\\_17-0100\\_Approved\\_638230\\_7.pdf](https://www.michigan.gov/documents/mdhhs/SPA_17-0100_Approved_638230_7.pdf)

<sup>10</sup> <https://www.investopedia.com/terms/a/agi.asp>

<sup>11</sup> <https://www.irs.gov/credits-deductions/modified-adjusted-gross-income>

<sup>12</sup> <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

exceeded the HMP income limit. Given the evidence, MDHHS properly determined Spouse to be ineligible for HMP or any other unlimited-coverage Group 1 MA categories.

### **DECISION AND ORDER**

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly terminated beginning January 2026 Petitioner's FAP and MSP eligibility and Spouse's Medicaid eligibility. The actions taken by MDHHS are **AFFIRMED**.