



GRETCHEN WHITMER
GOVERNOR

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

ORLENE HAWKS
DIRECTOR

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

Date Mailed: June 24, 2019
MOAHR Docket No.: 19-004445
Agency No.: [REDACTED]
Petitioner: [REDACTED]

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; 42 CFR 438.400 to 438.424; 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 June 6, 2019, from Detroit, Michigan. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by John Brady, specialist.

ISSUE

The issue is whether MDHHS properly terminated Petitioner's Medical Assistance (MA) eligibility.

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 May 6, 2018, MDHHS mailed Petitioner an Unearned Income Notice.
2. As of March 2019, Petitioner received ongoing MA benefits.
3. On February 19, 2019, MDHHS mailed Petitioner a Verification Checklist requesting the unearned income information requested on May 6, 2018. Exhibit A, pp. 23-24.
4. On March 26, 2019, MDHHS terminated Petitioner's MA eligibility effective May 2019 due to Petitioner's failure to verify unearned income.

5. On April 25, 2019, Petitioner reported to MDHHS that she was unaware of the unearned income that MDHHS sought to verify. Exhibit A, p. 28.
6. On May 9, 2019, Petitioner requested a hearing to dispute the termination of MA benefits. Exhibit A, pp. 2-3.

CONCLUSIONS OF LAW

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. MDHHS policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing to dispute a termination of MA benefits. A Health Care Coverage Determination Notice (Exhibit A, pp. 4-6) dated March 26, 2019, stated that Petitioner's MA eligibility ended after Petitioner failed to verify unearned income.¹

MDHHS is required to match income information reported by third parties to IRS for all MA recipients. BAM 803 (April 2019), p. 1. The IRS Unearned Income Match compares MDHHS recipient data with unearned income reported to IRS from sources such as bank account interest, lottery winnings and government subsidies. *Id.*, p. 2. When the data exchange results in a recipient match, the client is sent a DHS-4487A, Unearned Income Notice, for applicants and DHS-4487 for active recipients. *Id.* The DHS-4487 is mailed during the month prior to the redetermination month for active recipients when a match is found with IRS. *Id.*

Specialists are sent a task/reminder which identifies the client who received notices. *Id.* Upon receipt of a task/reminder indicating a match notice was sent, specialists are to request that the client return all supporting verification and when the client returns the notice, determine if additional verifications are needed. *Id.*, p. 3. If the client refuses to verify the information on the notice, specialists are to use appropriate procedures to deny or close the case or reduce benefits, *Id.*, p. 4.

In the present case, MDHHS mailed Petitioner a DHS-4487 on May 6, 2018. MDHHS did not follow up on the matter until mailing a VCL requesting unknown unearned income on February 19, 2019. After not hearing from Petitioner, MDHHS initiated termination of MA benefits on March 26, 2019.

¹ During the hearing, MDHHS alleged that Petitioner's eligibility also ended due to a failure to verify employment income. MDHHS' allegation was not considered as a basis for termination because the notice sent to Petitioner did not cite a failure to verify employment income as a reason for MA termination.

Notably, the DHS-4487 is considered a confidential document and cannot be filed in a client's case record. *Id.*, p. 5. Local MDHHS offices are directed to designate a staff person to safeguard DHS-4487s sent to clients. *Id.* Though the DHS-4487 sent to Petitioner was not presented as an exhibit, the absence of DHS-4487 is understandable given the document's confidential nature.

Petitioner testified that she made telephone calls to MDHHS about the unearned income in April 2019. It was not disputed that Petitioner submitted to MDHHS on April 25, 2019, a statement that she is unaware of what unearned income was being questioned. Given that the DHS-4487 states the amount of income being questioned, the source of income, and the type of income, Petitioner's lack of knowledge of the income was insufficient to continue MA eligibility.

Given the evidence, MDHHS properly terminated Petitioner's Medicaid eligibility beginning May 2019. Petitioner's recourse is to reapply for Medicaid. Petitioner should also be advised that she may request up to three months of retroactive Medicaid benefits for months when she incurred medical expenses and did not have Medicaid coverage.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly terminated Petitioner's Medicaid eligibility beginning May 2019. The actions taken by MDHHS are **AFFIRMED**.

CG/jaf



Christian Gardocki

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

Lori Duda
MDHHS-Oakland-2-Hearings

Petitioner

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

BSC4
D Smith
EQAD