

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

IN THE MATTER OF:

██████████
██████████
██████████

Reg. No.: 2014-26500
Issue No(s): 2001
Case No.: ██████████
Hearing Date: April 3, 2014
County: Wayne (82-18)

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 3, 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 deny Claimant's Medical Assistance (MA) application effective July 1, 2013, ongoing?

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 July 17, 2013, Claimant and/or the authorized representative (AR) (who is also the AHR) applied for MA benefits. See Exhibit 2.
2. On July 17, 2013, Claimant indicated the following asset information: checking accounts, savings accounts, life insurance, and real estate property. See Exhibit 2. Claimant also indicated a monthly pension. See Exhibit 2.
3. On July 25, 2013, the Department sent Claimant a Verification Checklist (VCL), which requested verification of the insurance policy, savings accounts, mobile

home, pension, and checking account. See Exhibits 1 and 2. The verifications were due back by August 5, 2013. See Exhibit 2.

4. No verifications were submitted by the due date; however, the Department sent Claimant a second verification checklist on August 29, 2013, which requested the same information. See Exhibit 1.
5. On August 29, 2013, the Department also sent Claimant's AHR a quick note, which extended the VCL due date to September 9, 2013, and to also submit a retro application as one was not submitted with the initial application. See Exhibits 1 and A.
6. On September 9, 2013, the AHR submitted the following verification to the Department: identification/social security card; monthly income; bank accounts; life insurance policy for the month of January 2013; pension statement dated for the month of May 2013; and medical documents. See Exhibit A.
7. On September 9, 2013, the AHR indicated that it is attempting to obtain verification of Claimant's pension and life insurance policy for July 2013 (month of application) and requested an extension to September 19, 2013. See Exhibit A.
8. On September 19, 2013, the AHR sent the Department a letter stating that a retro application is not needed for July 2013 as the initial application that was provided was for July 2013. See Exhibit A.
9. The September 19, 2013, letter also indicated that the AHR is attempting to obtain verification of Claimant's pension and life insurance policy for July 2013; however, it believes that all available verifications have been submitted. See Exhibit A. An extension was requested until September 29, 2013. See Exhibit A.
10. On September 27, 2013, the AHR sent a letter, which included a copy of Claimant's death certificate and also indicated that it previously provided verification of the life insurance policy and pension and to use the best available information. See Exhibit A.
11. On October 11, 2013, the Department sent Claimant a Notice of Case Action notifying him that his MA application was denied effective July 1, 2013, ongoing. See Exhibit 1.
12. On October 29, 2013, the AHR received a Facility Admission notice, which indicated the MA coverage was denied due to failure to provide verifications. See Exhibit A.
13. On January 23, 2014, Claimant's AHR filed a hearing request, protesting the MA denial. See Exhibit 1.

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.

Preliminary Matter

On October 11, 2013, the Department sent Claimant a Notice of Case Action notifying him that his MA application was denied effective July 1, 2013, ongoing. See Exhibit 1. However, the evidence presented that a Notice of Case Action was never sent to Claimant's AR (who is also Claimant's AHR) at that time. The AHR testified that it received notification of the closure on October 29, 2013. The AHR testified it received a Facility Admission notice, which indicated the MA coverage was denied due to failure to provide verifications. See Exhibit A. A review of this form indicated a signature date of October 28, 2013, and a denial reason for failure to provide verification. See Exhibit A. It is unclear if the signature was of a Department caseworker. See Exhibit A. Subsequent to this form, on January 23, 2014, Claimant's AHR filed a hearing request, protesting the MA denial. See Exhibit 1.

Based on the foregoing information, Claimant's AHR filed a timely hearing request within ninety days of receiving notification of the MA denial (October 28, 2013). The evidence presented that a Notice of Case Action was never sent to Claimant's AR (who is also Claimant's AHR) at that time. The AHR indicated that it first received notice of the denial on October 29, 2013. As such, Claimant's AHR's hearing request is proper and the hearing proceeded with addressing the MA denial. See BAM 600 (March 2014), pp. 4-6.

MA Application

Clients must cooperate with the local office in determining initial and ongoing eligibility. BAM 105 (October 2013), p. 6. This includes completion of necessary forms. BAM 105, p. 6.

For MA cases, the Department allows the client 10 calendar days (or other time limit specified in policy) to provide the verifications it requests. BAM 130 (July 2013), p. 6. If the client cannot provide the verification despite a reasonable effort, extend the time limit up to three times. BAM 130, p. 6.

The Department sends a case action notice when: the client indicates refusal to provide a verification or the time period given has elapsed. BAM 130, p. 7. Only adequate notice is required for an application denial. BAM 130, p. 7.

In this case, on July 17, 2013, Claimant and/or the AR applied for MA benefits. See Exhibit 2. On July 17, 2013, Claimant indicated the following asset information: checking accounts, savings accounts, life insurance, and real estate property. See Exhibit 2. Claimant also indicated a monthly pension. See Exhibit 2. On July 25, 2013, the Department sent Claimant a VCL, which requested verification of the insurance policy, savings accounts, mobile home, pension, and checking account. See Exhibits 1 and 2. The verifications were due back by August 5, 2013. See Exhibit 2. No verifications were submitted by the due date; however, the Department sent Claimant a second VCL on August 29, 2013, which requested the same information. See Exhibit 1.

Additionally, on August 29, 2013, the Department also sent Claimant's AHR a quick note, which extended the VCL due date to September 9, 2013, and to also submit a retro application as one was not submitted with the initial application. See Exhibits 1 and A.

On September 9, 2013, the AHR submitted the following verification to the Department: identification/social security card; monthly income; bank accounts; life insurance policy for the month of January 2013; pension statement dated for the month of May 2013; and medical documents. See Exhibit A. On September 9, 2013, the AHR indicated that it is attempting to obtain verification of Claimant's pension and life insurance policy for July 2013 (month of application) and requested an extension to September 19, 2013. See Exhibit A.

On September 19, 2013, the AHR sent the Department a letter stating that a retro application is not needed for July 2013 as the initial application that was provided was for July 2013. See Exhibit A. It should be noted that the retro application and bank verification were not at issue for the hearing. On September 19, 2013, the letter also indicated that the AHR is attempting to obtain verification of Claimant's pension and life insurance policy for July 2013; however, it believes that all available verifications have been submitted. See Exhibit A. An extension was requested until September 29, 2013. See Exhibit A.

On September 27, 2013, the AHR sent a letter, which included a copy of Claimant's death certificate and also indicated that it previously provided verification of the life insurance policy and pension and to use the best available information. See Exhibit A. On October 11, 2013, the Department sent Claimant a Notice of Case Action notifying him that his MA application was denied effective July 1, 2013, ongoing. See Exhibit 1. Specifically, the Notice of Case Action did not state the denial reason as a verification issue. See Exhibit 1. The Notice of Case Action stated the denial reason was due to the death of a member of the household and that person's needs can no longer be considered when determining eligibility. See Exhibit 1. However, on October 29, 2013, the AHR received a Facility Admission notice, which indicated the MA coverage was denied due to failure to provide verifications. See Exhibit A. Thus, the hearing

proceeded with addressing the MA denial reason based on a failure to comply with the verifications. Specifically, the Department contended that the AHR failed to provide the proper pension and life insurance documents.

First, the Department testified that the pension documents dated May 1, 2013, were not current documents for the July 2013 application. The Department testified that the pension documents had to be dated 30 days within the application date to be current. The Department referenced BEM 500 policy. See BEM 500 (July 2013), pp. 1-15. Additionally, the Department testified that the AHR's correspondence kept stating it will provide such documentation for July 2013; however, it failed to do so. Thus, the Department testified that the AHR failed to provide verifications for July 2013 as well.

The AHR testified that the pension document was current within the BAM 130 verification policy. Also, the AHR testified that the last correspondence dated September 27, 2013; stated it already provided verification of the pension and to use the best available information. See Exhibit A. Moreover, the AHR testified that it kept stating it would provide such documentation in the correspondence for July 2013; however, it was unsuccessful. Hence, the AHR testified that it sent the final correspondence to the Department stating to use the best available information.

The Department uses documents, collateral contacts or home calls to verify information. BAM 130 (July 2013), p. 1. Permanent documents must be obtained only once, unless they are found to be missing from the case record. BAM 130, p. 1.

For MA cases, current means the following:

- **Income documents** must correspond to the period used to determine eligibility or benefit amount; see BEM 500, 501,502,503 and 504.
- **Medical** documents must correspond to the period set by the Medical Review Team (MRT) or State Hearing Review Team (SHRT) or to the date(s) stated on the document if MRT approval is not required.
- **Other nonpermanent documents** are generally considered current if dated within 60 days before your eligibility determination. Older documents may be used if available information indicates the document remains current and there have been no changes in circumstances.

BAM 130, p. 2.

The client must obtain required verification, but the Department must assist if they need and request help. BAM 130, p. 3. If neither the client nor the Department can obtain verification despite a reasonable effort, the Department uses the best available

information. BAM 130, p. 3. If no evidence is available, the Department uses its best judgment. BAM 130, p. 3.

Based on the above information, the Department was provided the proper verification of Claimant's pension. It is reasonable that the Department would need a current dated document for the pension account. However, BAM 130 states that other nonpermanent documents are generally considered current if dated within 60 days before your eligibility determination. BAM 130, p. 2. As such, the pension document was dated May 1, 2013, and the eligibility determination month was July 2013. Therefore, the pension document was current within the meaning of BAM 130. BAM 130, p. 2.

Also, BAM 130 also stated that older documents may be used if available information indicates the document remains current and there have been no changes in circumstances. BAM 130, p. 2. A review of the pension document indicated that the Claimant was receiving the same monthly pension. See Exhibit A. Therefore, the older document indicated that the pension remained current and there have been no changes in the circumstances. BAM 130, p. 2. Finally, the Department uses the best available information. BAM 130, p. 3. In this case, the Department had verification of the pension, which was dated May 1, 2013. The Department should have used the best available information it had when determining Claimant's MA eligibility. BAM 130, p. 3.

Second, the Department provided similar testimony that Claimant's AHR failed to provide proper verification of the life insurance policy. Moreover, the Department testified that this insurance policy was dated January 2013, which is not within any 30 or 60 days of the eligibility period.

The AHR provided similar testimony again as to submitting proper verification of the life insurance policy. However, Claimant's AHR testified that the insurance policy was older documentation that met the requirements for current documents. Moreover, the AHR testified that it was unable to obtain verification dated in July 2013. But, the AHR correspondence indicated that it spoke to the insurance company and the insurance policy for the death would be approximately \$1,073. See Exhibit A.

Based on the above information, the Department was provided proper verification of the life insurance policy. The Department's argument is reasonable that it needed a current dated document for the life insurance policy. However, BAM 130 states that older documents may be used if available information indicates the document remains current and there have been no changes in circumstances. See BAM 130, p. 2. A review of the insurance document indicated a death benefit amount of \$1,073 as of January 18, 2013. See Exhibit A. Moreover, the AHR's correspondence (dated September 27, 2013) indicated the death benefit amount would remain the same. Based on this information, the evidence presented that the life insurance was current within the meaning of BAM 130. BAM 130, p. 2. The older document indicated that the insurance remained current and there have been no changes in circumstances. BAM 130, p. 2.

Also, the Department uses the best available information. BAM 130, p. 3. In this case, the Department had verification of the life insurance policy, which was dated January

18, 2013. See Exhibit 1. As such, the Department should have used the best available information it had when determining the Claimant's MA eligibility. BAM 130, p. 3.

In summary, the evidence presented that Claimant's AHR provided verification of the pension and life insurance documents. Therefore, the Department did not act in accordance with Department policy when it improperly denied Claimant's MA application effective July 1, 2013, ongoing, based on a failure to comply with the verification requirements. BAM 105, p. 6, and BAM 130, pp. 1-3.

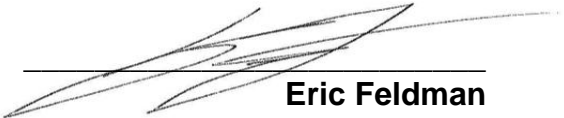
DECISION AND ORDER

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 denied Claimant's MA application effective July 1, 2013, ongoing, due to failure to comply with the verification requirements.

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. Reregister the MA application dated July 17, 2013;
2. Begin reprocessing the application/recalculating the MA budget for July 1, 2013, ongoing, in accordance with Department policy;
3. Issue supplements to Claimant for any MA benefits he was eligible to receive but did not from July 1, 2013, ongoing; and
4. Notify Claimant and Claimant's AHR in writing of its MA 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]