

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 201270112
Issue No.: 2006
Case No.: [REDACTED]
Hearing Date: October 4, 2012
County: Monroe DHS

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

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, an in-person hearing was held on October 4, 2012 from Monroe, Michigan. Participants included the above named claimant; [REDACTED] testified and appeared as Claimant's authorized hearing representative. Participants on behalf of Department of Human Services (DHS) included [REDACTED], Specialist, and [REDACTED], Supervisor.

ISSUE

The issue is whether DHS properly denied Claimant's application for Medical Assistance due to a failure to verify self-employment income.

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 3/21/12, Claimant applied for MA benefits including retroactive MA benefits for 2/2012.
2. Claimant provided self-employment forms to DHS with the MA benefit application.
3. On 4/9/12, DHS requested proof of Claimant's self-employment income and a tax return.
4. Claimant timely returned her 2011 tax return to DHS.
5. On 5/10/12, DHS denied Claimant's MA benefit application due to an alleged failure to verify self-employment income.

6. On 8/2/12, Claimant's AHR requested a hearing to dispute the MA benefit denial.

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). DHS administers the MA program pursuant to MCL 400.10, et seq., and MCL 400.105. Department policies are found in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Reference Tables Manual (RFT).

A request for program benefits begins with the filing of a DHS-1171 or other acceptable form. Before processing an application, DHS may require a client to verify information within their application. DHS is to verify all non-excluded income at application. BEM 500 (1/2011), p. 9. DHS must give clients at least ten days to submit verifications. *Id.*, p. 5. DHS is to tell the client what verification is required, how to obtain it, and the due date. *Id.*, p. 2. DHS is to use the DHS-3503, Verification Checklist (VCL) to request verification. *Id.*, p. 2-3. Self-employment income must be verified. For MA benefits, DHS is to send a case action notice when the client indicates refusal to provide a verification or the time period given has elapsed. *Id.*, at 6.

It was not disputed that Claimant submitted self-employment documents with her application. The documents noted that Claimant received \$400/week in "self-pay" and thousands of dollars in monthly expenses for her business. DHS reasonably sought clarification concerning Claimant's business which prompted mailing Claimant a VCL requesting a 2011 tax return. Along with submitting the 2011 tax return, Claimant also submitted self-employment forms for the months of 3/2012 and 4/2012. DHS contended that Claimant's submitted tax return was insufficient verification of self-employment income because the tax return lacked a business profit/loss total and that self-employment forms submitted with the tax return conflicted with the forms submitted with the application.

DHS conceded that Claimant complied with the DHS verification requests. DHS contended that the discrepancies and/or lack of clarity in the submitted forms justified a denial of Claimant's application.

Before determining eligibility, DHS is to give the client a reasonable opportunity to resolve any discrepancy between his/her statements and information from another source. BAM 130 (7/2011), p. 6. DHS might have needed to clarify contradictions in Claimant's submitted self-employment income documents. DHS did not establish that Claimant was given an opportunity to clarify whatever discrepancies there were in her self-employment documents. The failure by DHS in not giving Claimant an opportunity to clarify discrepancies within the submitted documentation is sufficient reason to reverse the application denial.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that DHS improperly denied Claimant's application for MA benefits. It is ordered that DHS:

- (1) reinstate Claimant's application dated 3/21/12 for MA benefits including the request for retroactive MA benefits for 2/2012; and
- (2) process Claimant's application subject to the findings that Claimant did not fail to comply with verification requirements and that DHS failed to give Claimant an opportunity to resolve discrepant self-income information.

The actions taken by DHS are REVERSED.



Christian Gardocki
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: 10/17/2012

Date Mailed: 10/17/2012

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

CG/hw

cc:

