

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

IN THE MATTER OF:

[REDACTED]
[REDACTED]
[REDACTED] MI [REDACTED]

Reg. No.: 14-010890
Issue No.: 2004
Case No.: [REDACTED]
Hearing Date: November 19, 2014
County: WAYNE-DISTRICT 19
(INKSTER)

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 November 19, 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 Vanessa Daniel-Kelley, Assistant Payment Worker.

ISSUE

Did the Department properly process Claimant's submitted medical expenses towards his October 2012 and December 2012 Medical Assistance (MA) deductible?

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 [REDACTED] 2012, Claimant submitted an application for MA benefits and retro MA months. See Exhibit A, p. 4.
2. On January 31, 2013, Facility Admission Notices were submitted to the Department in regards to the Claimant's October 2012 and December 2012 hospitalizations. See Exhibit A, pp. 10-15. A review of the October 2012 and December 2012 Facility Admission Notices indicated Claimant had hospitalizations that occurred; however, no bill amounts were provided (exception November 2012). See Exhibit A, pp. 10-15.

3. On April 4, 2013, the Department sent the AHR a Verification Checklist (VCL), which requested verification of Claimant's medical expenses.
4. On August 21, 2013, the Department sent Claimant a Notice of Case Action stating that his MA application was approved beginning November 1, 2012, but that his application was denied in relation to the month of October 2012 and for the retro months preceding that, due to excess assets. See Exhibit A, p. 4.
5. On September 4, 2013, the Department sent Claimant and/or the authorized representative (AR) (who is also the AHR) a Notice of Case Action, which notified him that his MA – Group 2 Spend-Down (G2S) coverage was approved for December 2012, with a \$1,601 deductible. See Exhibit 1, pp. 2-6.
6. On December 2, 2013, the AHR provided the December 2012 medical bills to the Department. See Exhibit A, pp. 17-33.
7. On December 3, 2013, the AHR attended an administrative hearing to protest the denial of Claimant's MA application for the months of October 2012 and the preceding retro months. See Exhibit A, p. 5.
8. On December 18, 2013, the Administrative Law Judge (ALJ) ordered the Department to redetermine Claimant's MA eligibility for October 2012 and retro months and to exclude Claimant's lump sum RSDI payment from his countable assets for those months. See Exhibit A, p. 7.
9. On January 20, 2014, the AHR provided the October 2012 medical bills to the Department. See Exhibit A, pp. 37-81.
10. On August 22, 2014, Claimant's AHR submitted a hearing request, which protested the Department's failure to process Claimant's medical expenses incurred in October 2012 and December 2012. See Exhibit A, pp. 82-83.

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.

Preliminary matter

The Department first argued that the AHR's hearing request was not timely filed within ninety days of the Notice of Case Action and thus, should be dismissed for lack of jurisdiction. However, the AHR's hearing request is disputing the Department's failure to process the submitted medical expenses.

Based on the foregoing information, it is found that the AHR filed a timely hearing request. The AHR's argument is based on a failure to process the submitted medical expenses. Department policy does not impose a ninety day time limit when disputing a failure to process. See BAM 600 (July 2014), pp. 4-6. In fact, the Michigan Administrative Hearing System (MAHS) may grant a hearing when there is a delay of any action beyond standards of promptness. See BAM 600, p. 4. For the above stated reasons, the AHR's hearing request is found to be timely based on a failure to process argument.

October 2012 deductible

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 2011), p. 9. 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. 9. BAM 130 explains verification and timeliness standards. BEM 545, p. 9.

For all programs, the Department uses the DHS-3503, Verification Checklist, to request verification. BAM 130 (May 2012), pp. 2-3. The Department must tell the client what verification is required, how to obtain it, and the due date. BAM 130, p. 2. Also, the Department allows the client 10 calendar days (or other time limit specified in policy) to provide the verifications it requests. BAM 130, p. 5.

In this case, the AHR testified there is no timeliness factor present. In fact, the AHR argued there is a timeliness error by the Department in not processing eligibility and not notifying the AHR the status of the cases. On [REDACTED] 2012, the AHR applied for MA benefits on behalf of the Claimant. See Exhibit A, p. 4. The application was originally denied by the Department. The AHR appealed the denial and an administrative hearing was held on December 3, 2013. See Exhibit A, p. 4. On December 18, 2013, the ALJ ordered the Department to initiate a redetermination of Claimant's Eligibility for MA benefits for the month of October 2012. See Exhibit A, p. 7. Subsequent to this administrative decision, the evidence indicated a Notice of Case Action was never generated to inform Claimant and/or the AHR that he was approved with a deductible for October 2012. The AHR testified that it was informed via e-mail by

the Department on April 8, 2014 that Claimant was eligible for October 2012 with a \$1,569 deductible. See Exhibit A, p. 82. The Department, though, testified that Claimant was eligible for October 2012 with a \$1,567 deductible. Moreover, the Department could not confirm when it notified Claimant and/or AHR of his eligibility for October 2012. The AHR argued this was first time it was aware of the October 2012 deductible on April 8, 2014.

Additionally, on January 31, 2013, the AHR indicated that it submitted a Facility Admission Notice, pertaining to the Claimant's [REDACTED] 2012 hospitalization. The AHR provided a copy of the fax confirmation and accompanying documentation. See Exhibit A, pp. 10-15. A review of the [REDACTED] 2012 Facility Admission Notice indicated Claimant had a hospitalization occur; however, no bill amount was provided. See Exhibit A, p. 15. Also, the AHR provided verification that it submitted copies of bills for [REDACTED] 2012 on January 20, 2014. See Exhibit A, pp. 37-81. Finally, the AHR indicated that in response to the April 8, 2014 email, it also gathered verification of the expenses that were incurred and it was submitted to the Department on May 13, 2014; however, no copy of that transmission was provided. See Exhibit A, p. 82.

The Department argued that the expenses were not submitted in accordance with BEM 545 and that it still has not received verification of the expenses. The Department testified during the hearing that it sent a request for medical expenses via a VCL on December 5, 2012 (addressed to Claimant) and April 4, 2013 (addressed to Claimant and AHR). The AHR confirmed receipt of a VCL on March 4 (no year indicated and no request of medical expenses); October 31, 2012 (possibly handed to the AHR by the Claimant); and April 4, 2013. Nevertheless, the AHR argued that the Department had it by that time and also had the Facility Admission Notices at that time. Also, the AHR argued that the hearing decision reopened the application and ordered the Department to reprocess.

Finally, the AHR argued that the bills were inpatient hospitalization expenses and coverage should be put on effective the first of each month with a patient pay amount. See Exhibit A, p. 82.

Based on the foregoing information and evidence, the Department acted in accordance with Department policy when it did not process Claimant's reported medical expenses incurred in [REDACTED] 2012 because the AHR did not verify Claimant's medical expenses within the verification timeliness standards. BAM 130, pp. 2-3 and 5 and BEM 545, p. 9.

First, Claimant's AHR 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. 9. The evidence presented that the medical expenses were incurred in [REDACTED] 2012 and reported to the Department on January 31, 2013. See Exhibit A, p. 15. Thus, Claimant's AHR properly reported the medical expense within the timeliness standards. See BEM 545, p. 9.

Second, both parties testified as to several VCL requests being received and/or generated. However, both parties agreed that a VCL was generated on April 4, 2013, which requested proof of medical expenses. The evidence indicated that the [REDACTED] 2012 medical bills were first provided to the Department on January 20, 2014. See Exhibit A, pp. 37-81. The AHR did not respond to this VCL request within the 10-day timeliness requirement. BAM 130, p. 5. As such, the AHR did not verify Claimant's medical expenses within the verification timeliness standards. BAM 130, pp. 2-3 and 5 and BEM 545, p. 9.

Third, the AHR argued that the application process restarted after the ALJ order dated December 18, 2013 (reg. no. 2013-69831). See Exhibit A, pp. 4-7. On August 21, 2013, the Department sent Claimant a Notice of Case Action stating his MA application was denied for October 2012 and retro months due to excess assets. See Exhibit A, pp. 4-7. On December 18, 2013, the ALJ ordered the Department to redetermine Claimant's MA eligibility for October 2012 and retro months and to exclude Claimant's lump sum RSDI payment from his countable assets for these months. See Exhibit A, p. 7. The AHR testified that it was informed via e-mail by the Department on April 8, 2014 that Claimant was eligible for October 2012 with a deductible. See Exhibit A, p. 82. Ultimately, the Department determined Claimant's eligibility for October 2012 and excluded the lump sum payment as Claimant was found eligible for benefits. The ALJ did not order nor indicate any need to request verification of medical expenses at that time because the issue presented with the ALJ was an MA denial based on excess assets.

Fourth, the Department was not obligated to provide Claimant and/or the AHR any Notice of Case Action informing the client of his deductible. Department policy states the Department does not provide a notice of case action when implementing a hearing decision or policy hearing authority decision. BAM 600 (July 2013), p. 1. The decision serves as notice of the action. BAM 600, pp. 1 and 38 and see also BAM 220 (July 2013), p. 2 (written notice is not required to implement a hearing decision or policy hearing authority decision). In this case, the ALJ order dated December 18, 2013, served as the notice of case action. Moreover, a review of the ALJ order did not indicate that the Department must notify the Claimant in writing of Claimant's MA eligibility. See Exhibit A, p. 7.

December 2012 deductible

On September 4, 2013, the Department sent Claimant and/or AHR a Notice of Case Action, which notified him that his MA - G2S coverage was approved for December 2012, with a \$1,601 deductible. See Exhibit 1, pp. 2-6.

On January 31, 2013, the AHR indicated that it submitted a Facility Admission Notice, pertaining to the Claimant's [REDACTED] 2012 hospitalization. The AHR provided a copy of the fax confirmation and accompanying documentation. See Exhibit A, pp. 10-15. A

review of the [REDACTED] 2012 Facility Admission Notice indicated Claimant had a hospitalization occur; however, no bill amount was provided. See Exhibit A, p. 13. Also, the AHR provided verification that it submitted copies of bills for [REDACTED] 2012 on December 2, 2013 and January 20, 2014. See Exhibit A, pp. 17-33 and 37-81. Also, on December 2, 2013, the AHR provided another [REDACTED] 2012 Facility Admission Notice, which did include a bill amount this time. See Exhibit 1, pp. 34-36. Finally, the AHR indicated that it provided verification of incurred expenses on [REDACTED]; 2014; however, no copy of that transmission was provided. See Exhibit A, p. 82.

Along with the hearing request, the Department testified that it received proof that the [REDACTED] 2012 expenses were submitted in a timely manner. However, the Department testified that it was going to submit a help desk ticket to activate the [REDACTED] 2012 coverage; but it did not. The Department testified that it misread the year and discovered the proof was submitted in December 2013, which was untimely. Thus, the Department did not activate the [REDACTED] 2012 coverage. Moreover, the same testimony above applies to this analysis in regards to the Department testimony that it sent multiple verifications. During the hearing, though, the Department argued that it still has not received any of the [REDACTED] 2012 medical expenses.

Based on the foregoing information and evidence, the Department acted in accordance with Department policy when it did not process Claimant's reported medical expenses incurred in [REDACTED] 2012 because the AHR did not verify Claimant's medical expenses within the verification timeliness standards. BAM 130, pp. 2-3 and 5 and BEM 545, p. 9.

First, Claimant's AHR 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. 9. The evidence presented that the medical expenses were incurred in [REDACTED] 2012 and reported to the Department on January 31, 2013. See Exhibit A, p. 15. Thus, Claimant's AHR properly reported the medical expense within the timeliness standards. See BEM 545, p. 9.

Second, both parties testified as to several VCL requests being received and/or generated. However, both parties agreed that a VCL was generated on April 4, 2013, which requested proof of medical expenses. The evidence indicated that the [REDACTED] 2012 medical bills were first provided to the Department on December 2, 2013 and January 20, 2014. See Exhibit A, pp. 17-33 and 37-81. The AHR did not respond to this VCL request within the 10-day timeliness requirement. BAM 130, p. 5. As such, the AHR did not verify Claimant's medical expenses within the verification timeliness standards. BAM 130, pp. 2-3 and 5 and BEM 545, p. 9.

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 reported medical expenses incurred in [REDACTED] 2012 and [REDACTED] 2012 towards the deductible months because the AHR did not verify Claimant's medical expenses within the verification timeliness standards.

Accordingly, the Department's MA decision is AFFIRMED.



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

Date Signed: **12/2/2014**

Date Mailed: **12/2/2014**

EJF / cl

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 48909-8139

cc:



Latasha Newell
Wayne-District 19 (Inkster)
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