

**STATE OF MICHIGAN  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES**

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 2012-31944  
Issue No.: 2018  
Case No.: [REDACTED]  
Hearing Date: May 30, 2012  
County: Oakland (04)

**ADMINISTRATIVE LAW JUDGE:** Alice C. Elkin

**HEARING DECISION**

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 following Claimant's request for a hearing. After due notice, a telephone hearing was held on May 30, 2012, from Detroit, Michigan. Participants on behalf of Claimant included Claimant and [REDACTED] [REDACTED] Authorized Hearing Representative (AHR). Participants on behalf of the Department of Human Services (Department) included [REDACTED] Assistance Payment Supervisor, and [REDACTED] Assistance Payment Worker.

**ISSUE**

Did the Department properly process changes in MA coverage for Claimant's minor son Noah?

Did the Department properly provide no MA coverage for Claimant's minor sons Joshua and Joseph for January 2012?

**FINDINGS OF FACT**

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

1. Claimant's minor sons [REDACTED] were ongoing recipients of MA coverage.
2. On December 17, 2011, the Department notified Claimant that [REDACTED] MA cases were closing effective January 1, 2012.
3. On March 14, 2012, the Department notified Claimant that [REDACTED] had MA coverage as of February 1, 2012.

4. [REDACTED] MA coverage was secondary to the health insurance coverage he received under his father's policy.
5. [REDACTED] stopped receiving health insurance coverage under his father's policy on January 1, 2012, due to termination of the father's employment.
6. In February 2012, Claimant learned that [REDACTED] insurance coverage under his father's insurance policy had ended December 31, 2011 and notified the Department.
7. Claimant provided verification to the Department on April 23, 2012, that [REDACTED] was no longer covered under his father's health insurance.
8. On January 18, 2012, Claimant filed a hearing request disputing the Department's actions.

### **CONCLUSIONS OF LAW**

Department policies are contained in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM), and the Reference Tables Manual (RFT).

The Family Independence Program (FIP) was established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, 42 USC 601, *et seq.* The Department (formerly known as the Family Independence Agency) administers FIP pursuant to MCL 400.10, *et seq.*, and Mich Admin Code, R 400.3101 through R 400.3131. FIP replaced the Aid to Dependent Children (ADC) program effective October 1, 1996.

The Food Assistance Program (FAP) [formerly known as the Food Stamp (FS) program] is established by the Food Stamp Act of 1977, as amended, and is implemented by the federal regulations contained in Title 7 of the Code of Federal Regulations (CFR). The Department (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10, *et seq.*, and Mich Admin Code, R 400.3001 through R 400.3015.

The Medical Assistance (MA) program is established by the 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 (formerly known as the Family Independence Agency) administers the MA program pursuant to MCL 400.10, *et seq.*, and MCL 400.105.

The Adult Medical Program (AMP) is established by 42 USC 1315, and is administered by the Department pursuant to MCL 400.10, *et seq.*

The State Disability Assistance (SDA) program, which provides financial assistance for disabled persons, is established by 2004 PA 344. The Department of Human Services (formerly known as the Family Independence Agency) administers the SDA program pursuant to MCL 400.10, *et seq.*, and 2000 AACS, R 400.3151 through R 400.3180.

The Child Development and Care (CDC) program is established by Titles IVA, IVE and XX of the Social Security Act, the Child Care and Development Block Grant of 1990, and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The program is implemented by Title 45 of the Code of Federal Regulations, Parts 98 and 99. The Department provides services to adults and children pursuant to MCL 400.14(1) and Mich Admin Code, R 400.5001 through R 400.5015.

#### MA Coverage

The Department testified that [REDACTED] was an ongoing recipient of disability-based MA coverage but he received primary coverage under his father's medical insurance. Providers are required to bill all other insurances prior to billing MA. BAM 40 2. Furthermore, as a condition of MA eligibility, parents whose unmarried children under age 18 have third-party resources must cooperate in identifying such resources unless they have good cause for not cooperating. BEM 257. The Third Party Liability Division, Bureau of Financial Management, in the Department of Community Health uses third-party resource information to reduce MA expenditures by rejecting MA claims until liable third-parties have paid or are seeking reimbursement from liable third-parties after MA payment has been made. BEM 257.

When health insurance changes or ends, the Department must complete and fax a Request to Add, Terminate or Change Other Insurance form (DCH-0078) to the Third Party Liability Division and, if available, send documentation from the employer or insurer indicating the date coverage changed or ended. BEM 257. Third-party resource information is stored in a computerized third-party liability (TPL) coverage file maintained by the Third Party Liability Division and includes claim information such as health insurance company, policy number, health scope codes and coverage dates. BEM 257. The TPL file updates Medifax, the system MA providers call to verify MA eligibility and obtain third-party resource information, weekly and the Other Insurance (OI) code monthly. BEM 257. Retroactive (up to one year) health insurance changes are available on Medifax. BEM 257. Without the completed DCH-0078, a change in the OI code in the Department's system will not be effective. BEM 257.

In this case, Claimant testified that she learned in February 2012 that [REDACTED] health insurance coverage under his father's plan had ended on December 31, 2011, due to termination of the father's employment, and soon thereafter notified the Department of the change in insurance. The Department testified that it could not make any changes in [REDACTED] insurance coding to change his MA coverage to his primary insurance until it received verification that the father's policy had been terminated. Claimant credibly testified that she did not have any ongoing contact with her child's father and had a very difficult time getting information from the father's former insurer. She managed to get the requested information to the Department on April 23, 2012. The Department testified that, based on the verification received, it would make changes to its system to show that [REDACTED] primary insurance was MA effective May 1, 2012. However, the Department failed to provide any evidence that it had faxed a completed DCH-0078 to the Third Party Liability Division or otherwise contacted the Third Party Liability Division.

Thus, the Department did not act in accordance with Department policy. Furthermore, when there are third party resource concerns that may result in access to care issues, the Department is required to call the Provider Inquiry Helpline (1-800-292-2550). In this case, the Department placed the burden of establishing that [REDACTED] primary insurance was no longer available on Claimant, contrary to Department policy.

MA Coverage

The evidence at the hearing established that [REDACTED] MA cases were closed effective January 1, 2012, but that they had MA coverage beginning February 1, 2012, ongoing. The Department testified that the MA cases were closed because Claimant had failed to submit a timely redetermination concerning those cases. However, the Department was unable to establish when the redetermination was sent or due. Claimant did not recall receiving a redetermination form. The Department was also unable to explain the circumstances leading to [REDACTED] MA coverage being reinstated on February 1, 2012. Under these facts, the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it closed [REDACTED] MA cases on January 1, 2012.

**DECISION AND ORDER**

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, finds that the Department


did act properly when .  
 did not act properly when it did not properly process the change of insurance information for Claimant's son [REDACTED] and did not satisfy its burden of showing that it properly closed [REDACTED] MA cases.

Accordingly, the Department's decision is  AFFIRMED  REVERSED for the reasons stated on the record and above.

THE DEPARTMENT IS ORDERED TO DO THE FOLLOWING WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Process the termination of [REDACTED] primary insurance coverage, effective December 31, 2011, and the designation of MA as [REDACTED] primary insurance policy, pursuant to policy, which includes completing the DCH-0078 form and faxing it to the Third Party Liability Division;
2. Change the OI status in Bridges in accordance with the conclusion of the Third Party Liability Division;
3. Reinstate [REDACTED] MA cases as of January 1, 2012; and

4. Provide MA coverage to [REDACTED] that they were each eligible to receive from January 1, 2012 ongoing.



**Alice C. Elkin**  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: June 8, 2012

Date Mailed: June 8, 2012

**NOTICE:** Michigan Administrative Hearing System (MAHS) 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. MAHS 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. (60 days for FAP cases)

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.

Claimant may request a rehearing or reconsideration for the following reasons:

- A rehearing **MAY** be granted if there is newly discovered evidence that could affect the outcome of the original hearing decision.
- A reconsideration **MAY** be granted for any of the following reasons:
  - misapplication of manual policy or law in the hearing decision,
  - typographical errors, mathematical error, or other obvious errors in the hearing decision that effect the substantial rights of the claimant:
  - the failure of the ALJ to address other relevant issues in the hearing decision.

Request must be submitted through the local DHS office or directly to MAHS by mail at  
Michigan Administrative Hearings  
Reconsideration/Rehearing Request  
P. O. Box 30639  
Lansing, Michigan 48909-07322

ACE/cl

cc:

