



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: August 29, 2024  
MOAHR Docket No.: 24-007483  
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 August 1, 2024, from Lansing, Michigan. █████ █████ the Petitioner, appeared on her own behalf. The Department of Health and Human Services (Department) was represented by Rolando Gomez, Assistance Payments Lead Worker (APLW).

During the hearing proceeding, the Department's Hearing Summary packet was admitted as Exhibit A, pp. 1-60.

**ISSUE**

Did the Department properly determine Petitioner's eligibility 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 April █████ 2024, Petitioner applied for MA for her children. Self-employment in carpentry or construction was reported for Petitioner's spouse with \$█████ monthly income. It was noted that the spouse was self-employed, but it is an LLC. (Exhibit A, pp. 7-14)
2. During an April █████ 2024 contact with Petitioner, income for her spouse's LLC was discussed. (Exhibit A, p. 3)

3. On April ■ 2024, a Verification Checklist was issued requesting verification of third party resources for the children, wages for the spouse from employment, and wages for Petitioner from employment with a due date of May 9, 2024. (Exhibit A, pp. 15-16)
4. On April ■ 2024, the Department received wage verification for Petitioner, a statement that BCBS medical coverage had ended for the children, 2023 Federal Income Tax records for the LLC, and a statement from Petitioner's spouse regarding not having any income from the LLC business. (Exhibit A, pp. 17-45)
5. On May ■ 2024, the Department received additional wage verification for Petitioner and ■ verification of health insurance changes. (Exhibit A, pp. 46-50)
6. The Department reviewed the verifications and felt there was a discrepancy between the report of no income on the application and in the written statement, when there are wages shown on the Schedule C as well as a net profit of \$■ (Exhibit A, p. 3)
7. On May ■ 2024, a Verification Checklist was issued requesting current (within the last 30 days) verification of banking accounts with a due date of May 20, 2024. It was requested that Petitioner send bank statements for all personal bank accounts with the credit union. It was noted that the paystubs show one account, and the income tax return shows an account. It was asked is it is the same one. Clarification of any irregular activity was requested. (Exhibit A, pp. 51-54)
8. On May ■ 2024, a Health Care Coverage Determination Notice was issued stating MA was approved for one child under the MI Child category and MA was denied for the other children based on a failure to provide requested information. (Exhibit A, pp. 55-59)
9. On May 24, 2024, Petitioner filed a hearing request contesting the Department's determination. (Exhibit A, pp. 5-6)

### **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.

The Department counts the income a client receives from an S-Corp or LLC as wages, even if the client is the owner. BEM 501, January 1, 2024, p. 5.

Wages are the pay an employee receives from another individual organization or S-Corp/LLC. Wages include salaries, tips, commissions, bonuses, severance pay, and flexible benefit funds not used to purchase insurance. BEM 501, p. 6.

Acceptable verification of wages includes: employer signed statement providing all necessary information; and federal income tax forms and schedules are allowable for Medicaid determinations. BEM 501, January 1, 2024, p. 11-12.

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, May 1, 2024, 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.

On April [REDACTED] 2024, Petitioner applied for MA for her children. Self-employment in carpentry or construction was reported for Petitioner's spouse with \$[REDACTED] monthly income. It was noted that the spouse was self-employed, but it is an LLC. (Exhibit A, pp. 7-14).

During an April [REDACTED] 2024 contact with Petitioner, income for her spouse's LLC was discussed. (Exhibit A, p. 3).

On April [REDACTED] 2024, a Verification Checklist was issued requesting verification of third party resources for the children, wages for the spouse from employment, and wages for Petitioner from employment with a due date of May 9, 2024. (Exhibit A, pp. 15-16).

On April [REDACTED] 2024, the Department received wage verification for Petitioner, a statement that [REDACTED] medical coverage had ended for the children, 2023 Federal Income Tax records for the LLC, and a statement from Petitioner's spouse regarding not having any income from the LLC business. (Exhibit A, pp. 17-45).

On May █ 2024, the Department received additional wage verification for Petitioner and █ verification of health insurance changes. (Exhibit A, pp. 46-50).

The Department reviewed the verifications and felt there was a discrepancy between the report of no income on the application and in the written statement, when there are wages shown on the Schedule C as well as a net profit of \$█ (Exhibit A, p. 3). It is noted that a net profit of \$█ for a year is relatively consistent with there being no monthly income to Petitioner's spouse from the LLC.

On May █ 2024, a Verification Checklist was issued requesting current (within the last 30 days) verification of banking accounts with a due date of May 20, 2024. It was requested that Petitioner send bank statements for all personal bank accounts with the credit union. It was noted that the paystubs show one account, and the income tax return shows an account. It was asked if it is the same one. Clarification of any irregular activity was requested. (Exhibit A, pp. 51-54).

On May █ 2024, a Health Care Coverage Determination Notice was issued stating MA was approved for one child under the MI Child category and MA was denied for the other children based on a failure to provide requested information. (Exhibit A, pp. 55-59).

Petitioner testified that the wages on the Schedule C are what is paid to employees, Petitioner's spouse does not pay himself. Petitioner could have provided proof of this if it had been requested. It was noted that the wages are listed as an expense. (Petitioner Testimony).

Regarding the verification checklist requesting bank statements, Petitioner stated that the bank statements were provided to the Department at the beginning, prior to turning in the tax forms. (Petitioner Testimony).

The evidence shows that Petitioner submitted the requested verification of income for her spouse. Petitioner provided a written statement from her spouse, who is the owner of the LLC. Petitioner also provided tax records for the LLC. (Exhibit A, pp. 24-45). If verification that the wages on the Schedule C were paid to employees was needed, this should have been requested on a Verification Checklist.

However, on May █ 2024, a Verification Checklist was issued requesting current (within the last 30 days) verification of banking accounts with a due date of May 20, 2024. (Exhibit A, pp., 51-54). The evidence indicates that Petitioner did not respond to this verification checklist by the May 20, 2024 due date. Petitioner asserted that she previously provided bank statements to the Department. (Petitioner Testimony). However, there was no documentary evidence that current bank statements were provided with the April █ 2024 application or after this application was filed and before the May █ 2024, Health Care Coverage Determination Notice was issued. There was no evidence that the Petitioner responded to the May █ 2024, Verification Checklist in any way, such as seeking clarification of what was needed, requesting assistance with obtaining the information, or requesting additional time to provide the verification. Pursuant to the BAM 130 policy, 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. Therefore, the denial must be 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 determined Petitioner's eligibility for MA.

**DECISION AND ORDER**

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

CL/dm



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**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**  
Rolando Gomez  
Tuscola County DHHS  
**MDHHS-Tuscola-**  
**Hearings@michigan.gov**

**SchaeferM**

**EQADHearings**

**BSC2HearingDecisions**

**MOAHR**

**Via-First Class Mail :**

**Petitioner**

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