



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES
SUZANNE SONNEBORN
EXECUTIVE DIRECTOR

MARLON I. BROWN, DPA
DIRECTOR

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Date Mailed: May 1, 2024
MOAHR Docket No.: 24-002392
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: L. Alisyn Crawford

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 3, 2024. Petitioner was present at the hearing and represented herself. The Department of Health and Human Services (Department) was represented by Karishawna Parker, Eligibility Specialist.

ISSUE

Did the Department properly deny Petitioner's application for Medical Assistance (MA) Program benefits due to failure to verify income?

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] 2024, Petitioner applied for MA coverage.
2. On her application, Petitioner stated that she is employed at [REDACTED] of Art at [REDACTED] per hour working 15 hours per week. Petitioner also reported self-employment income in the amount of [REDACTED] per month. (Exhibit A, p. 20).
3. On [REDACTED] 2024, the Department sent Petitioner a Verification Checklist (VCL) requesting verification of employment and self-employment income. (Exhibit A, pp. 24-25).
4. To verify her earned income, Petitioner provided several paystubs dated for November 2023, December 2023, and January 2024, and a self-employment ledger to the Department on January 26 and 29, 2024.

5. On February 9, 2024, the Department notified Petitioner that she was denied MA coverage due to failure to provide all required documents verifying her income. (Exhibit A, pp. 31-33).
6. On February 20, 2024, the Department received Petitioner's request for hearing disputing the Department's determination. (Exhibit A, pp. 4-12).

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.

In this case, the Department denied Petitioner's MA on February 9, 2024, due to failure of Petitioner to provide self-employment income verification to the Department. The Department's VCL requested proof of Petitioner's earned and unearned income by providing the last 30 days for employment and self-employment/expense records over the last year. (Exhibit A, p. 25).

Verification is usually required at application/redetermination and for a reported change affecting eligibility or benefit level. BAM 130 (October 2023), p.1. To request verification of information, the Department sends a verification checklist (VCL) which tells the client what verification is required, how to obtain it, and the due date. BAM 130, p. 3. For MA cases, the Department allows the client 10 calendar days (or other time limit specified in policy) to provide the verification that is required. BAM 130, p. 7. Verifications are considered to be timely if received by the date they are due. BAM 130, p. 7. For electronically transmitted verifications (fax, email or Mi Bridges document upload), the date of the transmission is the receipt date. BAM 130, p. 7. Verifications that are submitted after the close of regular business hours through the drop box or by delivery of a Department representative are considered to be received the next business day. BAM 130, p. 7. The Department sends a negative action notice when: the client indicates a refusal to provide a verification OR the time period given has elapsed and the client has not made a reasonable effort to provide it. BAM 130, pp. 8-9.

At the hearing, Petitioner testified that she timely provided verification to the Department. The Department confirmed that it timely received several paystubs and a

self-employment ledger from Petitioner; however, the Department determined that the self-employment ledger provided by Petitioner to verify her self-employment income was not adequate. Per Department policy, self-employment income must be verified with either of the following:

- Form 1040, U.S. individual federal income tax return.
- Form 1040 NR, non-resident alien federal income tax return.
- Schedule C, Profit or Loss From Business, including all attachments. This form is used in conjunction with IRS form 1040. Schedule C is acceptable even if not yet filed with the IRS.
- 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.
- Schedule F, Farm Rental Income and Expenses may be filed in conjunction with Form 1040.
- The DHS-431, Self-Employment Statement, is not acceptable verification for Medicaid purposes.

BEM 502 (October 2019), pp. 7-8.

At the hearing, Petitioner testified that she attempted to verify her self-employment income when she provided an income and expense ledger for 2023 to the Department. Petitioner also stated that she would have provided tax-specific verification proofs had she known what was specifically required. Once she understood what was being requested by the Department, Petitioner explained she would provide the requested information following the hearing. Per Department policy, while the client has primary responsibility for obtaining verification, the Department should not deny assistance because an individual is unable to verify income. BEM 502 (October 2019), pp. 6-7. If a client requests help obtaining verification, the Department must make a reasonable effort to assist the client. BAM 103 (October 2023), p. 4.

The Department sends a negative action when the client indicates a refusal to provide a verification or the time period given has elapsed and the client has not made a reasonable effort to provide it. Petitioner clearly did not indicate a refusal to provide the verification and made a reasonable effort to comply with the request for verification. Thus, the Department did not act in accordance with policy when it denied Petitioner's MA case.

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 denied Petitioner's MA application.


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. Redetermine Petitioner's MA eligibility as of January 1, 2024, ongoing;
2. If eligible, provide Petitioner with the most beneficial MA coverage she is eligible to receive from January 1, 2024 ongoing; and
3. Notify Petitioner of its decision in writing.

LC/ml


L. Alisyn Crawford
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 Electronic Mail:

DHHS

Yvonne Hill

Oakland County DHHS Madison Heights Dist.

30755 Montpelier Drive

Madison Heights, MI 48071

MDHHS-Oakland-DistrictII-Hearings@michigan.gov

Interested Parties

BSC4

M Schaefer

EQAD

MOAHR

Via First Class Mail:

Petitioner

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