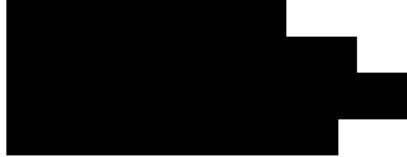


**STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

IN THE MATTER OF:



MAHS Reg. No.: 15-018565
Issue No.: 2002
Agency Case No.: [REDACTED]
Hearing Date: November 23, 2015
County: Wayne (82)

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

HEARING DECISION

Following Petitioner'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; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on November 23, 2015, from Detroit, Michigan. Petitioner's authorized hearing representative (AHR) and niece, [REDACTED], represented Petitioner. The Michigan Department of Health and Human Services (MDHHS) was represented by [REDACTED], specialist, and [REDACTED], specialist.

ISSUE

The issue is whether MDHHS properly denied Petitioner's Medical Assistance (MA) application due to a failure to verify assets.

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 29, 2014, Petitioner applied for MA benefits, including retroactive MA benefits from April 2014.
2. On August 1, 2014, MDHHS mailed Petitioner's AHR a Verification Checklist (Exhibits 1-2) requesting various items including a checking account statement for the months of "May 1, 2014-current" and Motorists life insurance policy information.
3. The VCL due date was August 11, 2014.

4. Following three requests for extension by Petitioner's AHR, the updated VCL due date was September 12, 2014.
5. On September 12, 2014, MDHHS received various documents, but not checking account statements after April 2015, nor verification of a Motorist life insurance policy.
6. On October 13, 2014, MDHHS mailed a Health Care Coverage Determination Notice (Exhibits 3-5) informing Petitioner of a denial of MA benefits.
7. On January 8, 2015, Petitioner's AHR requested a hearing to dispute the denial of MA benefits.

CONCLUSIONS OF LAW

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. MDHHS (formerly known as the Family Independence Agency) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner's AHR requested a hearing to dispute a denial of MA benefits. MDHHS presented a Health Care Coverage Determination Notice (Exhibits 3-5) verifying the reason for denial was a failure to verify checking account information.

It was not disputed that MDHHS had Petitioner's April 2014 checking account. MDHHS testimony indicated that Petitioner needed to present a statement for all retroactive months of benefits sought, along with a current bank statement. The analysis will begin with considering whether MDHHS needed checking account statements for the months of May 2014 through July 2014 when they already had Petitioner's April 2014 statement.

A person might be eligible for one, two or all three retro months, even if not currently eligible. BAM 115 (October 2015), p. 12. Eligibility must be made for each of the three retro months.

A need to determine eligibility for each of three retroactive MA months is indicative of a need to separately verify eligibility factors for each month (as well as current eligibility). It is found that MDHHS properly required Petitioner to verify checking account statements for May 2015 and June 2015 to determine eligibility for each of those

months. It is also found that MDHHS properly required Petitioner's "current" account statement to verify Petitioner's current and ongoing eligibility.

[For all programs, MDDHS is to] use the DHS-3503, Verification Checklist to request verification. BAM 130 (7/2015), p. 3. [MDDHS must] allow the client 10 calendar days (or other time limit specified in policy) to provide the verification that is requested. *Id.*, p. 6. [MDHHS] must tell the client what verification is required, how to obtain it, and the due date. *Id.*, p. 3. [For MA benefits, MDDHS is] to send a case action notice when the client indicates refusal to provide a verification, or the time period given has elapsed. *Id.*, p. 7.

MDHHS testimony indicated that Petitioner's checking account statements were not received following the mailing of a VCL (Exhibits 1-2). During the hearing, MDHHS demonstrated a strong grasp of what documents were sent by Petitioner's AHR, and when the documents were received. The MDHHS testimony that Petitioner's checking statements were not received was credible.

Petitioner's AHR testified that she called her uncle's bank before the VCL due date. Petitioner testified she was advised that the bank faxed checking account statements to MDHHS. Petitioner's testimony was credible, however, her statements relied on hearsay statements from an unspecified bank representative. The hearsay nature of the statements render them to be unreliable in verifying that MDHHS timely received checking account statements.

It is found that MDHHS failed to receive Petitioner's checking statements from May 2014 and beyond. Accordingly, it is found that MDHHS properly denied Petitioner's MA eligibility from May 2014 and beyond.

It could be contended that MDHHS should have evaluated Petitioner's MA eligibility for April 2014 as it was not disputed that MDHHS had Petitioner's checking account statement for that month. MDHHS contended that an alternative basis existed for denying coverage from April 2014 (and subsequent months).

MDHHS presented testimony that Petitioner also failed to verify the value of a life insurance policy. MDHHS testified the potential asset was discovered from a checking statement listing a \$30 deduction for life insurance.

All types of assets are considered for SSI-related MA categories. BEM 400 (October 2015), p. 1. That is the type of MA for which Petitioner is eligible.

A life insurance policy is a contract between the policy owner and the company that provides the insurance. *Id.*, p. 41. The company agrees to pay money to a designated beneficiary upon the death of the insured. Cash surrender value (CSV) is the amount of money the policy owner can get by canceling the policy before it matures or before the insured dies. *Id.*, p. 42.

MDHHS did not verify that the life insurance policy had a CSV, however, this was not necessary. MDHHS demonstrated that the life insurance was a potential asset and needed verification. Accordingly, MDHHS properly requested information about the life insurance policy.

Petitioner AHR's testimony conceded she overlooked the VCL request and was unaware of the life insurance policy or any value that it had. The testimony amounted to a concession that the asset's value was not verified. Accordingly, it is found that MDHHS properly denied Petitioner's MA eligibility due to a failure to verify assets.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly denied Petitioner's MA application dated July 29, 2014, including retroactive MA benefits from April 2014. The actions taken by MDHHS are **AFFIRMED**.



Christian Gardocki

Administrative Law Judge
for Nick Lyon, Director

Department of Health and Human Services

Date Signed: **11/25/2015**

Date Mailed: **11/25/2015**

CG/tm

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 copy of the claim or application for appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Hearing Decision from 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:

