



GRETCHEN WHITMER
GOVERNOR

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

ORLENE HAWKS
DIRECTOR

██████████
██████████
██████████ MI ██████████

Date Mailed: September 8, 2021
MOAHR Docket No.: 21-003601
Agency No.: ██████████
Petitioner: ██████████

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 hearing was held via telephone conference line on September 2, 2021. Petitioner participated and was represented. The Michigan Department of Health and Human Services (MDHHS) was represented by Haysem Hosny, hearings facilitator.

ISSUE

The issue is whether MDHHS properly denied Petitioner's application for State Disability Assistance (SDA) benefits.

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 ██████████, 2021, Petitioner applied for cash benefits and claimed a disability.
2. On July 8, 2021, MDHHS mailed Petitioner a Medical Determination Verification Checklist (VCL), a Reimbursement Authorization, and other forms related to SDA eligibility. The VCL listed a due date of July 19, 2021. The VCL did not list any specific forms to be returned. Exhibit A, pp. 24-25.
3. On July 21, 2021, MDHHS denied Petitioner's SDA application due to Petitioner's alleged failure to return a signed Reimbursement Authorization.
4. As of July 21, 2021, MDHHS had not received a signed Reimbursement Authorization from Petitioner.

5. On [REDACTED], 2021, Petitioner requested a hearing to dispute the denial of SDA benefits.

CONCLUSIONS OF LAW

The State Disability Assistance (SDA) program is established by the Social Welfare Act, MCL 400.1-.119b. MDHHS administers the SDA program pursuant to 42 CFR 435, MCL 400.10 and Mich Admin Code, R 400.3151-.3180. SDA policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing to dispute “SSI assistance”. Exhibit A, p. 3-5. Petitioner’s testimony clarified that she intended to dispute a recent denial of SDA benefits. Petitioner applied for cash benefits on [REDACTED], 2021. Exhibit A, pp. 7-23. A Notice of Case Action dated July 21, 2021, stated that Petitioner was denied cash benefits due to failing to verify information.¹ Exhibit A, pp. 35-40. MDHHS specifically alleged that Petitioner failed to timely return a Reimbursement Authorization.

For SDA, the client must sign a DHS-3975, Reimbursement Authorization, as a condition of eligibility. BAM 815 (April 2018) p. 4. For all programs, MDHHS is to tell the client what verification is required, how to obtain it, and the due date. BAM 130 (April 2017), p. 3. MDHHS is to send a VCL to request verification. *Id.* MDHHS is to allow the client at least 10 calendar days (or other time limit specified in policy) to provide the verification that is requested. *Id.*, p. 7. MDHHS is to send a negative action notice when:

- The client indicates refusal to provide a verification, or
- The time period given has elapsed and the client has not made a reasonable effort to provide it. *Id.*

MDHHS sent Petitioner a VCL on July 8, 2021, along with a Reimbursement Authorization, and various other forms. Petitioner timely returned to MDHHS all forms but did not sign the Reimbursement Authorization. MDHHS contended that a denial of SDA was proper due to Petitioner’s failure to submit a signed Reimbursement Authorization by the due date of July 19, 2021.

The default Medical Determination Verification Checklist lists various documents related to Medicaid and SDA eligibility. Next to the title and form number of each document is a checkbox. When sending the VCL to a client, MDHHS staff are expected to check the box for any required forms. The VCL sent to Petitioner had no boxes checked. Thus, MDHHS did not properly inform Petitioner what verifications were needed to determine eligibility.

¹ The notice also stated that Petitioner was ineligible because there was not an eligible child in the group. This reason justified a denial of Family Independence Program (FIP) benefits: a separate cash program from SDA. Petitioner did not dispute her lack of FIP eligibility.

For good measure, a second basis exists for reversing the denial. The steps for evaluating disability are outlined in BAM 815. The first step to disability evaluations is for MDHHS to process the application if a disability is already established. BAM 815 (April 2018) pp. 2-3. The second step is to interview clients applying for SDA. *Id.*, p. 3. Presumably, the interview is done, in part, to inform the client of the steps necessary for a disability determination, such as signing a Reimbursement Authorization. There was no evidence that Petitioner was interviewed before a VCL was sent. Thus, MDHHS also improperly denied Petitioner's SDA application for failing to interview Petitioner before application denial.

Given the evidence, MDHHS failed to establish that a Repayment Authorization was properly requested from Petitioner. MDHHS also failed to establish that Petitioner was interviewed before denying SDA benefits. Thus, the denial of SDA was improper. As a remedy, Petitioner is entitled to a reprocessing of her application for SDA benefits.²

² MDHHS testified that it received a signed Reimbursement Authorization from Petitioner on August 13, 2021. If true, MDHHS should not need to again request the document as part of its reprocessing.


DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS improperly denied Petitioner's application requesting SDA benefits. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

- (1) Reregister Petitioner's SDA application dated [REDACTED] 2021; and
- (2) Reprocess Petitioner's application subject to the findings that MDHHS failed to properly request a Reimbursement Authorization from Petitioner and failed to establish that Petitioner was interviewed before the application was denied.

The actions taken by MDHHS are **REVERSED**.

CG/tm



Christian Gardocki
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-Macomb-36-Hearings
L. Karadsheh
BSC4
MOAHR

Petitioner – Via First-Class Mail:

██████████
████████████████████
██████████ MI ██████████