



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: July 28, 2021
MOAHR Docket No.: 21-001607
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Colleen Lack

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 April 29, 2021. [REDACTED] the Petitioner, appeared on her own behalf. The Department of Health and Human Services (Department) was represented by April Nemec, Hearing Facilitator (HF).

During the hearing proceeding, the Department’s Hearing Summary packet was admitted as Exhibit A, pp. 1-72.

ISSUE

Did the Department properly deny Petitioner’s [REDACTED] 2020 application for State Emergency Relief (SER) for home repair?

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] 2020¹, Petitioner applied for SER for assistance with home repair. Petitioner reported employment income and no self-employment or other additional income. Petitioner submitted a mortgage statement and an estimate from 1-800 Water Damage of Mid Michigan for mold removal for [REDACTED] (Exhibit A, pp. 19-26)

¹ Petitioner’s application was submitted [REDACTED] 2020 at 11:24 pm, which is after normal business hours. Accordingly, it is dated as having been received by the Department on [REDACTED], 2020.

2. On January 27, 2020, a telephone interview was completed with Petitioner and the Department ran reports to verify household income. (Exhibit A, pp. 27-38 and 70)
3. On January 27, 2020, a SER Decision Notice was issued to Petitioner approving SER for home repairs indicating the Department would pay [REDACTED] and Petitioner was to pay [REDACTED] for the total of [REDACTED]. The 30-day SER period for Petitioner to make the payment was January 24, 2020 to February 22, 2020. (Exhibit A, pp. 39-41)
4. No Vendor Authorization Letter was issued because there was no authorized/approved vendor. (Exhibit A, pp. 5 and 65-66)
5. On February 18, 2020, an Investigation Report from the Office of Inspector General (OIG) was received by the local Department office finding that Petitioner had self-employment income for a business she owns called the Beauty Box Boutique and a book that she authored. OIG recommended denial of benefits until Petitioner verified her total income via tax returns and verified her means of paying her business rental expenses. (Exhibit A, pp. 3-4 and 50-51)
6. On February 18, 2020, the SER application was re-processed based on the OIG findings, rendering the January 27, 2020 determination incorrect/invalid. (Exhibit A, pp. 5 and 65-66)
7. On February 18, 2020 a SER Verification Checklist was issued to Petitioner requesting verification of unknown self-employment income with a due date of February 25, 2020. (Exhibit A, pp. 52-53)
8. On February 20, 2020, the Department received SER copay verification showing two payments totaling \$3,052.70 were made for the home repair. It appeared that the work was already completed. (Exhibit A, pp. 4 and 54-55)
9. On February 26, 2020, Petitioner submitted a 2018 Schedule C for self-employment income. (Exhibit A, pp. 4 and 56)
10. On March 2, 2020, the Department received information from Author Solutions that Petitioner had not earned any royalties since 2016. (Exhibit A, p. 68)
11. The re-processing of the [REDACTED], 2020 application for SER was effectively denied based on the failure to provide the requested verification of self-employment income by the February 25, 2020 due date. No written determination notice was issued to Petitioner at that time. (Exhibit A, pp. 4-7, 57-59, and 64)
12. On February 24, 2021, a Benefit Notice was issued to Petitioner denying SER because Petitioner did not timely return the verification of the unreported income. It was also noted that 1-800 Water Damage of Mid-Michigan completed the work without having been issued a purchase order from the Department authorizing a guarantee to pay. (Exhibit A, pp. 60-62)

13. On March 22, 2021, Petitioner filed a hearing request contesting the Department's determination. (Exhibit A, pp. 8-16)

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 State Emergency Relief (SER) program is established by the Social Welfare Act, MCL 400.1-.119b. The SER program is administered by the Department (formerly known as the Department of Human Services) pursuant to MCL 400.10 and Mich Admin Code, R 400.7001-.7049.

Applicants for SER must provide verifications and answer all questions truthfully and completely, whether written or oral. The Department is to deny SER if applicants refuse to take action or provide information within their ability. ERM 102, October 1, 2018, p. 1.

The Department is to inform clients of all verifications that are required and where to return verifications. The due date is eight calendar days beginning with the date of application. If the application is not processed on the application date, the deadline to return verifications is eight calendar days from the date verification is requested. This does not change the standard of promptness date. The Department uses the DHS-3503, SER Verification Checklist, to request verification and to notify the client of the due date for returning the verifications. ERM 103, p. 2.

The Department does not authorize a SER payment before a service is provided, or before a SER group has made a required copayment, contribution, prorated or shortfall payment. This is to avoid situations where payments are made without services being provided. ERM 401, March 1, 2021, p. 2.

The SER authorization period is 30 days. The authorization period begins on the date the local office receives a signed application for SER or receives an electronic application from MI Bridges and ends 29 days later. ERM 401, March 1, 2021, p. 2.

All SER service providers must be enrolled in Bridges before payment can be issued. Providers must register in the SIGMA Vendor Self Service (VSS) in order to receive a SER payment. ERM 401, p. 2.

In this case, the Department initially approved the SER application for home repairs. On January 27, 2020, a SER Decision Notice was issued to Petitioner approving SER for home repairs indicating the Department would pay ██████████ and Petitioner was to pay \$3,052.70 for the total of ██████████. The 30-day SER period for Petitioner to make the payment was January 24, 2020 to February 22, 2020. (Exhibit A, pp. 39-41) No Vendor

Authorization Letter was issued because there was no authorized/approved vendor. (Exhibit A, pp. 5 and 65-66)

However, on February 18, 2020, an Investigation Report from the OIG was received by the local Department office finding that Petitioner had self-employment income for a business she owns called the Beauty Box Boutique and a book that she authored. OIG recommended denial of benefits until Petitioner verified her total income via tax returns and verified her means of paying her business rental expenses. (Exhibit A, pp. 3-4 and 50-51) Accordingly, on February 18, 2020, the SER application was re-processed based on the OIG findings, rendering the January 27, 2020 determination incorrect/invalid. (Exhibit A, pp. 5 and 65-66)

On February 18, 2020 a SER Verification Checklist was issued to Petitioner requesting verification of unknown self-employment income with a due date of February 25, 2020. (Exhibit A, pp. 52-53) On February 26, 2020, Petitioner submitted a 2018 Schedule C for self-employment income. (Exhibit A, pp. 4 and 56) On March 2, 2020, the Department received information from Author Solutions that Petitioner had not earned any royalties since 2016. (Exhibit A, p. 68)

The re-processing of the [REDACTED] 2020 application for SER was effectively denied based on the failure to provide the requested verification of self-employment income by the February 25, 2020 due date. No written determination notice was issued to Petitioner at that time. (Exhibit A, pp. 4-7, 57-59, and 64) On February 24, 2021, a Benefit Notice was issued to Petitioner denying SER because Petitioner did not timely return the verification of the unreported income. It was also noted that 1-800 Water Damage of Mid-Michigan completed the work without having been issued a purchase order from the Department authorizing a guarantee to pay. (Exhibit A, pp. 60-62)

Petitioner testified that she made the required payment on time. (Petitioner Testimony) This is supported by the verification submitted on February 20, 2020, showing two payments totaling \$3,052.70 were made for the home repair. (Exhibit A, p. 54)

Petitioner's testimony indicates she and 1-800 Water Damage of Mid Michigan relied upon the January 27, 2020, SER Decision Notice approving the home repairs with the listed copays. Petitioner noted that she would never have made those payments if she had known the request for SER was denied. Petitioner did not receive any notification of a denial until the February 24, 2021, Benefit Notice was issued. (Exhibit A, pp. 60-62; Petitioner Testimony)

It is understandable that Petitioner relied upon the January 27, 2020 SER Decision Notice approving the home repairs with the listed copays. However, the SER approval notice is not a guarantee that the Department will issue payment to the service provider. Rather, this notice indicated Petitioner was potentially eligible for SER. There are multiple situations that could still result in no SER payment being issued by the Department. For example, the Department would not authorize the SER payment if verification of the required client copayments was not received within the allowable

timeframe, or if the service provider was not properly enrolled with the Department. It was noted that the Department never issued a Vendor Authorization Letter because there was no authorized/approved vendor for Petitioner's SER request. (Exhibit A, pp. 5 and 65-66) While the parties disagree as to whether 1-800 Water Damage of Mid Michigan was properly enrolled as a service provider with the Department, the denial of Petitioner's request for SER was appropriate based on the failure to provide requested verification of self-employment income within the allowed timeframe.

When the Department discovered the previously reported self-employment income, verification was properly requested because there was now a question regarding whether Petitioner accurately reported her income. Accurate income information is necessary to properly determine eligibility for SER.

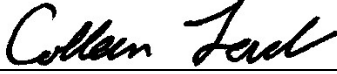
As noted above, the February 18, 2020 re-processing of Petitioner's SER application, which was based on the OIG findings, rendered the January 27, 2020 determination incorrect/invalid. (Exhibit A, pp. 5 and 65-66) On February 18, 2020 a SER Verification Checklist was issued to Petitioner requesting verification of unknown self-employment income with a due date of February 25, 2020. (Exhibit A, pp. 52-53) The case record indicates the 2018 Schedule C for self-employment income was not submitted until February 26, 2020. (Exhibit A, pp. 4 and 56) The Department received information from Author Solutions that Petitioner had not earned any royalties since 2016 until March 2, 2020. (Exhibit A, p. 68) Both of these verifications of the self-employment income were received after the February 25, 2020 due date. Therefore, the denial of Petitioner's application for SER is upheld.

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 [REDACTED] 2020 application for SER for home repair.

DECISION AND ORDER

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

CL/ml



Colleen Lack
Administrative Law Judge

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

Via email

MDHHS-Genesee-UnionSt-Hearings
BSC2
T. Bair
E. Holzhausen
MOAHR

Petitioner – via first class mail

[REDACTED]
[REDACTED]
MI [REDACTED]