



Date Mailed: August 8, 2025
Docket No.: 25-020554
Case No.: [REDACTED]
Petitioner: [REDACTED]

[REDACTED]
MI [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 përktheni dokumentin.

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Docket No.: 25-020554

Case No.: [REDACTED]

Petitioner: [REDACTED]

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 July 8, 2025. Petitioner was represented by [REDACTED], Authorized Hearing Representative (AHR). The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Rachel Meade, Hearing Coordinator (HC).

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

ISSUE

Did the Department properly determine Medical Assistance (MA) eligibility for Petitioner's household?

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 February 11, 2025, the Department received a 2024 Schedule C for [REDACTED] and [REDACTED], a transportation business with Petitioner's husband as the proprietor. (Exhibit A, p. 7)
2. On February 13, 2025, the Department received a Redetermination form for Petitioner's MA case. The household members were Petitioner, husband, and daughter (date of birth [REDACTED] 2006). The only reported assets were vehicles and a checking account for Petitioner's husband. The reported income was self-employment. (Exhibit A, pp. 8-14)
3. On March 3, 2025, a Verification Checklist was issued to Petitioner requesting: a Medicare application for Petitioner's husband; verification of checking account stocks, bonds, or mutual funds for Petitioner's husband; savings account for Petitioner; and home/building for Petitioner's husband with a due date of

March 11, 2025. It was also noted that the Department would need proof of all earned and unearned income. (Exhibit A, pp. 15-16)

4. On March 12, 2025, the Department received verification of [REDACTED] accounts for Petitioner. (Exhibit A, pp. 17-22)
5. On March 13, 2025, a Verification checklist was issued to Petitioner and her husband requesting verifications with a due date of March 24, 2025. The comments explain that under Department policy, LLCs are not considered self-employment, therefore, the Schedule C could not be used as verification of income. Petitioner's husband needed to complete a Verification of Employment form for the last 30 days of income and anticipated changes with ongoing income. If they are paid from a business account, the last 3 months of bank statements or having the bank complete the Verification of Deposit form would be needed. A Verification of Assets form for [REDACTED] and an Employment Verification form for [REDACTED] and [REDACTED] were included. It was also noted that the Department would need proof of all earned and unearned income. (Exhibit A, pp. 24-32)
6. On March 18, 2025, the Department received [REDACTED] statements for Petitioner's husband. (Exhibit A, pp. 33-38)
7. On March 20, 2025, an asset detection was completed. (Exhibit A, pp. 39 and 44)
8. On March 20, 2025, a Verification Checklist was issued to Petitioner and her husband requesting verification of Petitioner's daughter's banking accounts with a due date of March 31, 2025. (Exhibit A, pp. 40-43)
9. On April 2, 2025, the Department reviewed Petitioner's case and noted that verification of Petitioner's husband's income was not received. (Exhibit A, p. 3)
10. On April 2, 2025, a Health Care Coverage Determination Notice was issued to Petitioner and her husband: approving MA for Petitioner's daughter under the MiChild category for the month of April 2025 and stating she was not eligible for MA as of May 1, 2025 because she was an adult; stating Petitioner's husband was not eligible for MA as of May 1, 2025 based on the failure to provide requested verification of income; and stating Petitioner was not eligible for MA as of May 1, 2025, based on the failure to provide verification of income. (Exhibit A, pp. 45-52)
11. On April 21, 2025, a Verification Checklist was issued to Petitioner requesting verification of all earned and unearned income with a due date of May 1, 2025. An Employment Verification form for [REDACTED] and [REDACTED] was included. (Exhibit A, pp. 53-59)
12. On May 20, 2025, Petitioner filed a hearing request contesting the Department's determinations. (Exhibit A, pp. 4-9)

25-020554

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 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. These conditions include that the customer/authorized representative need to make the request. An extension should not automatically be given. 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, on February 11, 2025, the Department received a 2024 Schedule C for [REDACTED] and [REDACTED], a transportation business with Petitioner's husband as the proprietor. (Exhibit A, p. 7). On February 13, 2025, the Department received a Redetermination form for Petitioner's MA case. The household members were Petitioner, husband, and daughter (date of birth [REDACTED] 2006). The only reported assets were vehicles and a checking account for Petitioner's husband. The reported income was self-employment. (Exhibit A, pp. 8-14).

On March 3, 2025, a Verification Checklist was issued to Petitioner requesting: a Medicare application for Petitioner's husband; verification of checking account stocks, bonds, or mutual funds for Petitioner's husband; savings account for Petitioner; and home/building for Petitioner's husband with a due date of March 11, 2025. It was also noted that the Department would need proof of all earned and unearned income. (Exhibit A, pp. 15-16). It is noted that a system error appears to have occurred because 10 calendar days were not given to provide the requested verifications. However, the denials at issue were not based on failing to provide the verifications by this due date. On March 12, 2025, the Department received verification of [REDACTED] accounts for Petitioner. (Exhibit A, pp. 17-22).

On March 13, 2025, a Verification checklist was issued to Petitioner and her husband requesting verifications with a due date of March 24, 2025. The comments explain that under Department policy, LLCs are not considered self-employment, therefore, the Schedule C could not be used as verification of income. Petitioner's husband needed to complete a Verification of Employment form for the last 30 days of income and anticipated changes with ongoing income. If they are paid from a business account, the last 3 months of bank statements or having the bank complete the Verification of Deposit form would be needed. A Verification of Assets form for [REDACTED] and an Employment Verification form for [REDACTED] and [REDACTED] were included. It was also noted that the Department would need proof of all earned and unearned income. (Exhibit A, pp. 24-32). On March 18, 2025, the Department received Comerica bank statements for Petitioner's husband. The statements were for the periods of: January 11, 2025 to February 11, 2025; October 10, 2024 to December 10, 2024; August 10, 2024 to September 11, 2024; July 11, 2024 to August 9, 2024; June 12, 2024 to July 10, 2024; and May 10, 2024 to June 11, 2024. (Exhibit A, pp. 33-38). It is noted that request was for the last three months, and most of the requested statements were older. The December 11, 2024 to January 11, 2024 statement from the requested last three-month period was not included.

On March 20, 2025, an asset detection was completed. (Exhibit A, pp. 39 and 44). On March 20, 2025, a Verification Checklist was issued to Petitioner and her husband requesting verification of Petitioner's daughter's banking accounts with a due date of March 31, 2025. (Exhibit A, pp. 40-43).

On April 2, 2025, the Department reviewed Petitioner's case and noted that verification of Petitioner's husband's income was not received. (Exhibit A, p. 3). On April 2, 2025, a Health Care Coverage Determination Notice was issued to Petitioner and her husband: approving MA for Petitioner's daughter under the MiChild category for the month of April 2025 and stating she was not eligible for MA as of May 1, 2025, because she was an adult; stating Petitioner's husband was not eligible for MA as of May 1, 2025 based on the failure to provide requested verification of income; and stating Petitioner was not eligible for MA as of May 1, 2025, based on the failure to provide verification of income. (Exhibit A, pp. 45-52).

On April 21, 2025, a Verification Checklist was issued to Petitioner requesting verification of all earned and unearned income with a due date of May 1, 2025. An Employment Verification form for [REDACTED] and [REDACTED] was included. (Exhibit A, pp. 53-59).

Petitioner testified that all requested documentation was provided. Petitioner asserts that the real reason for the denial is because he is the sole proprietor of an LLC and he should not need to provide the other requested employment income verifications. (Petitioner Testimony). As discussed, pursuant to Department policy, 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.. BEM 501, p. 6. However, the BEM 501 policy addressing specific verification sources states that Federal income tax forms and schedules are allowable for Medicaid determinations. BEM 501, p. 12.

The Department's determination to deny MA for Petitioner and her spouse based on failing to provide verification of income cannot be upheld. Petitioner provided a schedule C. Pursuant to the BEM 501 policy, Federal tax forms and schedules are allowable verification of income for MA determinations.

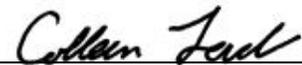
DECISION AND ORDER

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 determined MA eligibility for Petitioner's household.

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 MA eligibility for Petitioner's household as of the May 1, 2025 effective date in accordance with Department policy.



COLLEEN LACK
ADMINISTRATIVE LAW JUDGE

25-020554

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. 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, **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

Documents sent via email are not secure and can be faxed or mailed to avoid any potential risks. Requests MOAHR receives more than 30 days from the mailing date of this Hearing Decision may be considered untimely and dismissed.



Via Electronic Mail:

Respondent

JACKSON COUNTY DHHS
301 E LOUIS GLICK HWY
JACKSON, MI 49201

MDHHS-JACKSON-HEARINGS@MICHIGAN.GOV

Via First Class Mail:

Authorized Hearing Rep

[REDACTED]
[REDACTED] MI [REDACTED]

Petitioner

[REDACTED]
[REDACTED] MI [REDACTED]