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

IN THE MATTER OF:

[redacted]

Reg. No.: 2014-33516
Issue No(s).: 2004; 2007
Case No.: [redacted]
Hearing Date: April 30, 2014
County: Wayne (15)

ADMINISTRATIVE LAW JUDGE: Eric Feldman

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 three-way telephone hearing was held on April 30, 2014, from Detroit, Michigan. Participants on behalf of Claimant included Claimant's Authorized Hearing Representative (AHR), [redacted]. Participants on behalf of the Department of Human Services (Department or DHS) included [redacted] Eligibility Specialist.

ISSUES

Whether the Department properly processed Claimant's Medical Assistance (MA) application(s)?

Did the Department properly request verification of Claimant's reported medical expenses?

FINDINGS OF FACT

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

1. Effective March 1, 2013 through December 31, 2013, Claimant had MA – Group 2 Caretaker Relatives (G2C) coverage with a $402 monthly deductible. See Exhibit 1.

2. Effective August 1, 2013, ongoing, Claimant had MA – Plan First coverage. See Exhibit 1.

3. On August 28, 2013, the authorized representative (AR) (who is also the AHR) applied on behalf of the Claimant for MA benefits. See Exhibit A.

4. On November 7, 2013, the MA application was reconstructed and submitted to the Department. See Exhibit A.

5. The AR never received a Verification Checklist (VCL) or an Application Eligibility Notice regarding the status of the application.

6. On March 18, 2014, Claimant's AHR filed a hearing request, protesting the Department's failure to process the MA application. See Exhibit A.

CONCLUSIONS OF LAW

Department policies are contained in the Department of Human Services Bridges Administrative Manual (BAM), Department of Human Services Bridges Eligibility Manual (BEM), Department of Human Services Reference Tables Manual (RFT), and Department of Human Services Emergency Relief Manual (ERM).

☒ 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.

Effective March 1, 2013 through December 31, 2013, Claimant had MA – G2C coverage with a $402 monthly deductible. See Exhibit 1. Also, effective August 1, 2013, ongoing, Claimant had MA – Plan First coverage. See Exhibit 1. On August 28, 2013, the AR (who is also the AHR) applied on behalf of the Claimant for MA benefits. See Exhibit A. On November 7, 2013, the MA application was reconstructed and submitted to the Department. See Exhibit A. As of this hearing date, the AR never received a VCL or an Application Eligibility Notice regarding the status of the application. On March 18, 2014, Claimant's AHR filed a hearing request, protesting the Department's failure to process the MA application. See Exhibit A.

At the hearing, the Department testified that it would not register the application because Claimant already had an active MA coverage. The Department testified that Claimant did not meet the deductible for that period as no coverage was activated. See Hearing Summary, Exhibit 1. The AHR testified that it was unaware of Claimant's coverage until it received the hearing summary packet. Moreover, the AHR argued that it should have received some form of notice from the Department notifying it that Claimant had such coverage.

Any person, regardless of age, or their AR may apply for assistance. BAM 110 (July 2013), p. 4. An application or filing form, with the minimum information, must be registered by the Department unless the client is already active for that program(s). BAM 110, p. 7.

A completed MSA-2565-C, Facility Admission Notice, is a request for MA and must be registered. BAM 110, p. 18. However, do not register the MSA-2565-C as a request if the person is one of the following: an automatically eligible newborn; an active MA recipient; or a pending MA or FIP applicant. BAM 110, pp. 18 – 19. For registration disposition, all denials, including withdrawals, are recorded by the Department. See BAM 110, p. 21. The Department disposes of applications and initial asset assessments within the standard of promptness (SOP). BAM 110, p. 21.

Based on the foregoing information and evidence, the Department acted in accordance with Department policy when it did not process Claimant's MA applications submitted in August and November of 2013. An application or filing form, with the minimum information, must be registered by the Department *unless the client is already active for that program(s)*. BAM 110, p. 7 (emphasis added). At the time of both applications, the evidence presented that Claimant had active MA – G2C coverage with a monthly deductible. See Exhibit 1. Therefore, it was proper for the Department not to register both applications. BAM 110, p. 7. Nevertheless, the Department failed to request verification of Claimant's reported medical expenses in August 2013, ongoing.

G2C is a FIP-related Group 2 MA category. BEM 135 (July 2013), p. 1. MA is available to parents and other caretaker relatives who meet the eligibility factors in BEM 135. BEM 135, p. 1. Income eligibility exists when net income does not exceed the Group 2 needs. BEM 135, p. 3. If the net income exceeds Group 2 needs, MA eligibility is still possible. BEM 135, p. 3.

Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month tested. BEM 545 (July 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. BEM 545, p. 11. BAM 130 explains verification and timeliness standards. BEM 545, p. 11.

In this case, the AHR testified about Claimant's medical expenses incurred in August 2013. Claimant's AHR testified that it reported the medical expenses with the submitted MA application on August 28, 2013. Even though the AHR did not provide the entire application or the Facility Admission Notice (2565), the AHR did provide proof that an application was sent to the Department on August 28, 2013. See Exhibit A. Moreover, the application included a checklist that indicated that a Facility Admission Notice (2565) was included with the application. See Exhibit A. Providing both the application and/or the Facility Admission Notice indicated that the Claimant had reported medical expenses to the Department. The evidence is persuasive to conclude that Claimant's AHR reported medical expenses to the Department on August 28, 2013 (application date). See Exhibit A.

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

For all programs, the Department uses the DHS-3503, Verification Checklist, to request verification. BAM 130 (July 2013), p. 3. The Department must tell the client what verification is required, how to obtain it, and the due date. BAM 130, p. 3. Also, the Department allows the client 10 calendar days (or other time limit specified in policy) to provide the verifications it requests. BAM 130, pp. 6-7.

Additionally, clients must report changes in circumstance that potentially affect eligibility or benefit amount. BAM 105 (July 2013), p. 8. Other changes must be reported within 10 days after the client is aware of them. BAM 105, p. 9. These include, but are not limited to, changes in health or hospital coverage and premiums. BAM 105, p. 9.

Based on the above information, there was no evidence that the Department mailed Claimant or the AHR a VCL requesting proof of medical expenses. Thus, the Department failed to follow its VCL procedures concerning Claimant's incurred medical expenses from August 2013, ongoing. Moreover, Claimant's AHR technically reported the medical expenses by the last day of the third month following the month in which the group wants MA coverage. BEM 545, p. 11. Claimant testified that the medical expenses were incurred in August 2013 and reported to the Department on August 28, 2013 (application date). Thus, Claimant's AHR properly reported the medical expenses within the timeliness standards. See BEM 545, p. 11. The Department will request verification of Claimant's medical expenses from August 2013, ongoing (any applicable retro months), in accordance with Department policy. See BAM 130, p. 3 and BEM 545, p. 11.

DECISION AND ORDER

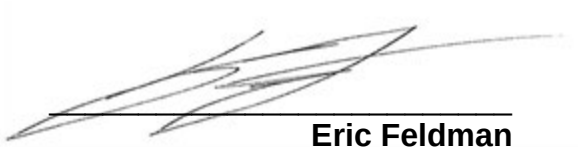
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it did not process Claimant's MA applications dated August 28, 2013 and November 7, 2013; and did not act in accordance with Department policy when it failed to request verification of Claimant's reported medical expenses in August 2013, ongoing.

Accordingly, the Department's MA decision is AFFIRMED IN PART with respect to not processing Claimant's MA applications for August and November of 2013 and REVERSED IN PART with respect to its failure to process Claimant's reported medical expenses in August 2013, ongoing.

☒ THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. The Department shall request verification of Claimant's medical expenses from August 2013, ongoing (any applicable retro months), in accordance with Department policy; and

2. Notify Claimant/AHR in writing of its decision in accordance with Department policy.



Eric Feldman
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: May 8, 2014

Date Mailed: May 8, 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

EJF/cl

cc: [redacted]