

STATE OF MICHIGAN  
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF: [REDACTED]

Claimant

Reg. No: 2008-29039

Issue No: 2006

Case No: [REDACTED]

Load No: [REDACTED]

Hearing Date:

June 23, 2009

Kalamazoo County DHS

ADMINISTRATIVE LAW JUDGE: Robert J. Chavez

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 upon claimant's request for a hearing. After due notice, a hearing was held on June 23, 2009.

ISSUE

Was the claimant's Medicaid application properly denied for a failure to provide proper verifications?

FINDINGS OF FACT

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

- (1) Claimant applied for Medicaid on 4-29-08.
- (2) Claimant was represented by [REDACTED] who prepared the application.

(3) The initial application stated that claimant possessed “life insurance or annuity” and that this would be verified.

(4) Claimant provided evidence of an annuity and verification of the same at initial application.

(5) On 5-8-08, claimant was sent a DHS-3503 requesting further verification of a life insurance policy in the claimant’s name.

(6) On 5-16-08, two days before the due date, [REDACTED] wrote to the claimant’s caseworker and stated that claimant did not have a life insurance policy, but she did have an annuity, and verification had already been provided on the annuity. This letter requested an extension.

(7) On 5-28-08, [REDACTED] once again wrote to claimant’s caseworker, stating that they believed that every verification had been turned in, but if something was incomplete to please contact [REDACTED]. This letter also requested an extension should the file be incomplete.

(8) Neither claimant nor the claimant’s representatives were ever informed there was a problem with the case.

(9) On 6-13-08, claimant’s application was denied for a failure to return all verifications, the verification in question being verification of a life insurance policy.

(10) On 8-12-08, claimant’s representatives requested a hearing, alleging that the file was complete, and that DHS had never notified claimant or the representative that there were problems with the file.

(11) Claimant was represented at hearing by [REDACTED]

#### CONCLUSIONS OF LAW

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). The Department

of Human Services (DHS or department) administers the MA program pursuant to MCL 400.10, *et seq.*, and MCL 400.105. Department policies are found in the Program Administrative Manual (PAM), the Program Eligibility Manual (PEM) and the Program Reference Manual (PRM).

A DHS-1171, Assistance Application must be completed when eligibility is re-determined. PAM 210. An application is considered incomplete until it contains enough information to determine eligibility. PAM 115. Eligibility is determined through a claimant's verbal and written statements; however, verification is required to establish the accuracy of a claimant's verbal and written statements. Verification must be obtained when required by policy, or when information regarding an eligibility factor is incomplete, inconsistent, or contradictory. An application that remains incomplete may be denied. PAM 130. All assets must be verified. PEM 400.

In the current case, the Department allegedly denied the application because the claimant failed to provide verifications of a life insurance policy. Claimant contends that this life insurance policy never existed.

After examining the evidence, the Administrative Law Judge feels that the great weight of the evidence shows that this policy never existed. On the initial application, claimant checked a box stating that she was in possession of a "life insurance or annuity" policy. At no point did claimant state that she was in possession of both, and the box in question leaves open the possibility that the claimant could have either, or both. Claimant provided proof and verification of the annuity at application; it was the Department who assumed that claimant had a life insurance policy. This assumption was clearly incorrect, and the Administrative Law Judge is at a loss to explain why the Department jumped to that conclusion so readily, given the open ended nature of the question and the nature of the verifications that the claimant provided.

This is even more puzzling considering that the claimant stated in Department correspondence that she did not have a life insurance policy.

The Department may not deny an application for a failure to provide verifications of an asset that does not exist. Policy does not provide that a claimant must prove that they do not possess an asset. The Department may only request verifications of an asset that exists. Nothing the claimant did or said gave rise to a reasonable belief that such an asset did exist; only the Department's jump to a conclusion from a poorly worded question gave rise to that belief, and that is not the fault of the claimant. Furthermore, when claimant stated that she was not in possession of a life insurance policy, the line of questioning should have ended. That it did not, and that the claimant's application was subsequently denied for a failure to provide such documentation, is error.

Furthermore, even if the Department had reason to believe there was a life insurance policy, the evidence shows that the claimant clearly requested an extension on 5-28-09, should any part of the application be out of order. An extension must be provided upon request. The Department did not contact claimant at any time after this date; thus it was reasonable for the claimant to assume that the application was in order. Thus, when the Department not only ignored the extension request, but failed to notify the claimant of the problems with the application, it was in error.

#### DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the Department's decision to deny claimant's MA application was incorrect.

Accordingly, the Department's decision in the above-stated matter is, hereby,  
REVERSED.

The Department is ORDERED to reprocess claimant's application of 4-29-08 retroactive to the filing date. The Department should have all required verifications, and no further delay should be necessary.

/s/  
\_\_\_\_\_  
Robert J. Chavez  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: July 27, 2009

Date Mailed: July 28, 2009

**NOTICE:** Administrative Hearings may order a rehearing or reconsideration on either its own motion or at the request of a party within 30 days of the mailing date of this Decision and Order. Administrative Hearings will not order a rehearing or reconsideration on the Department's motion where the final decision cannot be implemented within 90 days of the filing of the original request.

The Claimant may appeal the Decision and Order to Circuit Court within 30 days of the receipt of the Decision and Order or, if a timely request for rehearing was made, within 30 days of the receipt date of the rehearing decision.

RJC/cv

cc:

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