

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: 20092536
Issue No: 2006
Case No: [REDACTED]
Load No:
Hearing Date:
July 28, 2009
Oakland 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 July 28, 2009.

ISSUE

Was the claimant's Medicaid application properly denied for a failure to return 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 in Oakland County on May 23, 2008.
- (2) Claimant was sent a DHS-3503, Request for Verifications, on June 2, 2008.
- (3) This requested, among other things, a copy of claimant's income verifications from the previous year.

- (4) Claimant's representative received this form and submitted all verifications with the exception of the income verifications at issue.
- (5) Claimant's representative subsequently requested three extensions on returning the income verifications, but provided no reason for the extensions other than the fact that the verifications had not arrived in his office.
- (6) Claimant then requested a fourth extension for returning the verifications, but gave no reason for the extension, other than a brief note that the claimant's representative was still waiting for a copy.
- (7) The Department refused to allow a fourth extension.
- (8) On July 15, 2008, the Department denied the Medicaid application for the claimant's refusal to cooperate in securing necessary verification factors.
- (9) Before the application was denied, claimant made a request for an eligibility determination with regard to claimant's disability claims.
- (10) The Department sent claimant's records to MRT, but the case was deferred for a lack of information, including medical testing.
- (11) Claimant's case was also deferred because claimant had not turned in required forms for disability adjudication, including a social summary.
- (12) On September 29, 2008, claimant requested a hearing, alleging that the Department was obliged to make a determination into all eligibility factors, including disability, before denying the case, and that the Department should have completed a disability determination before evaluating the case for financial eligibility.

(13) 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) and Reference Tables (RFT).

An application or redetermination 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. If the claimant cannot provide verification **despite a reasonable effort**, the time limit is to be extended up to three times for Medicaid programs. PAM 130.

Claimant admits that there was a failure to return needed income verifications. Despite requesting three separate extensions, claimant's representative failed to return a tax return in order to verify claimant's income as a real estate agent, and offered no real explanation as to this failure. Claimant, however, claimed that this failure was mitigated by certain language in PAM 105 that requires the Department to thoroughly review all eligibility factors in a case at application. Claimant argued that this clause required an investigation and determination of

claimant's disability eligibility factors before a denial was processed. Claimant also argued that PAM 105 requires a disability determination before other eligibility factors, including income eligibility factors, are processed. While the undersigned certainly finds this theory novel, he ultimately, and after much careful consideration, has determined that it is without merit.

The Administrative Law Judge agrees that PAM 105 does require the Department to make a thorough review of all eligibility factors. Such eligibility factors do include a disability determination. However, contrary to claimant's arguments, there is no such requirement in PAM 105 as to what order a review of the eligibility factors must be in. Furthermore, the requirement that the Department is to "provide specific eligibility information", based upon a plain reading of the regulation, requires the Department only to inform a potential client as to what types of eligibility factors are needed for each program—not to make a specific eligibility determination upon request.

Regardless, even taking claimant's arguments regarding the requirements of PAM 105 as true, the undersigned believes that the Department met their obligations.

On June 6, 2008, MRT returned a form to the Department showing that more information, including medical testing, was necessary to make a disability determination with regard to the claimant. The undersigned believes that the very fact of sending claimant's case for an MRT review was enough to satisfy the requirement to make a review of all eligibility factors. It should be noted that PAM 105 does not require the Department to make a *determination* on all eligibility factors; only that the Department must "thoroughly review" all eligibility factors.

In the present case, the Department did review all eligibility factors—they sent the case to MRT as required, and the review determined that more information was necessary in order to make a final determination. While this part of the determination was pending, the Department

determined that the claimant was not cooperating in providing verification to determine income eligibility and denied the case, as was proper procedure under PAM 130. While they did not make a final determination into the disability eligibility factors, it cannot be said that the Department did not review it, as required.

Moreover, the fact that a final determination into claimant's disability was not made was at least partially the fault of the claimant. Claimant admitted at hearing that required documents necessary to making a disability determination, including a DHS-49F, were not returned to the Department. The undersigned is not about to find that the Department should have made a determination when claimant admits that required documents necessary for a final determination that could only be supplied by the claimant herself were not returned.

Finally, even if the Department should have made a full disability determination, the Administrative Law Judge ultimately feels that this error was harmless.

Under any reading of the regulations, claimant was required to return verifications of income. These verifications were not returned, as was admitted by claimant's representatives. PAM 130 allows for up to three extensions. The Department granted those extensions. A fourth extension was requested, but no reason for the failure to return the income verifications was given in the fourth request. The Department found that the claimant was not providing a reasonable effort in their attempts to secure verification, and the Administrative Law Judge, after considering the fact that no explanation was ever offered to the Department, agrees.

Therefore, the Department had the right to deny the application because the claimant was not cooperating with a reasonable request for verification of income. As this was the case, claimant's application would have been denied whether the disability determination was ever completed or not. The Department was under no obligation under policy to grant unlimited

extensions for income verification until the disability determination was finally completed; the Department was under the obligation to grant three, and only three, extensions without question. No matter the outcome of the disability determination, claimant's application could rightfully have been denied. Therefore, it didn't matter that a full determination wasn't completed—the Department could have denied the application anyways, making a failure to complete a full disability determination (if they were even required to do so) ultimately harmless.

Therefore, the Administrative Law Judge must decide that the Department was correct and violated no policy when it issued a denial of claimant's Medicaid application. The Department did not fail to make a review of all eligibility factors, and fully complied with the appropriate policies.

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 Medicaid application for refusing to cooperate with verification requests was correct.

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



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

Date Signed: 06/11/10

Date Mailed: 06/18/10

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 mailing 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/dj

cc:

