



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
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: January 10, 2025
MOAHR Docket No.: 24-012541
Agency No.: ██████████
Petitioner: ██████████

ADMINISTRATIVE LAW JUDGE: Linda Jordan

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 on December 12, 2024, via teleconference. Petitioner appeared and represented herself. Kaylie Polk, Eligibility Specialist, appeared on behalf of the Michigan Department of Health and Human Services (MDHHS or Department). MDHHS’ Hearing Packet was admitted at the hearing as MDHHS Exhibit A, pp. 1-27.

ISSUE

Did MDHHS properly terminate Petitioner’s Medicaid (MA) coverage?

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 MA coverage.
2. On ██████████ 2024, Petitioner submitted a renewal for MA (Exhibit A, p. 11).
3. On August 21, 2024, MDHHS sent Petitioner a Verification Checklist (VCL) requesting proof of earned and unearned income by September 3, 2024 (Exhibit A, pp. 16-17). Specifically, the VCL requested “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” (Exhibit A, p. 17).

4. On October 3, 2024, MDHHS sent Petitioner a Health Care Coverage Determination Notice indicating she was not eligible for MA, effective November 1, 2024 ongoing (Exhibit A, p. 24).
5. On October 29, 2024, Petitioner requested a hearing regarding her MA coverage (Exhibit A, p. 4).

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).

Medicaid (MA) 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. MDHHS administers MA pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k. MA is also known as Medical Assistance. BEM 105 (January 2024), p. 1.

In this case, MDHHS terminated Petitioner's MA coverage for failure to properly verify self-employment income information. Petitioner disputed this determination.

MDHHS requests verification of a client's written or verbal statements when required by policy or when information regarding an eligibility factor is unclear, inconsistent, incomplete, or contradictory. BAM 130 (May 2024), p. 1. The questionable information might be from a client or third party. *Id.* Verification is usually required at application or redetermination. *Id.* To request verification, MDHHS must send the client a Verification Checklist (VCL), which tells the client what verification is required, how to obtain it and the due date. *Id.*, pp. 3-4. Before determining eligibility, MDHHS must give the client a reasonable opportunity to resolve any discrepancy between the client's statements and information from another source. *Id.*, p. 9. Clients must obtain the verification, but MDHHS must assist the client if the client needs and requests help. *Id.*, p. 4. If neither the client nor the local office can obtain verification despite a reasonable effort, MDHHS must use the best available information. *Id.*, p. 4. If no evidence is available, MDHHS is required to use its best judgment. *Id.* MDHHS sends a case action terminating the benefits if the client indicates a refusal to provide a verification or the time period given has elapsed. *Id.*, pp. 9-10.

MDHHS alleged that it terminated Petitioner's MA benefits because she did not provide a Schedule C Tax Form for her self-employment income. However, a review of the record reveals that MDHHS did not specifically request the Schedule C. The VCL requested proof of income and provided several examples of what proof was acceptable. MDHHS is required to inform clients what verifications are needed,

specifically, and the record shows that it did not do so in this case. Additionally, Petitioner testified that she was attempting to comply with MDHHS' verification request, and that she submitted three months of self-employment statements to MDHHS. Petitioner further testified that she was not aware that MDHHS needed her tax information. Thus, the record shows that MDHHS did not properly request the verification, and that Petitioner was attempting in earnest to comply with MDHHS' request.

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 did not act in accordance with Department policy when it terminated Petitioner's benefits for failure to verify income information.

DECISION AND ORDER

Accordingly, MDHHS' decision is **REVERSED**.

MDHHS 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. Reinstate Petitioner's MA case and redetermine Petitioner's eligibility for MA, effective November 1, 2024, ongoing;
2. Provide Petitioner with the most beneficial category of MA coverage that she is eligible to receive, from November 1, 2024 ongoing, and
3. Notify Petitioner of its decision in writing.

LJ/pt



Linda Jordan
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
Kim Cates
Bay County DHHS
1399 W. Center Road
Essexville, MI 48732
MDHHS-Bay-Hearings@michigan.gov

Interested Parties

BSC2
M. Schaefer
EQAD
MOAHR

Via-First Class Mail:

Petitioner
[REDACTED]
[REDACTED]
[REDACTED] MI [REDACTED]