



GRETCHEN WHITMER
GOVERNOR

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

MARLON BROWN
DIRECTOR

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Date Mailed: July 3, 2024
MOAHR Docket No.: 24-004597
Agency No.: ██████████
Petitioner: ██████ ██████

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 June 5, 2024, from Lansing, Michigan. ██████ ██████ the Petitioner, appeared on her own behalf. The Department of Health and Human Services (Department) was represented by Priya Johnson, Assistance Payments Supervisor (APS).

During the hearing proceeding, the Department’s Hearing Summary packet was admitted as Exhibit A, pp. 1-12.

ISSUE

Did the Department properly deny Petitioner’s application for 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 November ██████ 2023, Petitioner applied for MA. (Exhibit A, p. 1)
2. On March ██████ 2024, a Verification Checklist was issued to Petitioner requesting her full federal tax return and schedule C with a due date of March 18, 2024. (Exhibit A, pp. 8-9)
3. On March ██████ 2024, the Department received Petitioner’s federal tax return but there was no schedule C. (APS Testimony)

4. On March █ 2024, a Health Care Coverage Determination Notice was issued to Petitioner stating MA was denied based on the failure to return verification of income. (Exhibit A, pp. 10-12)
5. On April 1, 2024, Petitioner filed a hearing request contesting the Department's determination. (Exhibit A, pp. 3-7)

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.

BEM 502 addresses countable income for self-employment. The amount of self-employment income before any deductions is called total proceeds. Countable income from self-employment equals the total proceeds minus allowable expenses of producing the income. Allowable expenses (except MAGI related MA) are the higher of 25 percent of the total proceeds, or actual expenses if the client chooses to claim and verify the expenses. BEM 502, October 1, 2019, p. 3.

Regarding self-employment expenses, for Medicaid, allowable expenses include those allowed by the IRS on forms such as the Schedule C or F. Expenses are listed in Part II of both schedules. An individual with new self-employment may submit an estimated Schedule C, not yet filed with the IRS to assist in verifying expenses. Part V, other expenses on Schedule C requires documentation from the individual. Some individuals may include Schedule 1-6 with the federal tax return. BEM 502, p. 4.

In general, verification is to be obtained when information regarding an eligibility factor is unclear, inconsistent, incomplete, or contradictory. Verification is usually required at application/redetermination and for a reported change affecting eligibility or benefit level. The Department must tell the client what verification is required, how to obtain it, and the due date. The client must obtain required verification, but the Department must assist if the client needs and requests help. If neither the client nor the Department can obtain verification despite a reasonable effort, the Department should use the best available information. If no evidence is available, the Department is to use their best judgment. BAM 130, October 1, 2023, pp. 1-4.

For MA, the Department must allow the client 10 calendar days (or other time limit specified in policy) to provide the verification requested. If the client cannot provide the verification despite a reasonable effort, the Department can extend the time limit up to two times when specific conditions are met. Verifications are considered timely if received by the date they are due. The Department is to send a case action notice when the client indicates refusal to provide a verification, or the time period given has elapsed. BAM 130, pp. 8-9.

In this case, a Verification Checklist was issued to Petitioner on March █ 2024, requesting her full federal tax return and schedule C with a due date of March 18, 2024. (Exhibit A, pp. 8-9). On March 18, 2024, the Department received Petitioner's federal tax return but there was no schedule C. (APS Testimony). Accordingly, on March █ 2024, a Health Care Coverage Determination Notice was issued to Petitioner stating MA was denied based on the failure to return verification of income. (Exhibit A, pp. 10-12).

However, Petitioner explained that she does not have a schedule C because she does not have employment expenses. Petitioner only has a 1099. (Petitioner Testimony). Accordingly, the denial based on the failure to provide the schedule C cannot be upheld because Petitioner is not claiming any employment expenses. The evidence indicates Petitioner provided the requested federal tax return on the due date and did not refuse to provide any requested available verification.

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 application for MA.

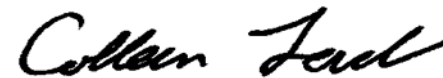
DECISION AND ORDER

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. Reprocess Petitioner's November █ 2023 application for MA and determine eligibility in accordance with Department policy.

CL/dm



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-Electronic Mail :

DHHS
Yaita Turner
Oakland County Southfield District III
**MDHHS-Oakland-6303-
Hearings@michigan.gov**

SchaeferM

EQADHearings

BSC4HearingDecisions

MOAHR

Via-First Class Mail :

Petitioner
[REDACTED]
[REDACTED]
[REDACTED]