



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
Christopher Seppanen
Executive Director

SHELLY EDGERTON
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: May 11, 2017
MAHS Docket No.: 17-003508
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris

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 [REDACTED] [REDACTED] from Detroit, Michigan. The Petitioner was represented by herself. The Department of Health and Human Services (Department) was represented by [REDACTED] [REDACTED] Eligibility Specialist and [REDACTED], Assistance Payments Supervisor. .

ISSUE

1. Did the Department properly deny the Petitioner’s application for Medical Assistance – Healthy Michigan Plan (MA-HMP) due to excess income?
2. Did the Department properly process the Petitioner’s application?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. The Petitioner applied for MA-HMP on August 1, 2016.
2. The Department issued a Verification Checklist (VCL) on [REDACTED], requesting the Petitioner “send a copy of her Schedule C, Profit or Loss from Business per policy BEM 502. Send completed DHS-431, Self-Employment Statement for the months of [REDACTED] [REDACTED] and [REDACTED]. Attach copy of your receipts for expenses for each month return by due date [REDACTED], [REDACTED] (Exhibit A)

3. On [REDACTED] [REDACTED], the Department issued a Health Care Coverage Determination Notice effective [REDACTED], finding the Petitioner was not eligible for MA-HMP because her countable income exceeds the income limit for your group size. (Exhibit B)
4. The Petitioner requested a timely hearing on [REDACTED], protesting the Department's actions.

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-HMP program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

In this case, the department denied the Petitioner's [REDACTED], application for MA-HMP due to Petitioner's failure to complete the requested verification that Petitioner provide a Schedule C Profit or Loss from Business, income tax form to verify her self-employment income. The Petitioner did not provide the Schedule C. The Department denied Petitioner's application on [REDACTED], when it issued a Health Care Coverage Determination Notice. On [REDACTED], the Department had sent the Petitioner a VCL specifically requesting that the Petitioner provide her Schedule C Profit or Loss from Business per policy BEM 502. The Petitioner did not return a Schedule C as requested in the VCL by the due date. The Department issued the VCL as part of its processing of the Petitioner's MA-HMP application to verify income so it could determine Petitioner's eligibility for MA-HMP.

BAM 130 policy governs the requirements for verifications and provides:

Verification means documentation or other evidence to establish the accuracy of the client's verbal or written statements.

Obtain verification when:

- Required by policy. Bridges Eligibility Manual (BEM) items specify which factors and under what circumstances verification is required.

- Required as a local office option. The requirement **must** be applied the same for every client. Local requirements may **not** be imposed for Medicaid Assistance (MA).
- Information regarding an eligibility factor is unclear, inconsistent, incomplete or contradictory. The questionable information might be from the client or a third party.

Verification is usually required at application/redetermination **and** for a reported change affecting eligibility or benefit level. BAM 130 (January 1, 2016), p. 1

The Department is required to tell the client what verification is required and how to obtain it and the due date. BAM 130, p. 3. Medicaid cases require the Department to:

Allow the client 10 calendar days (or other time limit specified in policy) to provide the verification requested. Refer to policy in this item for citizenship verifications. If the client cannot provide the verification despite a reasonable effort, extend the time limit up to two times.

At application, renewal, ex parte review, or other change, explain to the client/authorized representative the availability of your assistance in obtaining needed information. Extension may be granted when the following exists:

- The customer/authorized representative need to make the request. An extension should not automatically be given. BAM 130, p. 8.

Verifications are considered timely if received by the date they are due. The Department is required to send a case action when:

- The client indicates refusal to provide a verification, **or**
- The time period given has elapsed. BAM 130, p. 8.

In addition, the Department sent the verification because the Petitioner had self-employment income, which is **required** to be verified by a Schedule C. BEM 502 provides that the verification sources for Self-Employment income for Medicaid must be demonstrated by a Schedule C Profit or Loss from Business:

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. BEM 502, (January 1, 2017), p. 7. (Emphasis supplied)

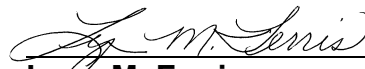
Even though the Department denied the MA-HMP application due to excess income, and did not provide an income figure at the hearing, it is clear that Petitioner failed to verify income information requested by the Department that it needed to review to establish her income from self-employment. Because the Department could not verify income from self-employment the Department correctly denied the application as Petitioner failed to provide the Schedule C Profit and Loss Statement from Business.

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 acted in accordance with Department policy when it denied Petitioner application for MA.

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

LMF/jaf



Lynn M. Ferris
Administrative Law Judge
for Nick Lyon, Director
Department of Health and Human Services

NOTICE OF APPEAL: A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Order if the request is received by MAHS within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088; 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

Petitioner

[REDACTED]
[REDACTED]
[REDACTED]

DHHS

[REDACTED]

[REDACTED]
[REDACTED]
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[REDACTED]
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