

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

IN THE MATTER OF:

██████████
██████████
██

Reg. No.: 2014-24595
Issue No(s): 2007
Case No.: ██████████
Hearing Date: April 2, 2014
County: Wayne (82-19)

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 2, 2014, from Detroit, Michigan. Participants on behalf of Claimant included ██████████ ██████████ ██████████
██ Participants on behalf of the Department of Human Services (Department or DHS) included ██████████
██

ISSUE

Did the Department properly process medical expenses towards Claimant's Medical Assistance (MA) deductible for the reason that the expenses were untimely submitted to the Department?

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 December 13, 2012, Claimant and/or the authorized representative (AR) (who is also the AHR) applied for MA benefits. See Exhibit A.
2. On February 5, 2013, the AHR sent the Department a Facility Admission Notice, which indicated a hospital admission and discharge on ██████████ and a total bill amount of \$6,418.90. See Exhibit A.
3. On an unspecified date, the Department requested from Claimant's AHR verification documents, which did not include any request for medical expenses.

See Exhibit A. The AHR responded to the verification checklist on February 5, 2013. See Exhibit 1.

4. On September 3, 2013, the Department sent Claimant a Notice of Case Action notifying him that ,for January 2013, he would receive Group 2 Spend-Down (G2S) MA coverage with a \$3,016 deductible. Exhibit A.
5. On September 17, 2013, the AHR sent the Department copies of medical bills to show that Claimant had incurred sufficient expenses to meet the deductible for the month of January 2013. See Exhibit A. The incurred dates for the bills were [REDACTED] which had a total hospitalization amount of \$6,418.90. See Exhibits 1 and A.
6. On or around September 20, 2013, the Department applied the medical expenses as old bills and did not apply the expenses towards the MA deductible for January 2013.
7. On January 7, 2014, the AHR filed a hearing request, protesting the Department's failure to process medical expenses incurred in January 2013 towards Claimant's January 2013 MA deductible. 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.

In this case, the AHR filed a request for hearing to dispute the Department's failure to process medical expenses incurred in January 2013 towards Claimant's January 2013 MA deductible. See Exhibit A. The Department contended that the medical expenses were not applied towards the January 2013 MA deductible due to the expenses being untimely submitted. See BEM 545 (July 2013), pp. 1, 9, and 10.

Meeting a deductible means reporting and verifying allowable medical expenses that equal or exceed the deductible amount for the calendar month tested. BEM 545, 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. 1.

First, on December 13, 2012, Claimant and/or the AR (who is also the AHR) applied for MA benefits. See Exhibit A. On February 5, 2013, the AHR testified that it sent the Department a Facility Admission Notice, which indicated a hospital admission and discharge on [REDACTED], and a total bill amount of \$6,418.90. See Exhibit A. The Department testified that it did not receive this document; however, the Department provided evidence that the Facility Admission Notice was sent to the Department on February 5, 2013. See Exhibit A. On an unspecified date, the Department requested from Claimant's AHR verification documents, which did not include any request for medical expenses. See Exhibit A. The AHR responded to the verification checklist on February 5, 2013. See Exhibit 1.

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.

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 requesting requirements concerning Claimant's incurred medical expenses from January 2013. 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. The evidence presented that the medical expenses were incurred in January 2013 and reported to the Department on February 5, 2013. See Exhibit A. Thus, Claimant's AHR properly reported the medical expense within the timeliness standards. See BEM 545, p. 11.

Second, on December 13, 2012, Claimant and/or the authorized representative applied for MA benefits. See Exhibit A. Claimant incurred medical expenses in January 2013. The Department did not determine Claimant's MA eligibility until September 2013. On September 3, 2013, the Department sent Claimant a Notice of Case Action notifying him that, for January 2013, he would receive G2S - MA coverage with a \$3,016 deductible. Exhibit A. It should be noted that the Notice of Case Action addressed additional benefits periods with different deductible amounts; however, those benefit periods were not at issue. See Exhibit A. Claimant's AHR's only concern was with the January 2013 MA deductible month.

Additionally, on September 17, 2013, the AHR sent the Department copies of medical bills to show that Claimant had incurred sufficient expenses to meet the deductible for the month of January 2013. See Exhibit A. The incurred dates for the bills were January 2 and 3, 2013, which had a total hospitalization amount of \$6,418.90. See Exhibits 1 and A. On or around September 00, 2013, the Department applied the

medical expenses as old bills and did not apply the expenses towards the MA deductible for January 2013.

A review of BEM 545 finds rationale in imposing a reasonable time limit to report medical expenses, but for applicants awaiting eligibility determinations, it is reasonable to conclude that a Claimant would have no reason to believe that reporting medical expenses to the Department is necessary until an eligibility determination is made.

Nevertheless, Claimant's AHR received notification of Claimant's MA eligibility in September 2013 and subsequently reported the medical expenses (incurred in January 2013) in that same month. See Exhibits 1 and A. Moreover, as stated previously, the evidence presented that the medical expenses were also reported to the Department on February 5, 2013, which is well within the reporting requirements. See BEM 545, p. 11, and see Exhibit A. Thus, Claimant's AHR properly reported the medical expenses within the timeliness standards before the eligibility determination was made. See BEM 545, p. 11. Accordingly, the AHR timely reported and verified expenses incurred from January 2013. See 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 did not act in accordance with Department policy when it improperly failed to process Claimant's reported medical incurred in January 2013 towards the January 2013 MA deductible.

Accordingly, the Department's MA 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. The Department shall apply Claimant's already submitted medical expenses incurred in January 2013 towards the January 2013 MA deductible, 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: April 14, 2014

Date Mailed: April 14, 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/pf

cc: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]