

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 2014-21630  
Issue No.: 2004  
Case No.: [REDACTED]  
Hearing Date: April 3, 2014  
County: Wayne (19)

**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, an in-person hearing was held on April 3, 2014, from Inkster, Michigan. Participants included [REDACTED] as Claimant's authorized hearing representative (AHR). Participants on behalf of the Department of Human Services (DHS) included [REDACTED], Specialist, and [REDACTED] Specialist.

**ISSUE**

The issue is whether DHS properly failed to process Claimant's Medical Assistance (MA) application.

**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 1 [REDACTED], DHS received an application from Claimant requesting MA benefits.
2. Claimant had medical expenses from 11/2009.
3. On an unspecified date, DHS determined Claimant to be eligible for Medicaid, effective 11/2010.
4. DHS failed to process Claimant's MA eligibility from 10/2009-10/2010.

5. On [REDACTED] (see Exhibit A1) and [REDACTED], Claimant's AHR requested a hearing to dispute the DHS failure to process Claimant's MA eligibility from 10/2009.

### **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).

Claimant requested a hearing to dispute a DHS failure to process Claimant's MA eligibility from 10/2009. It was not disputed that Claimant's MA eligibility was based on a claim of disability.

DHS has certain timeframes in which applications should be processed; the timeframes are referred to as standards of promptness. The standard of promptness for processing MA applications when disability is an eligibility factor is 90 days. BAM 115 (1/2013), p. 13. Upon certification of eligibility results, Bridges automatically notifies the client in writing of positive and negative actions by generating the appropriate notice of case action. BAM 220 (10/2009), p. 1.

DHS conceded that over four years after Claimant applied for MA benefits, DHS neither approved nor denied Claimant's MA eligibility in writing. The failure by DHS to do so is reversible error.

DHS presented testimony that Claimant's MA eligibility from 10/2009 through 10/2010 was denied and that DHS is awaiting technical support to assist with generating written notice of denial. DHS elaborated that the denial of MA benefits is justified based on an alleged failure by Claimant to submit proof of medical expenses within 90 days.

Technically, administrative hearing jurisdiction over the stated DHS basis for MA denial is premature because DHS has yet to officially provide written notice of a denial. The issue will be addressed here to avoid further needless DHS delay in the processing of Claimant's application.

To support the denial, DHS cited policy imposing deadlines to submit medical expenses. Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month tested. BEM 545 (1/2009), p. 9. The group must report expenses by the last day of the third month following the month it wants MA coverage for. *Id.*

DHS clarified through testimony that Claimant's income will surely make her eligible for Medicaid subject to a deductible and that DHS failed to receive proof of Claimant's medical expenses from 10/2009-10/2010 by the policy-imposed deadline.

The above-cited policy imposes a medical expense submission deadline on Medicaid deductible eligible clients. The above-cited policy does not justify the denial of an MA application. In other words, DHS still has to process Claimant's Medicaid subject to a deductible eligibility, regardless of whether medical expenses were submitted.

At this point in the analysis, it can be found that DHS erred by failing to provide written notice of Claimant's MA eligibility. Further analysis does not make the DHS stated reason for denial any more appealing.

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. 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. For Medicaid deductible recipients, DHS has legitimate reasons to impose a reasonable time limit on the reporting of medical expenses. DHS

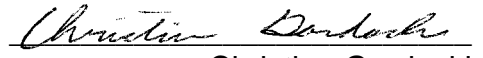
For applicants awaiting DHS eligibility determinations, a client would have no reason to believe that reporting medical expenses to DHS is necessary. For example, if a client is denied Medicaid or approved for Medicaid without a deductible, DHS has no reason to require a medical expense submission. The policy imposing a deadline on medical expense submission is deemed to only apply to ongoing Medicaid deductible recipients, not MA applicants. Claimant is still not a Medicaid deductible recipient because DHS has still not processed Claimant's MA eligibility. Therefore, DHS may not impose the three-plus month deadline to deny payment of Claimant's medical expenses.

### **DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that DHS improperly failed to timely process Claimant's MA application. It is ordered that DHS process Claimant's MA eligibility from 10/2009-10/2010 subject to the following findings:

- (1) DHS is to provide written notice of Claimant's MA eligibility;
- (2) DHS may not deny Claimant's application based on a failure to verify medical expenses; and
- (3) a three-plus month deadline to submit proof of medical expenses cannot run until DHS determines Claimant's Medicaid eligibility.

The actions taken by DHS are **REVERSED**.

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

Date Signed: 4/21/2014

Date Mailed: 4/21/2014

**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:

