



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ORLENE HAWKS
DIRECTOR

J [REDACTED]
[REDACTED]
[REDACTED] MI [REDACTED]

Date Mailed: December 21, 2020
MOAHR Docket No.: 20-007098
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Kevin Scully

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. After due notice, a telephone hearing was held on December 17, 2020. Petitioner was represented by his mother and authorized hearing representative [REDACTED]. The Department was represented by Garilee Janofski.

ISSUE

Did the Department of Health and Human Services (Department) properly deny Petitioner's Medical Assistance (MA) 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. On [REDACTED], 2020, the Department received Petitioner's application for Medical Assistance (MA). Exhibit A, pp 23-29.
2. During a routine eligibility interview on August 20, 2020, Petitioner reported that he has a whole life insurance policy. Exhibit A, pp 30-32.
3. On August 20, 2020, the Department sent Petitioner a Verification Checklist (DHS-3503) requesting verification of the value of his life insurance policy by August 31, 2020. Exhibit A, pp 33-34.
4. On August 24, 2020, the Department received one page from Petitioner's life insurance policy showing the face amount, the premium amount, but did not verify the current cash surrender value. Exhibit A, p 35.
5. On September 11, 2020, the Department notified Petitioner that she was not eligible for Medical Assistance (MA) as of August 1, 2020. Exhibit A, pp 36-38.

6. On October 15, 2020, the Department received Petitioner's request for a hearing protesting the denial of his application for Medical Assistance (MA) benefits. Exhibit A, pp 4-6.
7. Attached to the October 15, 2020, hearing request was a copy of Petitioner's life insurance policy. The copy of the life insurance policy did not include a statement of the current cash surrender value but did include a table showing the projected cash surrender value throughout the life of the policy. Exhibit A, pp 6-22.

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 through 42 USC 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 through 42 CFR 420.25. The Department administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.103 through MCL 400.112k of the Social Welfare Act, MCL 400.1 *et seq.*

Assets means cash, any other personal property and real property. Real property is land and objects affixed to the land such as buildings, trees, and fences. Condominiums are real property. Personal property is any item subject to ownership that is not real property. Countable assets cannot exceed the applicable asset limit. An asset is countable if it meets the availability tests and is not excluded. Available means that someone in the asset group has the legal right to use or dispose of the asset. Department of Human Services Bridges Eligibility Manual (BEM) 400 (July 1, 2020), pp 1-7.

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, 2020), p 9.

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 (April 1, 2017), pp 1-10.

On [REDACTED], 2020, the Department received Petitioner's application for MA benefits. A routine eligibility interview was conducted on August 20, 2020, and Petitioner reported owning a whole life insurance policy.

A whole life insurance policy has a cash surrender value, and that value is a countable asset as defined by BEM 400. On August 20, 2020, the Department requested that Petitioner provide verification of the cash surrender value of his life insurance policy by August 31, 2020.

The Department received a page from the life insurance policy that did not contain verification of the cash surrender value of the life insurance policy. On September 11, 2020, the Department denied the MA application for failure to provide the Department with information necessary to determine his eligibility to receive benefits.

Respondent then filed a request for a hearing protesting the denial of the MA application and attached another copy of the life insurance policy.

The Department will continue a determination of eligibility for benefits when a client completes a missing element of the application process after benefits have been denied but within 60 days after the application date. Department of Health and Human Services Bridges Administrative Manual (BAM) 115 (July 1, 2020), pp 25-26.

In this case, the Department was unable to make a determination of eligibility for MA benefits because it was unable to verify the cash surrender value of the life insurance policy from either the material provided on August 24, 2020, or October 14, 2020.

Petitioner's representative testified that she provided the Department with a complete copy of the life insurance policy on August 24, 2020, and October 15, 2020. Petitioner testified that she called her caseworker and was informed that she was informed that the Department had received everything necessary to process the MA application.

However, the material submitted to the Department does not verify the current cash surrender value of Petitioner's life insurance policy. Department policy instructs caseworkers that tables included with a life insurance policy are not considered accurate and that verification of the cash surrender value should be either a current notice or a statement of the current value. BEM 400, p 45. Petitioner may have received verification of the receipt of the life insurance documents, but these documents were determined to be insufficient upon further review.

Therefore, the Department was acting in accordance with BEM 400 when it denied Petitioner's MA application and did not re-open the application on October 14, 2020, for subsequent processing.

The Department's representative testified that on November 25, 2020, the Department received verification of the current cash surrender value of the life insurance policy.

Since this information was received more than 60 days after the filing date of the assistance application, subsequent processing of that application is no longer available to Petitioner.

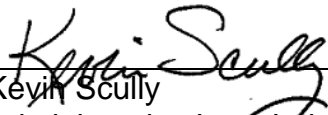
Petitioner may reapply at any time and may apply for up to 90 days of retroactive assistance, but the [REDACTED], 2020, application was properly denied.

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's August 5, 2020, application for Medical Assistance (MA) for failing to provide sufficient verification of the value of a life insurance policy in a timely manner.

DECISION AND ORDER

Accordingly, the Department's decision is AFFIRMED.

KS/nr



Kevin Scully
Administrative Law Judge
for Robert Gordon, 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 Office of Administrative Hearings and Rules (MOAHR).

A party may request a rehearing or reconsideration of this Order if the request is received by MOAHR 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. MOAHR will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MOAHR. If submitted by fax, the written request must be faxed to (517) 763-0155; Attention: MOAHR Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Office of Administrative Hearings and Rules
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-8139

DHHS

Marci Walker
1720 East Main Street
Owosso, MI
48867

Shiawassee County DHHS- via electronic
mail

BSC2- via electronic mail

D. Smith- via electronic mail

EQAD- via electronic mail

Authorized Hearing Rep.

[REDACTED] f- via first class mail
[REDACTED]
[REDACTED], MI
[REDACTED]

Petitioner

[REDACTED] - via first class mail
[REDACTED]
[REDACTED] MI
[REDACTED]