

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

IN THE MATTER OF:



MAHS Reg. No.: 15-015313
Issue No.: 2002
Agency Case No.: [REDACTED]
Hearing Date: October 21, 2015
County: VAN BUREN

ADMINISTRATIVE LAW JUDGE: Kevin Scully

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, telephone hearing was held on October 21, 2015, from Lansing, Michigan. Participants on behalf of Claimant included [REDACTED]. [REDACTED] (Family Independence Manager) represented the Department of Health and Human Services (Department). Witnesses on behalf of the Department included [REDACTED] (Eligibility Specialist).

ISSUE

Did the Department of Health and Human Services (Department) properly deny the Claimant's application for Medical Assistance (MA)?

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 April 22, 2015, the Department received the Claimant's application for Medical Assistance (MA).
2. On April 22, 2015, the Department received the Self-Employment Income and Expense Statement (DHS-431) covering the three months before the Claimant's application for Medical Assistance (MA).
3. On April 23, 2015, the Department sent the Claimant a Verification Checklist (DHS-3503) requesting verification of income by May 4, 2015.
4. On April 29, 2015, the Department sent the Claimant a Quick Note explaining that the income and expense verification that was received was insufficient.

5. On May 7, 2015, the Department received additional income and expenses verification documents.
6. On May 18, 2015, the Department denied the Claimant's application for Medical Assistance (MA).
7. On August 13, 2015, the Department received the Claimant's request for a hearing protesting the denial of his Medical Assistance (MA) application.

CONCLUSIONS OF LAW

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), Department of Health and Human Services Reference Tables Manual (RFT), and Department of Health and 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 Department of Human Services) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

Clients must cooperate with the local office in determining initial and ongoing eligibility and this includes the completion of necessary forms. Department of Human Services Bridges Assistance Manual (BAM) 105 (July 1, 2015), p 8.

Verification means documentation or other evidence to establish the accuracy of the client's verbal or written statements. Verification is usually required at application/redetermination and for a reported change affecting eligibility or benefit level when it is required by policy, required as a local office option, or information regarding an eligibility factor is unclear, inconsistent, incomplete, or contradictory. The Department uses documents, collateral contacts, or home calls to verify information. A collateral contact is a direct contact with a person, organization, or agency to verify information from the client. When documentation is not available, or clarification is needed, collateral contact may be necessary. Department of Human Services Bridges Assistance Manual (BAM) 130 (July 1, 2015), pp 1-9.

On April 22, 2015, the Department received the Claimant's application for Medical Assistance (MA) and three Self-Employment Income and Expenses Statement (DHS-431) covering the three prior months. On April 23, 2015, the Department sent the Claimant a Verification Checklist (DHS-3503) requesting verification of income by May 4, 2015. On April 29, 2015, the Department sent the Claimant a Quick Note explaining that the income and expenses verification that was received was insufficient to

determine his eligibility for Medical Assistance (MA). On May 7, 2015, the Department received additional income and expenses verification documents. On May 18, 2015, the Department denied the Claimant's application for Medical Assistance (MA).

The Department's representative testified that there were discrepancies between income the Claimant initially reported and the documents he submitted in response to the Department's request for additional information.

The Claimant applied for Medical Assistance (MA) on April 22, 2015, and on the of the date the Department received his application, the most current policy on self-employment income allowed for accepting a DHS-431, Self-Employment Statement without receipts, but required to the Department to complete a Front End Eligibility (FEE) investigation before opening the case. Department of Health and Human Services Bridges Eligibility Manual (BEM) 502 (August 1, 2014), p 7.

This Administrative Law Judge finds that as of April 22, 2015, the Claimant had submitted an acceptable form of verification for his self-employment income and that the Department failed to request a FEE investigation.

The Department denied the Claimant's MA application on May 18, 2015. As of May 1, 2015, BEM 502 was updated with respect to self-employment income and Medicaid benefits. For MA applicants receiving self-employment income, Schedule C, Profit or Loss From Business is the primary source of verification. This form is generally used in conjunction with IRS form 1040, 1040NR or 1041. Schedule C is acceptable even if not yet filed with the IRS. The DHS-431, Self-Employment Statement is not acceptable verification for Medicaid purposes. Department of Health and Human Services Bridges Eligibility Manual (BEM) 502 (October 1, 2015), p 7.

The Department's revised policy on self-employment income is more compatible with determining MAGI based MA benefits than the previous version. On April 23, 2015, the Department requested that the Claimant provide verification of his self-employment, but did not specify what documents would be acceptable. April 29, 2015, the Department requested a copy of the Claimant's Schedule C tax for, or his EBay sales receipts. The Claimant provided EBay sales receipts on May 15, 2015. The Department found that because these receipts were inconsistent with the DHS-431 forms he had submitted with his application, that it denied the Claimant's MA application because the verifications he returned were not acceptable income verifications.

The Department will send a negative action when:

- The client indicates refusal to provide a verification, or
- The time period given has elapsed and the client has not made a reasonable effort to provide it. Department of Human Services Bridges Administrative Manual (BAM) 130 (October 1, 2014).

Before determining eligibility, give the client a reasonable opportunity to resolve any discrepancy between his statements and information from another source. BAM 130.

Based on the evidence and testimony available during the hearing, this Administrative Law Judge finds that the Claimant made a reasonable attempt to provide the Department with verification of his self-employment income. Furthermore, the Department failed to give the Claimant a reasonable opportunity to resolve any discrepancies between his application material, and the verification material he submitted later.

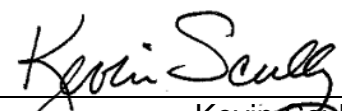
Therefore, this Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department did not act in accordance with Department policy when it denied the Claimant's Medical Assistance (MA) application because verification returned were not acceptable income verifications.

DECISION AND ORDER

Accordingly, the Department's 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. Reprocess the Claimant's April 22, 2015, application for Medical Assistance (MA) and initiate a determination of the Claimant's eligibility for MA benefits as of that date.
2. Provide the Claimant with a written notice describing the Department's revised eligibility determination.
3. Issue the Claimant any retroactive benefits he may be eligible to receive, if any.



Kevin Scully
Administrative Law Judge
for Nick Lyon, Director
Department of Health and Human Services

Date Signed: **10/27/2015**

Date Mailed: **10/27/2015**

KS/■

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:

