

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

IN THE MATTER OF:

[REDACTED]

Reg. No.: 14-000606
Issue No.: 2001
Case No.: [REDACTED]
Hearing Date: May 1, 2014
County: Wayne-District 19

ADMINISTRATIVE LAW JUDGE: Alice C. Elkin

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 May 1, 2014, from Detroit, Michigan. Participants on behalf of Claimant included [REDACTED], hearing representative with [REDACTED]; Claimant's authorized hearing representative (AHR). Participants on behalf of the Department of Human Services (Department) included [REDACTED], Eligibility Specialist.

ISSUE

Did the Department properly deny Claimant's eligibility for Medical Assistance (MA) benefits for June 2013?

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 September 26, 2013, Claimant's AHR filed an MA application on Claimant's behalf with a request for retroactive coverage to June 1, 2013.
2. On December 10, 2013, the Department sent Claimant and the AHR a Notice of Case Action notifying them that Claimant had met her deductible for June 2013 and was approved for MA for January 1, 2014 ongoing.
3. On December 11, 2013, the Department sent Claimant and the AHR a Verification Checklist (VCL) requesting income for the last 30 days and current asset verification for Claimant and her husband by December 23, 2013.

4. On December 26, 2013, the Department sent Claimant and the AHR a Notice of Case Action notifying them that Claimant's MA case for June 1, 2013 to December 31, 2013 was denied because of failure to verify requested information.
5. On January 2, 2014, the Department sent Claimant and the AHR a Notice of Case Action notifying them that Claimant had an \$1840 deductible for June 2013 and her deductible for July 2013 and August 2013 was met.
6. On April 1, 2014, the AHR requesting a hearing concerning the denial of Claimant's application and the Department's failure to activate coverage for June 2013.

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.

Additionally, at the hearing, the AHR clarified that it requested a hearing in order to activate Claimant's MA coverage for June 2013.

The Department testified that Claimant's September 26, 2013 MA application and request for retro coverage to June 2013 was denied because Claimant failed to provide requested income and asset verification. The Department presented a December 11, 2103 VCL it sent the AHR and Claimant and a December 26, 2013 Notice of Case Action denying Claimant MA for the period between June 1, 2013 and December 31, 2013 for failure to verify requested information.

The AHR acknowledged that it had not responded to the December 11, 2013 VCL and was not aware whether Claimant responded to the VCL. The AHR explained that based on a December 10, 2013 Notice of Case Action, it was advised that Claimant was approved for MA subject to an \$1894 monthly deductible, and because it received the Notice of Case Action after the VCL, it concluded that the Department had verified Claimant's income and asset eligibility.

The record included the December 10, 2013 Notice of Case Action which clearly identified that Claimant had met her deductible for June 2013. Further review of the Notice shows that Claimant was approved for MA under the Group 2 Caretaker (G2C)

program for June 1, 2013 and she was notified that she responsible for payment of \$1894 for services received on June 17, 2013. The AHR testified that it submitted a Facility Admission Notice with its September 26, 2013 MA application showing that Claimant had incurred \$10,000 in hospitalization expenses in June 2013, and that the December 1, 2013 Notice showing that Claimant was responsible for \$1894 for service received in June 2013 and that she had met her deductible was consistent with the Department approving Claimant for MA coverage for June 2013 subject to a \$1894 deductible.

The Department countered that the Notice informed the AHR that Claimant had met all the requirements to receive MA "except income" and argued that that statement notified the AHR that Claimant's MA eligibility was "pending," specifically for an asset and income verification that was requested in the VCL sent on December 11, 2013. However, a client's eligibility for MA under a Group 2 program, which is a deductible program, is predicated on the client having monthly net income (less any allowable needs deductions) in excess of the protected income level provided in policy. BEM 545 (July 2013), p. 2. Therefore, the statement in the notice that the client has meet the criteria for MA except income indicates that the client is subject to a deductible and does not, contrary to the Department's argument, notify the client that their eligibility is subject to verification. Furthermore, the Department verifies asset eligibility and income at application, prior to authorizing benefits. BEM 400 (December 2013), p. 56; BEM 500 (July 2013), p. 12. Also, the December 10, 2013 Notice included a Deductible Report (DHS-114) which is generated when MA is approved with a deductible. BAM 220 (July 2013), p. 19. In light of all this, the December 10, 2013 Notice to Claimant and the AHR notifying them that Claimant's deductible was met and including a DHS-114 would imply that the Department had verified assets and income.

The evidence presented establishes that the Department notified Claimant and the AHR that Claimant was eligible in June 2013 for MA subject to a monthly deductible. Accordingly, Claimant and the AHR did not fail to cooperate when they did not respond to the VCL under the circumstances presented. BAM 105 (October 2013), p. 6.

It is further noted that the VCL dated December 11, 2013, requested *current* asset verification and income for the preceding thirty days. Even if Claimant had provided the requested verifications, the information provided would not establish MA eligibility for June 2013, the month at issue.

Finally, the Department sent Claimant and the AHR another Notice of Case Action on January 4, 2014, that stated that Claimant had an \$1840 deductible for June 2013 and had met her deductible for July 1, 2013 and August 2013. This Notice of Case Action, sent after the December 26, 2013 Notice of Case Action denying Claimant MA for failure to verify, indicates that Claimant was approved under the G2C deductible program for June 2013 to August 2013. The Department was unable to explain why this Notice was sent out. It continued, however, to contend that Claimant's September 26, 2013 MA application, with request for retro coverage to June 1, 2013, was denied and she was not eligible for MA benefits.

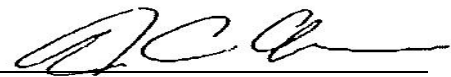
Under the circumstance presented, the Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department did not act in accordance with Department policy when it denied Claimant's MA application for failure to verify.

DECISION AND ORDER

Accordingly, the Department's decision is REVERSED.

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. Reregister and reprocess Claimant's September 26, 2013, application with request for retroactive coverage to June 1, 2013;
2. Provide Claimant with the MA coverage she is eligible to receive from June 1, 2013 ongoing; and
3. Notify Claimant and the AHR in writing of its decision.



Alice Elkin
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: **5/5/2014**

Date Mailed: **5/6/2014**

ACE / tlf

cc:

