

ISSUES

Did the Department properly determine Petitioner's Food Assistance Program (FAP) benefit amount?

Did the Department properly determine Petitioner'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. Petitioner is a FAP benefit recipient.
2. Petitioner's birthdate is REDACTED 1961.
3. Petitioner is disabled.
4. Petitioner is a resident of REDACTED .
5. Petitioner is not married.
6. Petitioner lives alone.
7. In 2026, Petitioner began receiving a REDACTED gross monthly benefit from Social Security RSDI.
8. Petitioner also receives approximately REDACTED bimonthly for child support, which Petitioner forwards to her adult son.
9. Petitioner does not pay any health insurance premiums.
10. Petitioner does not pay for any remedial services.
11. Petitioner's co-op housing cost is \$766.00 per month.
12. Petitioner is responsible for paying her electric bill, which includes her cooling.
13. On December 2, 2025, Petitioner submitted a redetermination to renew her eligibility for FAP benefits.
14. On December 6, 2025, the Department mailed a notice of case action to Petitioner to notify her that she was approved for a FAP benefit amount of \$230.00 per month, effective January 1, 2026. The Department determined Petitioner's FAP benefit amount based on the following information:
 - a. Group size of one

- b. Unearned income of REDACTED per month
 - c. Standard deduction of \$209.00 per month
 - d. Housing costs of \$766.00 per month
 - e. Heat/utility standard of \$682.00 per month
15. The Department issued the December 6, 2025, notice of case action before the Department processed Petitioner's December 2, 2025, redetermination.
16. The Department processed Petitioner's December 2, 2025, redetermination, and the Department determined that Petitioner was receiving REDACTED per month from child support that the Department needed to budget to determine Petitioner's FAP eligibility. The Department redetermined Petitioner's FAP eligibility, and the Department determined that Petitioner's FAP benefit amount should be decreased.
17. On February 13, 2026, the Department mailed a notice of case action to Petitioner to notify her that she was approved for a FAP benefit amount of \$174.00 per month, effective February 1, 2026. The Department determined Petitioner's FAP benefit amount based on the following information:
- a. Group size of one
 - b. Unearned income of REDACTED per month
 - c. Standard deduction of \$209.00 per month
 - d. Housing costs of \$766.00 per month
 - e. Heat/utility standard of \$682.00 per month
18. The Department also redetermined Petitioner's Medicaid eligibility, and the Department determined that Petitioner was ineligible for full-coverage Medicaid due to her income. The Department determined that Petitioner was only eligible for Medicaid with a monthly deductible, type SLMB Medicare Savings Program coverage, and limited-coverage Medicaid through Plan First.
19. On February 13, 2026, the Department mailed a health care coverage determination notice to Petitioner to notify her that she was eligible for type SLMB Medicare Savings Program coverage and limited-coverage Medicaid through Plan First, effective March 1, 2026.
20. Petitioner previously had full-coverage Medicaid through the AD Care program and type QMB Medicare Savings Program coverage.
21. Petitioner requested a hearing to dispute the Department's decision to decrease her FAP benefit amount and to find her ineligible for full-coverage Medicaid.

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).

FOOD ASSISTANCE

The Food Assistance Program (FAP) 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 administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011.

In this case, the Department determined that Petitioner was eligible for a maximum FAP benefit of \$230.00 for January 2026, and the Department determined that Petitioner was eligible for a maximum FAP benefit of \$174.00 per month each month thereafter. Petitioner is disputing her FAP benefit amount. Thus, the issue is whether the Department properly determined Petitioner's FAP benefit amount.

The Department determines a client's monthly FAP benefit amount by determining the client's group size and net household income and then looking that information up in its applicable Food Issuance Table. BEM 212 (June 1, 2025), BEM 213 (February 1, 2026), BEM 550 (April 1, 2025), BEM 554 (February 1, 2026), BEM 556 (November 1, 2025), RFT 255 (October 1, 2025), and RFT 260 (October 1, 2025).

The Department initially determined that the maximum FAP benefit amount that Petitioner was eligible for was \$230.00 per month, effective January 1, 2026. The Department determined Petitioner's FAP benefit amount based solely on her Social Security RSDI. Based on Petitioner's unearned income of REDACTED per month, Petitioner's housing costs of \$766.00 per month, and Petitioner's obligation to pay her cooling utility, Petitioner's net income was REDACTED. Based on Petitioner's net income of REDACTED and Petitioner's group size of one, the Department properly determined that maximum FAP benefit amount that Petitioner was eligible for was \$230.00 per month.

The Department subsequently determined that Petitioner was receiving REDACTED per month from child support that the Department needed to budget to determine Petitioner's FAP eligibility. The Department added REDACTED per month to Petitioner's unearned income, which caused Petitioner's FAP benefit amount to decrease to \$174.00 per month.

The policy on child support income states, "child support payments, including arrearage payments, received by a custodial party for an adult child or a child no longer living in the home, are considered the other unearned income of the payee if the money is not forwarded to the adult child or child. If the money is forwarded to the adult child or child, it is other unearned income of the adult child or child." BEM 503 (October 1, 2025), p. 6. Petitioner asserted that she forwards all child support income to her adult son. Since

Petitioner forwards all child support to her adult son, the child support is considered income for her adult son rather than for Petitioner. The Department did not properly apply BEM 503 when it considered Petitioner's child support as her income. Thus, the Department did not properly add REDACTED per month to Petitioner's unearned income. Therefore, the Department's decision to decrease Petitioner's FAP benefit amount to \$174.00 per month is reversed. The Department must reinstate Petitioner's FAP benefit amount of \$230.00 per month, effective February 1, 2026.

MEDICAID

Medicaid is known as Medical Assistance (MA). The 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 administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

In this case, Petitioner requested a hearing to dispute her Medicaid coverage because the Department found Petitioner eligible for Medicaid with a monthly deductible, and Petitioner wants full-coverage Medicaid. The issue is whether the Department properly determined that the best Medicaid coverage that Petitioner was eligible for was Medicaid with a monthly deductible.

Full-coverage Medicaid is available to eligible individuals through the Healthy Michigan Plan. In order for a client to be eligible for full-coverage Medicaid through the Healthy Michigan Plan, the client must not be qualified for Medicare coverage. BEM 137 (January 1, 2024), p. 1. Petitioner was qualified for Medicare coverage, so the Department properly determined that Petitioner was ineligible for full-coverage Medicaid through the Healthy Michigan Plan.

Full-coverage Medicaid is also available to eligible individuals through the AD Care program. In order for a client to be eligible for full-coverage Medicaid through the AD Care program, the client must be aged or disabled, and the client's group's net income must not exceed 100% of the Federal Poverty Level (FPL). BEM 163 (July 1, 2017), pp. 1-2. For AD Care, the client's group size consists of the client and the client's spouse. BEM 211 (December 1, 2025), p. 8. In this case, Petitioner's group size consisted of one because Petitioner did not have a spouse. The FPL for a group size of one in 2026 is \$15,960.00. 91 FR 1798 (January 15, 2026). The applicable FPL is equal to a monthly income of \$1,330.00.

When group members receive income from Social Security RSDI, the gross amount received from Social Security RSDI is countable. BEM 163 at 2. However, \$20.00 is disregarded from unearned income such as Social Security RSDI income. BEM 541 (January 1, 2026), p. 3. In this case, Petitioner receives REDACTED per month from Social Security RSDI. After the \$20.00 disregard, the countable amount of her Social Security RSDI is REDACTED per month.

Petitioner also receives REDACTED per month from child support. However, Petitioner forwards the child support to her adult son, so the child support is considered income for her adult son rather than for Petitioner. BEM 503 at 6-7. Thus, Petitioner's only income is her Social Security RSDI. The countable amount of Petitioner's Social Security RSDI is less than the applicable income limit for full-coverage Medicaid through the AD Care program. Therefore, the Department's decision to find Petitioner ineligible for full-coverage Medicaid through the AD Care program is reversed. The Department must reinstate Petitioner's full-coverage Medicaid through the AD Care program, effective March 1, 2026.

The Department erroneously determined that Petitioner was only eligible for type SLMB Medicare Savings Program coverage. Medicare Savings Program coverage is a type of Medicaid that helps pay costs that are not covered by Medicare. There are three basic types of Medicare Savings Program coverage: QMB, SLMB, and ALMB. BEM 165 (July 1, 2024), p. 1. QMB pays for Medicare premiums, Medicare coinsurances, and Medicare deductibles. *Id.* at 2. SLMB only pays Medicare Part B premiums. *Id.* ALMB only pays Medicare Part B premiums if there is sufficient funding available. *Id.* Thus, QMB is the best coverage, SLMB is the next best coverage, and ALMB is the lowest level of coverage.

An individual who is eligible for full-coverage Medicaid through the AD Care program is automatically eligible for type QMB Medicare Savings Program coverage. BEM 165 at 3. Since Petitioner is eligible for full-coverage Medicaid through the AD Care program, Petitioner is also eligible for type QMB Medicare Savings Program coverage. Therefore, the Department's decision to find Petitioner ineligible for type QMB Medicare Savings Program coverage is reversed. The Department must reinstate Petitioner's type QMB Medicare Savings Program coverage, effective March 1, 2026.

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 (1) the Department acted in accordance with its policies and the applicable law when it determined that Petitioner was eligible for a \$230.00 FAP benefit amount, effective January 1, 2026, (2) the Department did not act in accordance with its policies and the applicable law when it determined that Petitioner's FAP benefit should be decreased to \$174.00, effective February 1, 2026, and (3) the Department did not act in accordance with its policies and the applicable law when it determined Petitioner's Medicaid eligibility.

IT IS ORDERED that the Department's decision is **AFFIRMED IN PART and REVERSED IN PART**. The Department's decision to find Petitioner eligible for a maximum FAP benefit amount of \$230.00, effective January 1, 2026, is affirmed. The Department's decision to decrease Petitioner's FAP benefit amount to \$174.00, effective February 1, 2026, is reversed. The Department's decision to find Petitioner ineligible for full-coverage Medicaid through the AD Care program, effective March 1, 2026, is reversed.

IT IS ORDERED that the Department must do the following:

1. Reinstate Petitioner's \$230.00 FAP benefit amount, effective February 1, 2026.
2. Reinstate Petitioner's full-coverage Medicaid through the AD Care program, effective March 1, 2026.
3. Reinstate Petitioner's type QMB Medicare Savings Program coverage, effective March 1, 2026.

IT IS FURTHER ORDERED that the Department must begin to implement this order within 10 days of the mailing date of this hearing decision.