



Minnesota Department of **Human Services**

**DECISION OF
STATE AGENCY
ON APPEAL**

In the Appeal of: [REDACTED]
For: MinnesotaCare
Agency: Minnesota Department of Human Services
Docket: 168963

On December 14, 2015, Human Services Judge Kelly A. Vargo held an evidentiary hearing under Minnesota Statute § 256.045, subdivision 3.

The following persons appeared at the hearing:

[REDACTED], Appellant
Michelle Dehn, Minnesota Department of Human Services

The judge, based on the evidence in the record and considering the arguments of the parties, recommends the following findings of fact, conclusions of law, and order.

STATEMENT OF ISSUE

The issue raised in this appeal is:

Whether the Minnesota Department of Human Services correctly determined that the Appellant's household received a MinnesotaCare overpayment and Health Minnesota Care Program overpayment totaling \$3,757.69 for the period of October 1, 2012 through August 31, 2013.

FINDINGS OF FACT

1. By Notice of Overpayment dated October 13, 2015, the Minnesota Department of Human Services (herein Agency) advised the Appellant in writing of its determination that her household received a MinnesotaCare and Health Minnesota Care Program overpayment of \$3,757.69. *Exhibit 2*. The Appellant filed a request challenging the overpayment determination, which was received by the appeals office on November 3, 2015. *Exhibit 1*. Human Services Judge Kelly A. Vargo held an evidentiary hearing via telephone conference on December 14, 2015. The judge accepted into evidence two exhibits.¹ The record was closed on December 14, 2015.

2. The Appellant lives with her husband, [REDACTED]. *Appellant's testimony*.

3. On May 4, 2012, the Agency received the Appellant's completed application for Health Care Programs Renewal Application for Appellant and Appellant's husband. *Exhibit 2*. The Appellant reported her self-employment at [REDACTED] and her husband's employment at [REDACTED]. *Id.* Appellant reported on the application that no one in the household could get health insurance through a current employer. *Id.* Attached to the application was the household's 2011 Tax Form 1040. *Id.*

4. On May 15, 2012, the Agency requested the Appellant provide additional verification of her husband's income, the 2011 Schedule C, and all 2011 W-2 Forms. *Exhibit 2*.

5. On May 29, 2012, the Agency received an employer statement from Mr. [REDACTED] employer along with two bi-weekly pay stubs, Appellant's 2011 Schedule C-EZ, and two 2011 W-2 Forms. *Exhibit 2*. On May 31, 2012, the agency determined Appellant and her husband ineligible for continuing MinnesotaCare coverage as they were over the income limit. *Id.* Appellant's household's MinnesotaCare coverage ended July 31, 2012. *Id.*

¹ Exhibit 1 – Appeal Request; Exhibit 2- Agency's Appeal Summary and attachments

Appellant and her husband were determined eligible for Healthy Minnesota Contribution Program effective August 1, 2012. *Id.*

6. Due to changes in the Federal Poverty Guidelines, Appellant and her husband became eligible for MinnesotaCare effective July 1, 2013 and the household's Health Minnesota Contribution Program eligibility closed effective June 30, 2013. *Exhibit 2.*

7. On July 23, 2013, Appellant reported her pregnancy to the Agency. *Exhibit 2.* Appellant's pregnancy benefits became effective August 1, 2013 and the Agency then changed the household composition to a household of three. *Id.*

8. On July 26, 2013, the Agency received the Minnesota Health Care Programs (MHCP) Renewal application for MinnesotaCare coverage on behalf of Appellant and her husband. *Exhibit 2.* The Appellant reported earned income from her employment at [REDACTED] and her husband's employment at [REDACTED]. *Id.* The Appellant reported on the application that her husband turned down health insurance coverage through his employer. *Id.* Attached to the application were two bi-weekly paystubs from Appellant's employer and three bi-weekly pay stubs from Mr. [REDACTED] employer. *Id.* Appellant reported on the application that she began employment at M [REDACTED] in January 2013. *Id.*

9. On August 3, 2013, the Agency determined that Mr. [REDACTED] was ineligible for MinnesotaCare coverage because he was over income and closed his coverage effective August 31, 2013. *Exhibit 2.* The Agency could not close Appellant's MinnesotaCare coverage for being over income because she was still pregnant. *Id.* A Request for Information was sent to Appellant to verify her pregnancy and an Employer Insurance Information Form was sent to Mr. [REDACTED] employer. *Id.* Based upon paystubs provided, the agency determined Appellant's annual household income to be \$79,945.84. *Id.*

10. On August 13, 2013, Appellant reported to the Agency that the health insurance offered through her husband's employer was employer sponsored insurance and she ended the renewal process. *Exhibit 2.* MinnesotaCare coverage ended for Appellant on August 31, 2013 for not completing the renewal process. *Id.*

11. A Fraud Investigation showed Appellant was employed by [REDACTED] since August 1, 2012. *Exhibit 2.* Appellant was a full-time salaried employee earning \$1,923.08 bi-weekly. *Id.* The agency determined Appellant's 6 month gross income to be \$50,000.08. *Id.* Appellant's employer did offer employer subsidized insurance effective September 1, 2012 but it was waived by Appellant. *Id.* The employee pays 30% of the single premium and if the employee is part of family coverage, the employee pays 40% of the total premium. *Id.* The cost to Appellant for health insurance was \$160.36 per month. *Id.* The Appellant did not report this change in income to the Agency until July 26, 2013. *Id.* Additionally, the Appellant did not report the employer sponsored insurance to the Agency. *Id.*

12. By Notice of Overpayment dated October 13, 2015, the Agency determined that the Appellant received an overpayment of MinnesotaCare coverage in the amount of \$1,746.69 for the period from July 1, 2013, to August 31, 2013, because it was not accurately reported to MinnesotaCare that Appellant had income and had employer sponsored insurance, within 10 days of the change. *Exhibit 2*. Additionally, the Notice dated October 13, 2015, determined that the Appellant received an overpayment for Health Minnesota Contribution Program benefits in the amount of \$2,214.00 for the period from October 1, 2012 through June 30, 2013 because Appellant had income and was eligible for employer sponsored insurance but did not report this within 10 days of the change. *Exhibit 2*. The Notice of Overpayment dated October 13, 2015 total amount is \$3,757.69 after subtracting \$203 total premiums paid by Appellant for the months of July 2013 and August 2013. *Id.*

13. The Agency paid managed health care capitation/premium fees on behalf of Appellant and her husband in the amount of \$3,960.69 for the period from October 2012, through August 31, 2013. *Id.*

14. The Appellant paid MinnesotaCare premiums on behalf of herself and her husband in the amount of \$203.00 monthly from July 2013 through August 31, 2013. *Exhibit 2*.

15. Appellant admits she started working for [REDACTED] in August 2012 but thought she had reported it to the Agency. *Testimony of Appellant*. Appellant is concerned with how she is going to repay the overpayment. *Id.*

CONCLUSIONS OF LAW

1. A person may request a state fair hearing by filing an appeal either: 1) within thirty days of receiving written notice of the action; or 2) within ninety days of such notice if the Appellant can show good cause why the request for an appeal was not submitted within the thirty day time limit. Minn. Stat. 256.045, subd. 3. In this case, the Appellant requested this hearing within 30 days of receipt of the Notice of Overpayment. Therefore, this appeal is timely.

2. The Commissioner of Human Services has jurisdiction over this appeal under Minn. Stat. § 256.045, subd. 3.

3. MinnesotaCare recipients must provide accurate and complete information as requested, complete applications and necessary forms truthfully, and report changes timely.

Minn. R. 9506.0030, subp. 2(A); Minnesota Department of Human Services Health Care Programs Manual (HCPM), Chapter 6.10. Reporting required changes includes changes to: household composition (including household members moving in or out, births, deaths and marriages); access to health insurance or Medicare; pregnancy; address; employment (including stopping, starting or changing employment; starting or stopping a business; and changes in hours or earnings); assets; and unearned income. *Id.* MinnesotaCare recipients must report required changes within 10 days after the date of the change. *HCPM, Chapter 6.10.*

4. Prior to January 1, 2014, a family or individual could not have access to subsidized health coverage through an employer to be eligible for MinnesotaCare coverage. *Minn. Stat. § 256L.07, subd 2(a) and Minn. R. 9506.0020, subp. 1*€. For purposes of this requirement, subsidized health coverage meant health coverage for which the employer pays at least 50 percent of the cost of coverage for the employee or dependent, or a higher percentage as specified by the commissioner. *Minn. Stat. § 256L.07, subd. 2(c).*

5. *Minn. Stat. § 256L.06, subd. 3* authorizes the Commissioner of Human Services to require enrollees to report changes in income and adjust sliding scale premium payments, based upon both increases and decreases in enrollee income, at the time the change in income is reported.

6. Pursuant to *Minn. Stat. § 256L.031, subd. 1(a)*, beginning July 1, 2012, the Commissioner of Human Services shall provide each MinnesotaCare enrollee eligible under section 256L.04, subdivision 7, with family income equal to or greater than 200 percent of the federal poverty guidelines (FPG)² with a monthly defined contribution to purchase health coverage under a health plan. Unless otherwise provided, all MinnesotaCare requirements related to eligibility, income and asset methodology, income reporting, and program administration, continue to apply to enrollees obtaining coverage under this section. *Id at (d).*

7. “Gross individual or gross family income” means the total income for all family members calculated for the 12 month period of eligibility. *Minn. Stat. §256L.01, subd. 4(c)*. Reasonable methods must be used to calculate gross earned and unearned income including, but not limited to, projecting income based on income received within the past 30 days, the last 90 days, or the last 12 months. *Id. at subd. 5(b).*

8. MinnesotaCare can recover benefits if payment of those benefits was the result of fraud, theft, or abuse, or error on the part of the recipient, absent a showing that the recovery would, in that particular case, be unreasonable or unfair. *Minn. R. 9505.2215, subp. 1; See Minn. R. 9506.0100 (parts 9505.2160 to 9505.2245 apply to MinnesotaCare)*. To determine an overpayment amount, Agency employees are directed to redetermine eligibility as if correct, complete information had been reported timely. *HCPM, Chapter 29.15.* The

² Effective July 1, 2012, 200 percent of FPG for a household of two people is \$2,522.00 monthly or \$30,264.00 annually. *Minnesota Health Care Programs (MHCP) Manual, Chapter 22.05.40.*

overpayment is the full amount of claims paid (capitation payments and any fee-for-service payments made) on the household's behalf, less premiums paid for the months of total ineligibility. *Id.* If a change results in continued eligibility for the same benefit set but a higher premium, the overpayment amount is the correct premium less the actual premium paid. *Id.*

9. In this case, the record establishes that the Appellant was receiving MinnesotaCare coverage for herself and her husband during the periods from July 1, 2013, through August 31, 2013 and was also receiving Health Minnesota Contribution Program benefits for herself and her husband from October 1, 2012 through June 30, 2013. The Appellant paid monthly MinnesotaCare premiums for the months of July 2013 and August 2013 in the total amount of \$203. The Appellant began working at [REDACTED] on August 1, 2012 and was eligible for employer sponsored insurance for herself and her husband effective September 1, 2012. Appellant failed to report her change in income and failed to report to eligibility for employer sponsored insurance. The employer sponsored insurance was cost effective. Had Appellant reported her access to employer sponsored insurance to the Agency within 10 days of it becoming effective on September 1, 2012, the Agency would have closed her household's Healthy Minnesota Contribution Program benefits effective September 30, 2012.

10. The overpayment resulting from the failure to report employer-sponsored insurance coverage. The changes in earned income and employer-sponsored insurance coverage were not reported to the Agency in a timely manner. Therefore, the Agency correctly determined that the Appellant is responsible for payment of an overpayment of MinnesotaCare coverage and Healthy Minnesota Contribution Program benefits in the amount of \$3,757.69.

RECOMMENDED ORDER

THE HUMAN SERVICES JUDGE RECOMMENDS THAT the Commissioner AFFIRM the Agency's determination that the Appellant's household received an overpayment of MinnesotaCare benefits and Healthy Contribution Program benefits in the amount of \$3,757.69 for the periods from October 1, 2012 through August 31, 2013.

Kelly A. Vargo
Human Services Judge

Date

ORDER OF THE COMMISSIONER

IT IS THEREFORE ORDERED THAT based upon all the evidence and proceedings, the Commissioner of Human Services adopts the judge's recommended findings of fact, conclusions of law, and order as her final decision.

Date

cc: [REDACTED], Appellant
Teressa Saybe, DHS – MinnesotaCare