



Date Mailed: April 25, 2025

Docket No.: 25-011639

Case No.: [REDACTED]

Petitioner: [REDACTED]

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এটি একটি গুরুত্বপূর্ণ আইনি ডকুমেন্ট। দয়া করে কেউ দস্তাবেজ অনুবাদ করুন।

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Ky është një dokument ligjor i rëndësishëm. Ju lutem, kini dikë ta përktheti dokumentin.

## 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; and Mich Admin Code, R 792.11002. After due notice, a hearing was held via telephone conference on April 23, 2025. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Rich'Kelle Curney, Hearings Facilitator.

## ISSUE

Did MDHHS properly deny Petitioner's application for Medical Assistance/Medicaid (MA) for failure to return verification of self-employment 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] 2025, Petitioner applied for Medicaid for herself. Petitioner reported that she is self-employed (Exhibit A, pp. 9-17).
2. On March 11, 2025, MDHHS issued a verification checklist (VCL) to Petitioner, requesting that she submit documentation of self-employment income, such as recent business receipts to date, recent account or other business records to date,

or a recent income tax return. MDHHS requested these items be submitted by March 21, 2025 (Exhibit A, pp. 18-20).

3. On March 12, 2025, Petitioner submitted to MDHHS receipts from self-employment (Exhibit A, pp. 23-65).
4. On March 24, 2025, MDHHS issued a Healthcare Coverage Determination Notice to Petitioner, informing her that her MA application was denied for failure to return verification of self-employment income (Exhibit A, pp. 66-69).
5. On March 25, 2025, MDHHS received Petitioner's timely submitted request for hearing, disputing the denial of her MA application (Exhibit A, pp. 4-8).

### **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.

Petitioner applied for MA, reporting that she has income from self-employment. Petitioner's MA application was denied for failure to return requested verifications of income to MDHHS.

The Medicaid program is comprised of several sub-programs or categories. To receive MA under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. Medicaid eligibility for the Healthy Michigan Plan is based on Modified Adjusted Gross Income (MAGI) methodology. BEM 105 (January 2024), p. 1. Persons may qualify under more than one MA category. Federal law gives them the right to the most beneficial category. The most beneficial category is the one that results in eligibility, the least amount of excess income or the lowest cost share. BEM 105, p. 2.

Petitioner reported that she is self-employed. MDHHS must verify countable income at the time of application. BEM 502 (June 2024) p. 6. To request verification of information, MDHHS must inform the client of what verification is required, how to obtain it, and the due date. BAM 130 (May 2024) p. 3. With respect to MA cases, clients are given 10

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calendar days to provide the verifications requested by MDHHS. Verifications are considered to be timely if received by the date they are due. MDHHS will send a negative action notice when the client indicates refusal to provide a verification, or the time period given has elapsed. BAM 130, pp. 7-8.

MAGI-related Medicaid uses adjusted gross income as declared on the federal tax return to determine countable self-employment income. BEM 502, p. 3. The primary source to determine self-employment income for MA cases is:

- 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. BEM 502, p. 7.

MDHHS requested verification of Petitioner's self-employment income by issuing a VCL on March 11, 2025, requesting that she provide verification of her self-employment income, such as recent business receipts to date, recent account or other business records to date, or a recent income tax return. MDHHS requested these items be submitted by March 21, 2025 (see Exhibit A, pp. 18-20). On March 12, 2025, Petitioner submitted to MDHHS receipts from her self-employment (see Exhibit A, pp. 23-65). MDHHS testified that tax returns are the required verification of self-employment income but conceded that the VCL issued to Petitioner did not clearly request only tax return documents. MDHHS testified that Petitioner timely provided verification that was listed on the VCL. Since Petitioner provided verification timely, and as requested, MDHHS should have requested further verification if the receipts submitted were insufficient to determine Petitioner's MA eligibility. As MDHHS did not properly request verification from Petitioner, they did not act in accordance with policy in denying Petitioner's MA application.

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 MDHHS 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. Reprocess Petitioner's [REDACTED] 2025 MA application;
2. Seek additional verification from Petitioner if required by policy or previously submitted verification is unclear or incomplete;
3. Seek input from Petitioner when prospecting ongoing self-employment income;
4. If Petitioner is eligible for MA benefits, provide coverage to Petitioner for any MA she was eligible to receive but did not from [REDACTED] 2025 ongoing;
5. Notify Petitioner of its decision in writing.



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**DANIELLE NUCCIO**  
**ADMINISTRATIVE LAW JUDGE**

**APPEAL RIGHTS:** Petitioner may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at [courts.michigan.gov](https://courts.michigan.gov). The Michigan Office of Administrative Hearings and Rules (MOAHR) cannot provide legal advice, but assistance may be available through the State Bar of Michigan at <https://lrs.michbar.org> or Michigan Legal Help at <https://michiganlegalhelp.org>. A copy of the circuit court appeal should be sent to MOAHR. A circuit court appeal may result in a reversal of the Hearing Decision.

Either party who disagrees with this Hearing Decision may also send a written request for a rehearing and/or reconsideration to MOAHR within 30 days of the mailing date of this Hearing Decision. The request should include Petitioner's name, the docket number from page 1 of this Hearing Decision, an explanation of the specific reasons for the request, and any documents supporting the request. The request should be sent to MOAHR

- by email to [MOAHR-BSD-Support@michigan.gov](mailto:MOAHR-BSD-Support@michigan.gov), **OR**
- by fax at (517) 763-0155, **OR**
- by mail addressed to  
Michigan Office of Administrative Hearings and Rules  
Rehearing/Reconsideration Request  
P.O. Box 30639  
Lansing Michigan 48909-8139

25-011639

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**Interested Parties**

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**Via First Class Mail:**

**Petitioner**

