

**BEFORE THE ALASKA OFFICE OF ADMINISTRATIVE HEARINGS
ON REFERRAL BY THE COMMISSIONER OF HEALTH AND SOCIAL SERVICES**

In the Matter of:)
)
 M C) OAH No. 13-0717-MDE
) DPA Case No.
_____)

DECISION

I. Introduction

The issue in this case is whether a Medicaid household must be given written notice of the termination of its Family Medicaid benefits, and the conversion of its Medicaid coverage to Transitional Medicaid, as a prerequisite to terminating Transitional Medicaid at the end of the 12 month Transitional Medicaid eligibility period. The Division of Public Assistance (Division) terminated Ms. C’s household's Family Medicaid due to excess income effective May 31, 2012 and placed the household on Transitional Medicaid effective June 1, 2012. However, the Division did not notify Ms. C that her household had been converted from Family Medicaid to Transitional Medicaid until the Division notified her of the ending of her Transitional Medicaid one year later, in May 2013. This decision concludes that, because the Division’s policy manual requires issuance of a notice of adverse action at the time Family Medicaid is terminated and converted to Transitional Medicaid, the 12 month Transitional Medicaid period does not begin until the Division provides that notice. The Division did not notify Ms. C’s family that its Medicaid coverage had been converted to Transitional Medicaid until May 10, 2013. Accordingly, the Division must continue to provide Transitional Medicaid to the Cs for a period of 12 months from the date of notice (*i.e.* through May 2014). The Division’s decision terminating Ms. C's family’s Transitional Medicaid effective May 31, 2013 is therefore reversed.

II. Facts

The relevant facts in this case are undisputed. Ms. C’s household consists of herself, her domestic partner, and two minor children.¹ Ms. C’s household began receiving Family Medicaid in June 2010.² On May 9, 2012, Ms. C and her domestic partner submitted an Eligibility Review Form to continue receiving Family Medicaid benefits.³ On May 22, 2012, Ms. C participated in a

¹ Ex. 1.
² Ex. 1.
³ Exs. 2.0 – 2.5.

telephonic eligibility interview.⁴ During this eligibility interview Ms. C disclosed that she had begun providing child daycare services and was earning \$900.00 per month.⁵ In addition, Ms. C's domestic partner was employed with an industrial supply store and was earning an average of \$2,735.33 per month from that employment.⁶ Based on this income, the Division eligibility technician who conducted the interview concluded that Ms. C's household income exceeded the Family Medicaid program's income limit for a household of four.⁷ However, there is no indication in the eligibility technician's notes that she informed Ms. C of this, and Ms. C testified that she did not.⁸ It is undisputed that the Division failed to provide written notice of the termination of Ms. C's household's Family Medicaid and the change to Transitional Medicaid.⁹ In any event, the Division terminated Ms. C's household's Family Medicaid effective May 31, 2012 and shifted the household to Transitional Medicaid effective June 1, 2012.¹⁰ Approximately one year later, on May 10, 2013 the Division notified Ms. C that her household's Transitional Medicaid would end on May 31, 2013.¹¹ Ms. C requested a hearing on May 21, 2013.¹²

Ms. C's hearing was held on June 11, 2013. Ms. C participated in the hearing by phone, represented herself, and testified on her own behalf. Public Assistance Analyst Jeff Miller participated in the hearing by phone, represented the Division, and testified on its behalf. The record closed at the end of the hearing.

III. Discussion

Households receiving Family Medicaid, who later become ineligible for Family Medicaid as a result of an increase in the earnings of a caretaker relative due to an increase in pay rate or the number of hours worked, become eligible for Transitional Medicaid ("T-Med").¹³ The purpose of T-Med is to ease the transition from welfare to work by encouraging households to take advantage of better employment opportunities, even when it means the household will make too much money to qualify for Family Medicaid.¹⁴ T-Med eligibility begins on the date that Family Medicaid

⁴ Ex. 3.0.

⁵ Exs. 3.0, 3.4.

⁶ Exs. 3.0 – 3.3.

⁷ Ex. 3.0.

⁸ Ex. 3.0; M C hearing testimony.

⁹ M C hearing testimony; Jeff Miller hearing testimony.

¹⁰ Ex. 3.0; Jeff Miller hearing testimony.

¹¹ Ex. 5.0.

¹² Ex. 6.

¹³ 7 AAC 100.200(a). There are other situations in which persons can become eligible for T-Med, but they are not relevant to this case.

¹⁴ Family Medicaid Eligibility Manual Section 5220.

eligibility ends and, assuming other eligibility criteria continue to be met, continues for 12 months.¹⁵

In this case, Ms. C does not dispute that her household became over-income for Family Medicaid in or about May of 2012. What she thinks is unfair is that the Division sent her no notice that her Family Medicaid was ending and becoming Transitional Medicaid.¹⁶ The first notice she received that her family's Medicaid coverage would be ending was the notice of May 10, 2013 informing her that her Transitional Medicaid would end as of May 31, 2013.¹⁷ Thus, she received only 21 days' notice of the end of her household's Medicaid benefits, instead of the 12 months' notice anticipated by Transitional Medicaid.

The Division acknowledges that it failed to send out a notice advising of the change from Family Medicaid to T-Med. Accordingly, there are no disputed issues of material fact. The sole issue is the purely legal issue of whether the Division may terminate T-Med at the end of the normal 12 month transition period when it previously failed to notify the recipient of the termination of Family Medicaid coverage and the shift to T-Med.

The Division's Family Medicaid policy manual answers this question. Family Medicaid Eligibility Manual Section 5220-2B, in discussing the transition from Family Medicaid to T-Med, states that "[a]n adverse action notice *must* be sent before closing a Family Medicaid case" (emphasis added). Family Medicaid Eligibility Manual Section 5220-3B, titled "Agency Notification Requirements," states in relevant part that "[a]t the time Family Medicaid is terminated and Transitional Medicaid approved, *the agency must notify the household,*" and that "[t]his requirement is met by sending . . . Eligibility Information System notice M702 - Transitional Medicaid Begins." Because the Division's policy manual requires issuance of a notice of adverse action at the time Family Medicaid is terminated and converted to Transitional Medicaid, the 12 month Transitional Medicaid period does not begin until the Division provides that notice. The Division did not notify Ms. C's family that its Medicaid coverage had been converted to Transitional Medicaid until May 10, 2013. Accordingly, pursuant to Family Medicaid Eligibility Manual Sections 5220-2B, and 5220-3B, the Division must continue to provide T-Med to the Cs for a period of 12 months from the date of notice (*i.e.* through May 2014).

¹⁵ 7 AAC 100.200(a); 7 AAC 100.204(a); Family Medicaid Eligibility Manual Section 5220. There are other situations creating variations or exceptions to this general rule, but they are not relevant to this case.

¹⁶ M C hearing testimony.

¹⁷ M C hearing testimony; Ex. 5.

IV. Conclusion

The purpose of the Transitional Medicaid program is to provide families with health insurance coverage while the family transitions from Family Medicaid coverage to private health insurance. The Division's regulations require that households be given notice at the time of termination of Family Medicaid so that the household has one year to obtain private health insurance before Transitional Medicaid ends. In this case the Division failed to provide the required notice. The Division's decision terminating Ms. C's family's Transitional Medicaid effective May 31, 2013 is therefore reversed.

Dated this 24th day of July, 2013.

Signed _____
Jay Durych
Administrative Law Judge

Adoption

The undersigned, by delegation from of the Commissioner of Health and Social Services, adopts this Decision, under the authority of AS 44.64.060(e)(1), as the final administrative determination in this matter.

Judicial review of this decision may be obtained by filing an appeal in the Alaska Superior Court in accordance with Alaska R. App. P. 602(a)(2) within 30 days after the date of this decision.

DATED this 7th day of August, 2013.

By: *Signed* _____
Name: Jay D. Durych
Title: Administrative Law Judge, DOA/OAH

[This document has been modified to conform to the technical standards for publication.]