

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

IN THE MATTER OF:



Reg. No.: 2014-6393
Issue No(s): 2001
Case No.: [REDACTED]
Hearing Date: February 19, 2014
County: Macomb County DHS #20

ADMINISTRATIVE LAW JUDGE: Colleen Lack

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 February 19, 2014, from Lansing, Michigan. Participants on behalf of Claimant included [REDACTED] [REDACTED] the Claimant. Participants on behalf of the Department of Human Services (Department) included [REDACTED] [REDACTED] Medical Contact Worker.

ISSUE

Did the Department properly close Claimant's Medicaid case based on assets in excess of program limits?

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 a recipient of Medicaid benefits.
2. On June 7, 2013, a Verification Checklist was issued to Claimant stating what verifications were needed by the June 17, 2013 due date.
3. An extension of the due date for providing verifications was granted to June 27, 2013.
4. Claimant submitted requested verifications to the Department.
5. On September 10, 2013, the Department erred when it issued the Notice of Case Action to Claimant closing the Medicaid case based on a failure to provide verifications.

6. On October 10, 2013, Claimant filed a request for hearing contesting the Department's determination.
7. The Department reversed the September 10, 2013 Medicaid denial and re-determined Claimant's eligibility.
8. On October 14, 2013, an Application Eligibility Notice was issued to Claimant stating the Medicaid case closed because countable assets exceeded the limit for this program.

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.

The Department acknowledged the September 10, 2013 closure of Claimant's Medicaid case based on a failure to provide verifications was an error. The Department reversed the denial and re-determined Claimant's eligibility for Medicaid. This resulted in the October 14, 2013 determination to close Claimant's Medicaid case because countable assets exceeded program limits.

Asset eligibility exists when the group's countable assets are less than, or equal to, the applicable asset limit at least one day during the month being tested. In Claimant's case, the Department utilized the Medicaid asset limit of \$2,000 for an asset group of one. Investments, including stocks, bonds and mutual funds, are counted as assets. A life insurance policy is an asset if it can generate a Cash Surrender Value (CSV). A policy is the policy owner's asset. A policy's value is its CSV. BEM 400.

The asset verification submitted by Claimant documented: 1) an account with Manulife Financial with a value of \$ [REDACTED] and 2) a policy with John Hancock with a cash surrender value of \$ [REDACTED] which considered a loan. (Exhibit A, pages 6-7) The Medical Contact Worker's testimony indicated that the Department also verified by phone that there was a loan with the Manulife Financial account. Therefore a reduced value of \$ [REDACTED] was entered for the Manulife Financial account.

The evidence establishes that the verification the Department utilized for the value of each asset, the Manulife Financial account and Manulife Financial account, considered Claimant's loans. Even considering these loans, Claimant's total countable assets, \$ [REDACTED] for the Manulife Financial account and \$ [REDACTED] for the CSV of the Manulife Financial account, exceeded the \$2,000 asset limit for the Medicaid program.

Accordingly, the closure of Claimant's Medicaid case based on countable assets exceeding program limits must be upheld.

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 closed Claimant's Medicaid case due to assets in excess of program limits.

DECISION AND ORDER

Accordingly, the Department's decision is **AFFIRMED**.



Colleen Lack
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: March 5, 2014

Date Mailed: March 5, 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

20146393/CL

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

CL/hj

cc:

