



GRETCHEN WHITMER
GOVERNOR

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

MARLON I. BROWN, DPA
DIRECTOR

[REDACTED]
[REDACTED]
[REDACTED]

Date Mailed: April 9, 2024
MOAHR Docket No.: 24-002228
Agency No.: [REDACTED]
Petitioner: [REDACTED] [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 April 9, 2024, from Lansing, Michigan. Petitioner represented himself. The Department was represented by Caroline Owczarzak.

ISSUE

Did the Department of Health and Human Services (Department) properly close Petitioner’s Medical Assistance (MA) 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. Petitioner was an ongoing recipient of Medical Assistance (MA) on January [REDACTED] 2024, when the Department received Petitioner’s completed Redetermination (DHS-1010) form. Exhibit A, pp 7-12.
2. Petitioner attached a copy of his federal income tax return to his Redetermination form, which he had filed jointly with his wife. Exhibit A, pp 13-16.
3. On January [REDACTED] 2024, the Department sent Petitioner a Verification Checklist (DHS-3503) with a February 5, 2024, due date. Exhibit A, pp 17-18.
4. On February [REDACTED] 2024, the Department notified Petitioner that he was not eligible for Medical Assistance (MA) effective February 1, 2024. Exhibit A, pp 20-23.
5. On February 20, 2024, the Department received Petitioner’s request for a hearing. Exhibit A, pp 4-5.

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 through 42 USC 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 through 42 CFR 420.25. The Department administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.103 through MCL 400.112k of the Social Welfare Act, MCL 400.1 *et seq.*

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, 2023), 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 (October 1, 2023), pp 1-10.

Petitioner was an ongoing recipient of MA benefits on January █ 2024, when the Department received a copy of his completed Redetermination form. Petitioner reported receiving self-employment and that his wife was employed. On January █ 2024, the Department sent Petitioner a Verification Checklist (DHS-3503) with a due date of February 5, 2024. The verification checklist instructs Petitioner that, "We need proof of all you earned and unearned income. Provide proof of the last 30 days for employment, unemployment, social security benefits, pension, etc. Also, provide proof of self-employment/expense records over the last year. Examples of proof include copies of check stubs, self-employment records or a statement from your source of income."

The hearing record supports a finding that Petitioner has attached a copy of his federal income tax return to his Redetermination form. The Department's proposed hearing exhibits suggest that there were problems with the scanning and transmission of the tax records because the pages are broken up. The hearing exhibits do not include a copy of Petitioner's Schedule C tax form.

Petitioner credibly testified that he had attached his entire tax return including the Schedule C form to his Redetermination form but was unable to offer any evidence that he had submitted verification of his self-employment income and expenses.

The Department requested verification of Petitioner's self-employment income and expenses. Department policy requires MA recipients provide verification of self-employment income and expenses. A non-tax filer may submit a completed Schedule C to verify expenses without a 1040. This may occur with a new business entity. A tax-filer **may** submit a Schedule C along with the accompanying 1040. Department of Health and Human Services Bridges Eligibility Manual (BEM) 502 (October 1, 2019), pp 7-8. Where a group's attested income is below the income threshold for the program being tested and trusted a data source finds income below the income threshold, the no reasonable compatibility test is performed, and the applicant is eligible. Department of Health and Human Services Modified Adjusted Gross Income (MAGI) Related Eligibility Manual, p 15.

The hearing record supports a finding that for the tax year 2022, Petitioner received an adjusted gross income less than 133% of the federal poverty level for a household of two. The January 24, 2024, Verification Checklist (DHS-3503) does not specifically request that Petitioner submit a Schedule C tax form, and Petitioner did submit his Form 1040, which is acceptable verification of self-employment income as directed by BEM 502.

Based on the evidence and testimony available during the hearing, this Administrative Law Judge finds that Petitioner made a reasonable attempt to provide the Department with verification of his self-employment income and expenses and that the Department failed to take steps to resolve any discrepancy between his statements and the information reported on his Redetermination form.

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 did not act in accordance with Department policy when it closed Petitioner's Medical Assistance (MA) benefits.

DECISION AND ORDER

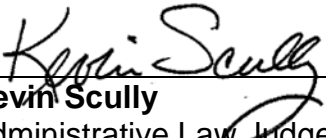
Accordingly, the Department's decision is REVERSED.

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Provide Petitioner with a 10 day period to provide verification of his current income and expenses.
2. Initiate a determination of the Petitioner's eligibility for Medical Assistance (MA) effective March 1, 2024.

3. Provide the Petitioner with written notice describing the Department's revised eligibility determination.
4. Issue the Petitioner any retroactive benefits he may be eligible to receive, if any.

KS/dm



Kevin Scully
Administrative Law Judge
Michigan Office of Administrative Hearings
and Rules (MOAHR)

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-Electronic Mail :

DHHS
Kim Cates
Bay County DHHS
MDHHS-Bay-
Hearings@michigan.gov

SchaeferM

EQADHearings

BSC2HearingDecisions

MOAHR

Via-First Class Mail :

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