

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

IN THE MATTER OF:



Reg. No.: 2013-44810
Issue No.: 2021
Case No.: [REDACTED]
Hearing Date: July 3, 2013
County: Wayne County (18)

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, a telephone hearing was held on July 3, 2013, from Detroit, Michigan. Participants included the above-named Claimant. Participants on behalf of the Department of Human Services (DHS) included [REDACTED], Specialist.

ISSUE

The issue is whether the Department properly denied Claimant's Medical Assistance (MA) application due to excess income and excess assets.

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 4/12/13, Claimant applied for MA benefits.
2. Claimant was only potentially eligible for MA benefits through AMP eligibility.
3. Claimant's application listed that Claimant had a savings/checking account worth \$5,000 and a life insurance with a value of \$2,500.
4. Claimant's application also listed gross employment income of \$1,000/month with \$600/month in expenses.
5. DHS failed to request verification of Claimant's income or assets.

6. On 4/16/13, DHS determined Claimant to be ineligible for AMP, in part, based on countable self-employment of \$750/month, and \$7500 in countable assets, solely based on what Claimant reported in the application.
7. On 4/26/13, Claimant requested a hearing to dispute the AMP application denial.

CONCLUSIONS OF LAW

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. DHS regulations are found in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Reference Tables Manual (RFT). The Adult Medical Program (AMP) is established by 42 USC 1315, and is administered by the Department pursuant to MCL 400.10, *et seq.* as part of the MA program.

The present case concerns a denial of an MA benefit application. It was not disputed that Claimant was only eligible for MA benefits through AMP. It was not disputed that DHS denied AMP based on excess income and assets reported on Claimant's application.

The AMP asset limit is \$3,000. BEM 400 (1/2013), p. 4. Cash (which includes savings and checking accounts) is considered an asset for AMP benefits. *Id.*

It was not disputed that Claimant listed \$7500 in assets on the application. It was not disputed that the DHS specialist determined Claimant's asset eligibility based on the numbers reported by Claimant. Making an eligibility decision based on a client's own figures seems sensible, but is technically improper.

The only known support in DHS policy for the specialist's action is policy that states that an interview is not required before denying assistance if it is clear from the application or other sources that the group is ineligible. BAM 115 (1/2013), p. 15. This policy does not apply to MA benefit decisions.

Another reason why the denial was premature was that DHS only determined Claimant's asset eligibility as of the date of application. For AMP benefits, asset eligibility exists when the asset group's countable assets are less than, or equal to, the applicable asset limit at least one day during the month being tested. BEM 400 (1/2013), p. 5. Thus, it is possible that Claimant's bank account balance was less than \$5,000 sometime during 4/2013. Claimant testified that he believed that his account balance was as low as under \$3,000. Though it is doubtful that Claimant was asset eligible for AMP benefits (after also factoring the \$2,500 life insurance cash value), it is possible. Accordingly, it is found that DHS erred by denying Claimant's eligibility prior to requesting verification.

DHS also contended that Claimant was also properly denied because of income. It was not disputed that Claimant's application listed gross self-employment income of \$1,000/month and expenses of \$600/month. For all programs, countable income from self-employment equals the total proceeds minus allowable expenses of producing the income. BEM 502 (10/2012), p. 3. Thus, Claimant's reported countable self-employment income is \$400.

DHS appeared to ignore Claimant's actual self-employment expenses in determining self-employment income. DHS should have requested verification of income and expenses prior to determining Claimant's eligibility. Based on the presented evidence, it is found that DHS had an improper basis for denying Claimant's AMP eligibility based on income.

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 AMP benefits. It is ordered that DHS:

- (1) reinstate Claimant's AMP application dated 4/12/13;
- (2) initiate processing of Claimant's application subject to the findings that DHS is to request verification of Claimant's self-employment income, self-employment expenses and assets for all of 4/2013 prior to making an eligibility decision based on income and/or assets.

The actions taken by DHS are REVERSED.



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

Date Signed: 7/18/2013

Date Mailed: 7/18/2013

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 affect the substantial rights of the claimant,
 - 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:

