

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

IN THE MATTER OF:



Reg. No.: 14-005257
Issue No.: 2001
Case No.: [REDACTED]
Hearing Date: August 27, 2014
County: Oakland County DHS #3

ADMINISTRATIVE LAW JUDGE: Gary Heisler

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 August 27, 2014, from Lansing, Michigan. Participants on behalf of Claimant included herself. Participants on behalf of the Department of Human Services (Department) included ES [REDACTED]

ISSUE

Did the Department properly determine the Medical Assistance eligibility for Claimant and her benefit group on June 5, 2014?

FINDINGS OF FACT

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

1. Claimant was an ongoing recipient of Medical Assistance benefits.
2. On May 16, 2014, self-employment and expense statements for Claimant's husband's S Corporation were submitted for February, March, and April 2014.
3. On June 5, 2014, Claimant was sent a Health Care Coverage Determination Notice (DHS-1606) which stated beginning July 1, 2014, the group was over the income limit and would have a spend-down.
4. On June 16, 2014, Claimant submitted a request for hearing.

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 Title XIX of the Social Security Act, 42 USC 1396-1396w-5; 42 USC 1315; the Affordable Care Act of 2010, the collective term for the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152; and 42 CFR 430.10-.25. The Department (formerly known as the Family Independence Agency) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

Bridges Administration Manual (BAM) 501 Income From Employment at pages 5 & 6, identifies how to treat income from an S Corporation or Limited Liability Company. For FIP, RCA, SDA, CDC, and FAP BRIDGES counts the income a client receives from an S-Corp or LLC as wages, even if the client is the owner; see wages. For MA the policy states see BEM 503, unearned income.

Bridges Eligibility Manual (BEM) 503 Unearned Income at page 29 directs that for Medicaid only, money received from an S-Corp or LLC, is unearned income.

In this case the Department took the gross income reported on the self-employment and expense statements for Claimant's husband's S Corporation and used those amounts as money received from the S Corporation. The gross income reported on the self-employment and expense statements for Claimant's husband's S Corporation most likely represents payments to the S Corp, not money received from the S Corp. The Department did not submit any evidence which indicated money received from the S Corp.

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 failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined the Medical Assistance eligibility for Claimant and her benefit group on June 5, 2014.


DECISION AND ORDER

Accordingly, the Department's decision **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. Re-determine Medical Assistance eligibility for Claimant and her benefit group beginning July 1, 2014.
2. Issue a current Health Care Coverage Determination Notice (DHS-1606) for the re-determined eligibility.

3. Supplement any benefits Claimant and her benefit group were otherwise eligible for but did not receive due to the incorrect June 5, 2014 MA eligibility determination.



Gary Heisler
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: **10/2/2014**

Date Mailed: **10/2/2014**

GFH/hj

NOTICE OF APPEAL: A party may appeal this Hearing Decision in the circuit court in the county in which he/she resides, or the circuit court in Ingham County, within 30 days of the receipt date.

A party may request a rehearing or reconsideration of this Hearing Decision from the Michigan Administrative Hearing System (MAHS) within 30 days of the mailing date of this Hearing Decision, or MAHS may order a rehearing or reconsideration on its own motion.

MAHS may grant a party's Request for Rehearing or Reconsideration 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 party requesting a rehearing or reconsideration 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 this Hearing Decision is mailed.

A written request may be faxed or mailed to MAHS. If submitted by fax, 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

CC:

