

## **ISSUE**

Did the Department properly determine that Petitioner received an overpayment (OP) of Food Assistance Program (FAP) benefits due to agency error (AE) in the amount of \$1,016?

## **FINDINGS OF FACT**

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. On May 12, 2025, the Department received a completed Mid-Certification Contact Notice for FAP benefits from Petitioner. The Mid-Certification Contact Notice included a pre-printed medical expense of \$165, and Petitioner reported that the medical expense had not changed. (Exhibit A, pp. 40 – 42).
1. On June 12, 2025, the Department received a completed redetermination application for Medicaid (MA) from Petitioner. Petitioner did not complete the expense section of the redetermination and reported that he could not afford to go to his medical appointments. (Exhibit A, pp. 43 – 49).
2. On June 12, 2025, the Department received medical expense documents from Petitioner. (Exhibit A, p. 69, Serial No. 2).
3. On June 13, 2025, the Department interviewed Petitioner. The Department noted that Petitioner reported that he had medical co-pays when he went to the doctor but that he was unable to go because he could not afford the expense. (Exhibit A, pp. 50 – 56).
4. On June 13, 2025, the Department sent Petitioner a Notice of Case Action (NOCA) that approved him for FAP benefits of \$218 per month effective July 1, 2025, for a one-person FAP group. The NOCA reflected a medical expense deduction of \$385. (Exhibit A, pp. 57 – 58).
5. On August 19, 2025, the Department sent Petitioner a NOCA that decreased his FAP benefits to \$119 per month effective October 1, 2025, for a one-person FAP group. The NOCA reflected a medical expense deduction of \$165. (Exhibit A, pp. 80 – 81).
6. On October 20, 2025, the Department sent Petitioner a NOCA that decreased his FAP benefits to \$118 per month effective November 1, 2025, for a one-person FAP group. The NOCA reflected a medical expense deduction of \$165. (Exhibit A, pp. 85 – 86).
7. On December 6, 2025, the Department sent Petitioner a NOCA that decreased his FAP benefits to \$98 per month effective January 1, 2026, for a one-person FAP

group. The NOCA reflected a medical expense deduction of \$165. (Exhibit A, pp. 90 – 91).

8. On January 23, 2026, the Department determined that it improperly budgeted a medical expense deduction when it determined Petitioner's monthly FAP benefit amount. (Exhibit A, pp. 65 – 66, p. 67, Serial No. 4).
9. On February 3, 2026, the Department sent Petitioner a NOCA that decreased his FAP benefits to \$24 per month effective March 1, 2026, for a one-person FAP group. The NOCA reflected no medical expense deduction. (Exhibit A, pp. 95 – 96).
10. From July 1, 2025 to February 28, 2026, Petitioner received FAP benefits in the amount of \$1,205. (Exhibit A, p. 16).
11. On February 18, 2026, the Department sent Petitioner a Notice of Overissuance [sic] informing Petitioner that he received a FAP OP due to AE in the amount of \$1,016 for the period of July 1, 2025 to February 28, 2026. (Exhibit A, pp. 7 – 12).
12. On February 26, 2026, the Department received Petitioner's request for hearing disputing that he received an OP of FAP benefits. (Exhibit A, pp. 4 – 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 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.

In this case, Petitioner requested a hearing to dispute that he received an OP of FAP benefits. The Department alleged that it improperly budgeted a medical expense deduction Petitioner was not eligible to receive when it determined his monthly FAP benefit amount, which resulted in Petitioner receiving an OP of FAP benefits due to AE from July 1, 2025 to February 28, 2026, in the amount of \$1,016.

When a client group receives more benefits than entitled to receive, the Department must attempt to recoup the OP. BAM 700 (June 2024), p. 1; 7 CFR 273.18(a)(2). The amount of a FAP OP is the benefit amount the client actually received minus the amount the client was eligible to receive. 7 CFR 273.18(c)(1); BAM 705 (January 2026), p. 6; BAM 715 (January 2026), p. 4; BAM 720 (June 2024), p. 3. An OP can be caused by client error

(CE), AE, or an intentional program violation (IPV). BAM 700, pp. 5 – 9; 7 CFR 273.18(b). An AE is caused by incorrect actions by the Department, including not using available information. BAM 700, p. 2; BAM 705, p. 1; 7 CFR 273.18(b)(3). When an AE OP in excess of \$250 is discovered, the Department is required to establish a claim for repayment of the OP. BAM 700, p. 5; 7 CFR 273.18(d)(3).

Here, there was no dispute that Petitioner is considered a senior/disabled/veteran (SDV) FAP group. BEM 550 (April 2025), pp. 1 – 2. As a SDV FAP group, Petitioner was potentially eligible for a medical expense deduction for monthly medical expenses in excess of \$35. BEM 554 (February 2026) p. 1. A SDV group that has a verified one-time or ongoing medical expense of more than \$35 for the SDV member(s) will receive a standard medical deduction (SMD) of \$165. BEM 554, p. 10. However, if the SDV member has actual medical expenses which are more than the SMD, they have the option to verify their actual expenses instead of receiving the SMD. BEM 554, pp. 9 – 11.

The Department testified that Petitioner was eligible for a medical deduction prior to his May 12, 2025 redetermination. The Department further testified that during Petitioner's redetermination interview, he stated that although he incurred a \$30 co-pay per doctor visit and an additional 20% charge for each annual visit, he could not afford medical services. Based on these statements, the Department determined he was not eligible for the medical expense deduction. In contrast, Petitioner credibly testified that he reported to the Department that he had ongoing medical expenses in excess of \$35 per month, that he has three to four doctor's appointments per month, and that each time he receives a medical bill he takes it to the Department.

The record established that the Department:

- a. Received medical expense documents from Petitioner on June 12, 2025, but determined Petitioner's countable medical expenses in excess of the SMD were more than 45 days old (Exhibit A, p. 69, Serial No. 2, 5),
- b. Updated Petitioner's medical expenses on June 13, 2025 (Exhibit A, p. 69, Serial No. 5 – 6), and
- c. Issued a NOCA to Petitioner on June 13, 2025, that included a medical expense deduction of \$385.

However, despite case notes confirming receipt of those documents, there was no record in Petitioner's electronic case file (ECF) of the medical documents he submitted on June 12, 2025. (Exhibit A, pp. 70 – 71). The Department did not explain the discrepancy. Thus, the discrepancy between the documented receipt of the materials and their absence from the ECF calls into question the reliability and completeness of the Department's records, including whether other documents relevant to the instant matter may also be missing.

The evidence also established that the Department reduced Petitioner's medical expense deduction from \$385 to the SMD of \$165 on NOCAs it issued to him on August 19, October 20, and December 6, 2025. However, the Department did not clearly explain

what prompted it to reduce, but not remove, the medical expense deduction in Petitioner's case on and after August 19, 2025.

Thus, based on Petitioner's credible testimony and the totality of the record, the Department did not meet its initial burden of establishing that it acted in accordance with Department policy when it determined that it improperly budgeted a medical expense deduction in Petitioner's case from July 1, 2025 to February 28, 2026. Therefore, the Department failed to establish that Petitioner received an OP of FAP benefits due to AE.

### **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 determined Petitioner received an OP of FAP benefits due to AE.

Accordingly, the Department's decision 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 whether Petitioner was eligible for a medical expense deduction from July 1, 2025 to February 28, 2026;
2. Redetermine whether Petitioner received an OP of FAP benefits from July 1, 2025 to February 28, 2026; and
3. Notify Petitioner of its decision in writing.