

## **ISSUE**

The issue is whether MDHHS properly terminated Petitioner's Medical Assistance (MA) eligibility.

## **FINDINGS OF FACT**

The administrative law judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. As of December 2025, Petitioner was an ongoing recipient of Medical Assistance (MA) benefits.
1. On December 2, 2025, MDHHS sent Petitioner a Verification Checklist requesting proof of the last 30 days of household income by December 12, 2025.
2. On January 9, 2026, MDHHS initiated termination of Petitioner's MA eligibility beginning February 2026 due to Petitioner's failure to return verification of income.
3. On January 12, 2026, Petitioner requested a hearing to dispute the closure of MA benefits.
4. On January 12, 2026, Petitioner submitted to MDHHS a 2025 statement of his self-employment earnings.
5. As of the date of hearing, MDHHS did not process Petitioner's MA eligibility.

## **CONCLUSIONS OF LAW**

The MA program is established by Title XIX of the Social Security Act, 42 USC 1396 to 42 USC 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 to 42 CFR 430.25. MDHHS administers the MA program pursuant to 42 CFR 435, MCL 400.10 and MCL 400.103 to MCL 400.112k of the Social Welfare Act, MCL 400.1 *et seq.* MA policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing to dispute a termination of MA benefits. Exhibit A, pp. 3-5. A Health Care Coverage Determination Notice dated January 9, 2026, stated that Petitioner's MA eligibility would end February 2026, due to Petitioner's alleged failure to verify information. Exhibit A, pp. 8-11. MDHHS's testimony clarified that Petitioner failed to verify income.

Employment income must be verified at application, redetermination, when a member is added to the benefit group, or when otherwise required by policy. BEM 501 (October

2025) p. 10. For all programs, MDHHS is to inform the client what verification is required, how to obtain it, and the due date. BAM 130 (July 2025) p. 3. MDHHS is to use the DHS-3503, Verification Checklist (VCL), to request verification. *Id.* For MA, MDHHS is to allow the client 10 calendar days to provide the verification that is requested. *Id.*, p. 8. MDHHS may send a negative action notice when:

- The client indicates refusal to provide a verification, or
- The time period given has elapsed. *Id.*, pp. 8-9

MDHHS mailed Petitioner a VCL on December 2, 2025. Exhibit A, pp. 12-13. The VCL requested proof of Petitioner's last 30 days of earnings by December 12, 2025. MDHHS testified that the VCL was sent because Petitioner had not updated income information since 2024. Notably, not updating income information for a year is not a valid reason for a verification request. Nevertheless, for purposes of this decision, it will be accepted that MDHHS validly requested verification of Petitioner's income.

During the hearing, MDHHS checked Petitioner's history of submissions and credibly testified it received no income documents from Petitioner until January 12, 2026: the date of Petitioner's hearing request. Thus, MDHHS properly initiated termination of Petitioner's MA eligibility beginning February 2026 on January 9, 2026.

Upon certification of eligibility results, MDHHS automatically notifies the client in writing of positive and negative actions by generating the appropriate notice of case action. BAM 220 (October 2025) p. 2. There are two types of written notice: adequate and timely. *Id.*, pp. 3-5. An adequate notice is a written notice sent to the client at the same time an action takes effect (i.e., the action is immediate and not pending). *Id.* A timely notice is mailed at least 11 days before the intended negative action takes effect. *Id.* A timely action is pending to provide the client an opportunity to react to the proposed action. *Id.*, p. 4. Timely notice is given for a negative action unless policy allows for adequate or no notice. *Id.* When a client meets the requirement that caused the negative action, MDHHS is to delete the negative action. *Id.*, p. 14.

The timely hearing request date is the last date on which a client can request a hearing and have benefits continued or restored pending the hearing. *Id.*, p. 13. It is always the day before the negative action is effective. *Id.*

The termination notice stated that Petitioner could continue to receive benefits if a hearing request was received by January 31, 2026. Thus, the negative action date was February 1, 2026.

On January 12, 2026, Petitioner submitted to MDHHS a 12-month statement of his 2025 self-employment income. Exhibit A, pp. 6-7. The submission occurred within the negative action period. During the hearing, MDHHS contended that Petitioner's income verification was unacceptable but did not specify why. Petitioner's submission met the VCL requirement of verifying earnings from the last 30 days and self-employment records from the past year. Thus, Petitioner complied with the VCL before the negative action date. In response, MDHHS should have processed Petitioner's MA eligibility based on the

submitted documentation or, at least, informed Petitioner of why further documentation was necessary; MDHHS did neither.

Given the evidence, MDHHS did not properly terminate Petitioner's MA eligibility. As a remedy, Petitioner is entitled to a reinstatement of MA benefits.

### **DECISION AND ORDER**

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS improperly terminated Petitioner's MA eligibility. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

(1) Reinstate Petitioner's MA eligibility beginning February 2026 subject to the finding that Petitioner complied with the VCL dated December 2, 2025, before the negative action date; and

(1) Issue notice and supplements, if any, in accordance with policy.

Concerning FAP benefits, the actions taken by MDHHS are **REVERSED**