

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 2013-69028
Issue No.: 2007
Case No.: [REDACTED]
Hearing Date: December 5, 2013
County: Wayne (18)

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

HEARING DECISION

Following Claimant's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 45 CFR 99.1 to 99.33; and 45 CFR 205.10. After due notice, a telephone hearing was held on December 5, 2013, from Detroit, Michigan. Participants included the above-named Claimant, [REDACTED], Claimant's mother, testified on behalf of Claimant. [REDACTED] Associates testified and appeared as Claimant's authorized hearing representative (AHR). Participants on behalf of the Department of Human Services (DHS) included [REDACTED], Manager, and [REDACTED], Specialist.

ISSUE

The issue is whether DHS properly did not process medical expenses towards Claimant's Medicaid deductible for the reason that the expenses were untimely submitted to DHS.

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 an unspecified date in 3/2013, Claimant submitted to DHS an Assistance Application requesting Medical Assistance (MA) benefits.
2. Claimant's Assistance Application failed to alleged any request for retroactive MA benefits.

3. On [REDACTED]/12, Claimant's AHR submitted documents informing DHS that [REDACTED] was an authorized representative (AR) on Claimant's MA benefit application.
4. On an unspecified date, DHS approved Claimant for Medicaid subject to a deductible for the benefit month of 4/2012.
5. DHS failed to provide notice of the deductible decision to Claimant's AR.
6. On an unspecified date in 8/2012, DHS received notice of medical expenses incurred by Claimant in 4/2012.
7. On 1[REDACTED]/12, Claimant's AR submitted medical expenses to DHS incurred by Claimant in 2/2012.
8. On [REDACTED]/12, Claimant's AR submitted a Retroactive MA Application to DHS requesting Medicaid for Claimant from 2/2012.
9. On [REDACTED]/13, Claimant requested a hearing to dispute the failure by DHS to process Claimant's medical expenses from 2/2012 and 4/2012 towards Claimant's Medicaid deductible.

CONCLUSIONS OF LAW

The Medical Assistance (MA) program is established by the Title XIX of the Social Security Act, 42 USC 1396-1396w-5, and is implemented by 42 CFR 400.200 to 1008.59. The Department of Human Services (formerly known as the Family Independence Agency) administers the MA program pursuant to MCL 400.10 and MCL 400.105. Department policies are contained in the Department of Human Services Bridges Administrative Manual (BAM) and Department of Human Services Bridges Eligibility Manual (BEM) and Department of Human Services Reference Tables Manual (RFT).

Prior to a substantive analysis of the hearing request, it should be noted that the request noted special arrangements in order for Claimant to participate and/or attend the hearing.; specifically, a telephone hearing was requested. The request was granted and the hearing was conducted accordingly.

Claimant requested a hearing to dispute the failure by DHS to process Claimant's medical expenses from 2/2012 and 4/2012 towards a Medicaid deductible. DHS contended that the medical expenses were not applied towards a Medicaid deductible because the expenses were untimely submitted.

Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month tested. BEM 545 (7/2013), p. 11. The group must report expenses by the last day of the third month

following the month in which the group wants MA coverage. *Id.* BAM 130 explains verification and timeliness standards. *Id.*

Claimant's AHR conceded that medical expenses from 2/2012 and 4/2012 were not submitted to DHS until after 7/2012. The month of 7/2012 is the third month following the month of Claimant's incurred medical expenses; however, DHS policy requires a reporting of medical expenses, not a submission of medical expenses.

During the hearing, Claimant's AHR read a Hearing Summary completed by DHS on [REDACTED]/12. The Hearing Summary was prepared by a DHS representative concerning an earlier hearing requested by the AHR. The Hearing Summary indicated that Claimant's AHR submitted an MA application to DHS on [REDACTED]/12; the AHR noted that Claimant, not the AHR submitted the application to DHS. The Hearing Summary noted that DHS approved Claimant for a Medicaid deductible on [REDACTED]/12. The Hearing Summary also conceded that Claimant's AR/AHR reported Claimant's medical expenses incurred from 1/2012-3/2012 on an Assistance Application; presumably, the one filed by Claimant on [REDACTED]/12. DHS did not deny any of the statements from the Hearing Summary. Based on the presented evidence, it is found that Claimant had medical expenses from 2/2012 which were reported to DHS within 3 months after Claimant incurred the expenses.

After Claimant or the AHR reported the expenses, DHS had an obligation to verify the expenses. As noted above, DHS must follow the guidelines set forth by BAM 130.

For all programs, DHS is to use the DHS-3503, Verification Checklist to request verification. BAM 130 (7/2013), pp. 2-3. DHS must give clients at least ten days to submit verifications. *Id.*, p. 3 DHS must tell the client what verification is required, how to obtain it, and the due date. *Id.*, p. 2.

There was no evidence that DHS mailed Claimant or the AHR a Verification Checklist requesting proof of medical expenses. Thus, DHS failed to follow their requesting requirements concerning Claimant's incurred medical expenses from 2/2012.

DHS conceded that they possess proof of Claimant's medical expenses from 2/2012 despite not requesting them. Thus, DHS will be ordered to apply the expenses towards Claimant's deductible.

The analysis for Claimant's expenses from 4/2012 is slightly different from the analysis of the 2/2012 incurred medical expenses. It would be impossible for Claimant or her AHR to report medical expenses from 4/2012 on an application submitted one month earlier.

The DHS policy mandating a three month deadline, starting the month after medical expenses are incurred, is only applicable to cases when DHS determines that a client is eligible for Medicaid subject to a deductible. The presented DHS interpretation of the policy would result in an unjust outcome for Claimant.

Claimant applied for MA benefits on [REDACTED]/12. Claimant incurred medical expenses in 4/2012. DHS did not determine Claimant's MA eligibility until [REDACTED]/12. Accepting the DHS interpretation of BEM 545, means that Claimant should have reported medical expenses to DHS before DHS even processed her eligibility for MA benefits.

Until DHS makes a deductible determination and provides notice of the determination, a client would have no reason to report or submit medical expenses to DHS. Thus, an implied requirement to triggering a 90-day expense submission timeline is that a client is informed that he or she is eligible for a deductible. In such a case, the DHS policy has some rationale by imposing a reasonable time limit on the reporting of medical expenses. This analysis presumes that a client eligible for Medicaid subject to a deductible is aware of the obligation to report medical expenses to DHS. For applicants awaiting DHS eligibility determinations, a client would have no reason to believe that reporting medical expenses to DHS is necessary. For example, if a client is denied Medicaid or approved for Medicaid without a deductible, DHS has no reason to require a medical expense submission. Thus, it is implied that a deadline to report expenses not begin to run until after DHS determines that a deductible is determined.

Claimant's AR/AHR happens to be a representative with substantial experience in Medicaid deductibles. DHS contended that Claimant's AHR should have anticipated that Claimant would have a Medicaid deductible. DHS policy does not factor a claimant's or a representative's experience in providing notice of a deductible.

DHS testimony conceded that Claimant's AHR submitted medical expenses to DHS in 8/2012. As noted above, DHS conceded that Claimant's deductible was determined on [REDACTED]/12. Accordingly, Claimant timely reported and verified expenses incurred from 4/2012.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that DHS improperly failed to process Claimant's reported medical expenses. It is ordered that DHS apply Claimant's already submitted medical expenses from 2/2012 and 4/2012 towards a Medicaid deductible. The actions taken by DHS are **REVERSED**.



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

Date Signed: 12/23/2013

Date Mailed: 12/23/2013

NOTICE OF APPEAL: 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 or Reconsideration was made, within 30 days of the receipt date of the Decision and Order of Reconsideration or Rehearing Decision.

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).

A Request for Rehearing or Reconsideration may be granted when one of the following exists:

- Newly discovered evidence that existed at the time of the original hearing that could affect the outcome of the original hearing decision;
- Misapplication of manual policy or law in the hearing decision which led to a wrong conclusion;
- Typographical, mathematical or other obvious error in the hearing decision that affects the rights of the client;
- Failure of the ALJ to address in the hearing decision relevant issues raised in the hearing request.

The Department, AHR or the claimant must specify all reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration. A request must be *received* in MAHS within 30 days of the date the hearing decision is mailed.

The written request must be faxed to (517) 335-6088 and be labeled as follows:

Attention: MAHS Rehearing/Reconsideration Request

If submitted by mail, the written request must be addressed as follows:

Michigan Administrative Hearings
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-07322

CG/hw

cc:

