



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: April 28, 2017
MAHS Docket No.: 17-003818
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Alice C. Elkin

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 April 20, 2017, from Detroit, Michigan. Petitioner appeared and represented himself. The Department of Health and Human Services (Department) was represented by Sam Morgan, Eligibility Specialist, and Charletta Toteh, Family Independence Manager.

ISSUE

Did the Department properly close Petitioner's Medicaid (MA) case?

FINDINGS OF FACT

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

1. Petitioner was an ongoing recipient of MA under the Healthy Michigan Plan (HMP) and of Food Assistance Program (FAP) benefits.
2. In connection with a FAP semi-annual contact report Petitioner completed and submitted to the Department on December 28, 2016, Petitioner disclosed a change in income (Exhibit D). Petitioner included a letter from his mother dated December 13, 2016 stating that she paid Petitioner \$80 monthly for transporting her to her doctor (Exhibit C).
3. On February 1, 2017, Petitioner submitted a Self-Employment Income and Expense Statement, DHS-431 (Exhibit B).

4. On February 2, 2017, the Department sent Petitioner a Verification Checklist (VCL) requesting that he submit tax documents or a Schedule C form to verify his eligibility for MA by February 13, 2017 (Exhibit A).
5. Petitioner did not submit a Schedule C form.
6. On February 22, 2017, the Department sent Petitioner a Health Care Coverage Determination Notice notifying him that his MA case was closing effective April 1, 2017 because he failed to return verification of income (Exhibit E).
7. On [REDACTED] 2017, the Department received Petitioner's request for hearing disputing the Department's actions concerning his MA and FAP cases.

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).

Petitioner requested a hearing to dispute his FAP and MA case closures. At the hearing, Petitioner testified that he no longer wished to proceed with a hearing concerning his FAP issue. Accordingly, Petitioner's hearing request is dismissed with respect to FAP. The hearing proceeded to address the MA issue.

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.

The Department closed Petitioner's MA case effective April 1, 2017 because he had reported a change in income in his FAP semi-annual contact report but failed to verify his income. Petitioner's response in his semi-annual contact report shows that he reported an increase in monthly income over that which the Department had previously been budgeting in his FAP case (Exhibit D). When there is a reported change, the Department must perform an eligibility review based on the reported change. BAM 210 (January 2017), p. 1. Because Petitioner reported an income change, the Department properly requested verification of income for MA eligibility purposes.

Petitioner testified that his monthly income consisted of self-employment income from his landscaping business and monthly payments from his mother for providing her with transportation services. He had provided the Department on December 28, 2016 with a

letter from his mother verifying the monthly transportation payment and on February 1, 2017 with a DHS-421, self-employment and expense statement, to verify his self-employment income from his landscaping business (Exhibits B and C).

The Department sent Petitioner the February 2, 2017 VCL requesting tax documents or a Schedule C to verify his income for MA purposes. The Department's position was that such documents were necessary to verify his income. BEM 502 (January 2017), p. 7 provides that Schedule C, Profit or Loss from Business, which is generally used in conjunction with IRS form 1040, 1040NR, or 1041, is the primary source of self-employment income verification and is acceptable even if not yet filed with the IRS. BEM 502, p. 7. The policy expressly provides that the DHS-431, self-employment statement, is not acceptable verification for MA purposes. BEM 502, p. 7.

Petitioner acknowledges that he received the February 2, 2017 VCL but did not submit a Schedule C in response because he was not planning on filing taxes. Because such documentation was necessary to verify Petitioner's income for MA purposes, Petitioner was required to submit a Schedule C, even if he did not intend to file taxes. Because the Department did not receive a completed Schedule C, it acted in accordance with Department policy when it closed Petitioner's MA case.

DECISION AND ORDER

Based on Petitioner's testimony that he no longer wished to proceed with a hearing concerning his FAP case, Petitioner's hearing request concerning FAP is **DISMISSED**.

With respect to Petitioner's hearing request concerning his MA case, 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 Petitioner's MA case.

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



ACE/tlf

Alice C. Elkin
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

Via Email:

DHS-Wayne-76-Hearings@michigan.gov
BSC4 Hearing Decisions
D. Sweeney
M. Holden
MAHS

**Petitioner –
Via First-Class Mail:**

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]