



GRETCHEN WHITMER  
GOVERNOR

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

ORLENE HAWKS  
DIRECTOR

[REDACTED]  
MI [REDACTED]

Date Mailed: August 25, 2020  
MOAHR Docket No.: 20-004858  
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 August 20, 2020. Petitioner represented himself. The Department was represented by Amber Gibson.

### **ISSUE**

Did the Department of Health and Human Services (Department) properly deny Medical Assistance (MA)?

### **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 April 25, 2020, the Department sent Petitioner a Verification Checklist (DHS-3503) requesting verification of self-employment income. Exhibit A, pp 4-5.
2. On June 4, 2020, the Department notified Petitioner that he was not eligible for Medical Assistance (MA) benefits effective April 1, 2020. Exhibit A, pp 6-8.
3. On [REDACTED] the Department received Petitioner's request for a hearing protesting the denial of Medical Assistance (MA) benefits. Exhibit A, p 3.

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

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 (October 1, 2019), 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 April 25, 2020, the Department sent Petitioner a Verification Checklist (DHS-3503) requesting that he provide verification of his self-employment income. When this information was not received by the Department, Petitioner was notified that he was not eligible for MA benefits.

Petitioner testified that he was sent a Self-Employment Statement (DHS-431) but that he was unable to complete and return this form before the due date.

However, the Self-Employment Statement is not acceptable verification of self-employment income and expenses for the purposes of determining eligibility for MA benefits. Even if Petitioner had returned it in a timely manner, the Department would not have been able to accurately determine his eligibility for MA. For MA benefits, a Schedule C tax form is the only acceptable verification source for self-employment income and expenses. Department of Health and Human Services Bridges Eligibility Manual (BEM) 502 (October 1, 2019), pp 7-8.

Petitioner testified that he does not file a federal tax return because his gross annual income is under the income threshold, and that he is not required to file a tax return.

For the purposes of MA eligibility, it is acceptable verification to submit a Schedule C tax form even if it has not been filed with the IRS. It is likely that if Petitioner's income is less than the threshold to file a tax return, that it is also less than the income limit for a non-Medicare recipient to receive MA benefits. But without the Schedule C tax form, the Department was unable to accurately determine his eligibility for MA.

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 determined that Petitioner had not submitted sufficient verification of his self-employment income to accurately determine his eligibility for Medical Assistance (MA) benefits.

**DECISION AND ORDER**

Accordingly, the Department's decision is AFFIRMED.

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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**

Amber Gibson  
5303 South Cedar  
P.O. Box 30088  
Lansing, MI  
48911

Ingham County DHHS- via electronic mail

BSC2- via electronic mail

D. Smith- via electronic mail

EQAD- via electronic mail

**Petitioner**

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