

STATE OF MICHIGAN  
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF: [REDACTED],  
Claimant

Reg. No: 2007-15718  
Issue No: 2009; 4031  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
July 24, 2007  
Iron County DHS

ADMINISTRATIVE LAW JUDGE: Jana B. Bachman

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9; and MCL 400.37 upon claimant's request for a hearing. After due notice, a telephone hearing was held July 24, 2007.

ISSUE

Whether the Department of Human Services (department) properly determined that claimant has not established disability for purposes of Medical Assistance (MA) and State Disability Assistance (SDA).

FINDINGS OF FACT

The Administrative Law Judge, based upon the competent, material and substantial evidence on the whole record, finds as material fact:

(1) During April 2007, claimant was a recipient of MA and SDA. Claimant's assistance was due for medical review. Claimant submitted updated medical records for department consideration.

(2) March 15, 2007, the Medical Review Team denied claimant's medical review.

Department Exhibit (department) A.

(3) March 20, 2007 and March 27, 2007, the department sent claimant written notice that his assistance would terminate. Department C.

(4) March 23, 2007, the department received claimant's timely request for hearing. Department's negative action was deleted pending hearing.

(5) June 14, 2007, the State Hearing Review Team (SHRT) denied claimant's application. Department B.

(6) July 24, 2007, the telephone hearing was held. Prior to the close of the record, claimant requested the record be left open for additional medical evidence. Claimant waived his right to a timely hearing decision. September 18, 2007, after review of all medical records, the SHRT again denied claimant's medical review. SHRT Decision, 9/18/07.

(7) Claimant asserts disability based on impairments caused by depression, anxiety, hiatal hernia and circulatory problems.

(8) Claimant testified at hearing. [REDACTED]

[REDACTED]

(9) Claimant's past relevant employment has been doing logging, roofing, millwork, and factory assembly.

(10) At last positive decision in April 2006, claimant was [REDACTED]

[REDACTED] Claimant was markedly limited in 12 of 20 areas of functioning needed for employment. He was moderately limited in 7 of 20 areas of functioning. Claimant's GAF was assessed at 35-40. Department A, pages 48-49, 107-110.

(11) At review a Psychiatric/Psychological Examination Report (DHS-49-D) was completed and states, in pertinent part that claimant has [REDACTED]. Treatment professional notes that claimant has slow speech and has difficulty understanding what is said to him and understanding expectations. He reports he has no social activities and stays at home due to depression and anxiety. GAF was assessed at 35. Department A, pages 15-16. At review, a Medical Examination Report (DHS-49) was completed that states, in pertinent part, that claimant has tinnitus, carpal tunnel – multiple surgeries, COPD, and degenerative joint disease. Doctor reports crackles bilaterally in lower lobes of lungs and slow, waddling, but steady gait. Doctor opines that claimant should not lift more than 25 pounds. No other physical restrictions are noted. Doctor notes claimant has slow speech and has difficulty understanding conversation due to anxiety.

(12) When comparing the objective medical evidence at review with the objective medical evidence provided at last positive decision, it appears that medical improvement has not occurred since the time of the last positive decision. Claimant continues to have severe depression with psychosis and a GAF of 35, indicative of some impairment in reality testing or impairment in speech and communication or serious impairment in several of the following: occupation or school functioning, interpersonal relationships, judgment, thinking, or mood. DSM IV, 1994. Claimant severely restricts his social activities and daily activities due to anxiety and depression. Finding of Fact 11.

(13) Claimant's lack of medical improvement is related to his ability to perform work. Claimant is not capable of performing work activities due to severe depression and psychosis that has persisted since last positive decision.

(14) Claimant is not capable of performing the tasks required for general work activities. Accordingly, at review, claimant meets the disability requirements for MA and SDA.

CONCLUSIONS OF LAW

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). The Department of Human Services (DHS or department) administers the MA program pursuant to MCL 400.10, et seq., and MCL 400.105; MSA 16.490(15). Department policies are found in the Program Administrative Manual (PAM), the Program Eligibility Manual (PEM) and the Program Reference Manual (PRM).

Pursuant to Federal Rule 42 CFR 435.540, the Department of Human Services uses the federal Supplemental Security Income (SSI) policy in determining eligibility for disability under the Medical Assistance program. Under SSI, disability is defined as:

...the inability to do any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.... 20 CFR 416.905

A set order is used to determine disability. Current work activity, severity of impairments, residual functional capacity, past work, age, or education and work experience is reviewed. If there is a finding that an individual is disabled or not disabled at any point in the review, there will be no further evaluation. 20 CFR 416.920.

If an individual is working and the work is substantial gainful activity, the individual is not disabled regardless of the medical condition, education and work experience. 20 CFR 416.920(c).

If the impairment or combination of impairments do not significantly limit physical or mental ability to do basic work activities, it is not a severe impairment(s) and disability does not exist. Age, education and work experience will not be considered. 20 CFR 416.920.

Statements about pain or other symptoms do not alone establish disability. There must be medical signs and laboratory findings which demonstrate a medical impairment.... 20 CFR 416.929(a).

...Medical reports should include –

- (1) Medical history.
- (2) Clinical findings (such as the results of physical or mental status examinations);
- (3) Laboratory findings (such as blood pressure, X-rays);
- (4) Diagnosis (statement of disease or injury based on its signs and symptoms).... 20 CFR 416.913(b).

In determining disability under the law, the ability to work is measured. An individual's functional capacity for doing basic work activities is evaluated. If an individual has the ability to perform basic work activities without significant limitations, he or she is not considered disabled. 20 CFR 416.994(b)(1)(iv).

Basic work activities are the abilities and aptitudes necessary to do most jobs. Examples of these include --

- (1) Physical functions such as walking, standing, sitting, lifting, pushing, pulling, reaching, carrying, or handling;
- (2) Capacities for seeing, hearing, and speaking;
- (3) Understanding, carrying out, and remembering simple instructions;
- (4) Use of judgment;
- (5) Responding appropriately to supervision, co-workers and usual work situations; and
- (6) Dealing with changes in a routine work setting. 20 CFR 416.921(b).

Medical findings must allow a determination of (1) the nature and limiting effects of your impairment(s) for any period in question; (2) the probable duration of the impairment; and (3) the residual functional capacity to do work-related physical and mental activities. 20 CFR 416.913(d).

Medical evidence may contain medical opinions. Medical opinions are statements from physicians and psychologists or other acceptable medical sources that reflect judgments about the nature and severity of the impairment(s), including your symptoms, diagnosis and prognosis, what an individual can do despite impairment(s), and the physical or mental restrictions. 20 CFR 416.927(a)(2).

All of the evidence relevant to the claim, including medical opinions, is reviewed and findings are made. 20 CFR 416.927(c).

For mental disorders, severity is assessed in terms of the functional limitations imposed by the impairment. Functional limitations are assessed using the criteria in paragraph (B) of the listings for mental disorders (descriptions of restrictions of activities of daily living, social functioning; concentration, persistence, or pace; and ability to tolerate increased mental demands associated with competitive work).... 20 CFR, Part 404, Subpart P, App. 1, 12.00(C).

If an individual fails to cooperate by appearing for a physical or mental examination by a certain date without good cause, there will not be a finding of disability. 20 CFR 416.994(b)(4)(ii).

The Administrative Law Judge is responsible for making the determination or decision about whether the statutory definition of disability is met. The Administrative Law Judge reviews all medical findings and other evidence that support a medical source's statement of disability.... 20 CFR 416.927(e).

**Medical improvement.** Medical improvement is any decrease in the medical severity of your impairment(s) which was present at the time of the most recent favorable medical decision that you were disabled or continued to be disabled. A determination that there has been a decrease in medical severity must be based on changes (improvement) in the symptoms, signs and/or laboratory findings associated with your impairment(s).... 20 CFR 416.994(b)(1)(i).

**Medical improvement not related to ability to do work.** Medical improvement is not related to your ability to work if there has been a decrease in the severity of the impairment(s) as defined in paragraph (b)(1)(i) of this section, present at the time of the most recent favorable medical decision, but no increase in your functional capacity to do basic work activities as defined in paragraph (b)(1)(iv) of this section. If there has been any medical improvement in your impairment(s), but it is not related to your ability to do work and none of the exceptions applies, your benefits will be continued.... 20 CFR 416.994(b)(1)(ii).

**Medical improvement that is related to ability to do work.** Medical improvement is related to your ability to work if there has been a decrease in the severity, as defined in paragraph (b)(1)(i) of this section, of the impairment(s) present at the time of the most recent favorable medical decision **and** an increase in your functional capacity to do basic work activities as discussed in paragraph (b)(1)(iv) of this section. A determination that medical improvement related to your ability to do work has occurred does not, necessarily, mean that your disability will be found to have ended unless it is also shown that you are currently able to engage in substantial gainful activity as discussed in paragraph (b)(1)(v) of this section.... 20 CFR 416.994(b)(1)(iii).

**Functional capacity to do basic work activities.** Under the law, disability is defined, in part, as the inability to do any substantial gainful activity by reason of any medically determinable physical or mental impairment(s).... 20 CFR 416.994(b)(1)(iv).

...A decrease in the severity of an impairment as measured by changes (improvement) in symptoms, signs or laboratory findings can, if great enough, result in an increase in the functional capacity to do work activities.... 20 CFR 416.994(b)(1)(iv)(A).

When new evidence showing a change in signs, symptoms and laboratory findings establishes that both medical improvement has occurred and your functional capacity to perform basic work activities, or residual functional capacity, has increased, we say that medical improvement which is related to your ability to do

work has occurred. A residual functional capacity assessment is also used to determine whether you can engage in substantial gainful activity and, thus, whether you continue to be disabled... 20 CFR 416.994(b)(1)(iv)(A).

...Point of comparison. For purposes of determining whether medical improvement has occurred, we will compare the current medical severity of that impairment(s) which was present at the time of the most recent favorable medical decision that you were disabled or continued to be disabled to the medical severity of that impairment(s) at that time.... 20 CFR 416.994(b)(1)(vii).

...If medical improvement has occurred, we will compare your current functional capacity to do basic work activities (i.e., your residual functional capacity) based on the previously existing impairments with your prior residual functional capacity in order to determine whether the medical improvement is related to your ability to do work. The most recent favorable medical decision is the latest decision involving a consideration of the medical evidence and the issue of whether you were disabled or continued to be disabled which became final. 20 CFR 416.994(b)(1)(vi).

...Medical improvement. Medical improvement is any decrease in the medical severity of impairment(s) present at the time of the most recent favorable medical decision that you were disabled or continued to be disabled and is determined by a comparison of prior and current medical evidence which must show that there have been changes (improvement) in the symptoms, signs or laboratory findings associated with that impairment(s). 20 CFR 416.994(b)(2)(i).

The State Disability Assistance (SDA) program which provides financial assistance for disabled persons is established by 2001 PA 82. The Family Independence Agency (FIA or agency) administers the SDA program pursuant to MCL 400.10, et seq., and MAC R 400.3151-400.3180. Agency policies are found in the Program Administrative Manual (PAM), the Program Eligibility Manual (PEM) and the Program Reference Manual (PRM).

2004 PA 344, Sec. 604, establishes the State Disability Assistance program. It reads in part:

Sec. 604 (1) The department shall operate a state disability assistance program. Except as provided in subsection (3), persons eligible for this program shall include needy citizens of the United States or aliens exempted from the Supplemental Security Income



citizenship requirement who are at least 18 years of age or emancipated minors meeting 1 or more of the following requirements:

- (a) A recipient of supplemental security income, social security or medical assistance due to disability or 65 years of age or older.
  - (b) A person with a physical or mental impairment which meets federal SSI disability standards, except that the minimum duration of the disability shall be 90 days. Substance abuse alone is not defined as a basis for eligibility.
  - (c) A resident of an adult foster care facility, a home for the aged, a county infirmary, or a substance abuse treatment center.
  - (d) A person receiving 30-day post-residential substance abuse treatment.
  - (e) A person diagnosed as having acquired immunodeficiency syndrome.
  - (f) A person receiving special education services through the local intermediate school district.
  - (g) A caretaker of a disabled person as defined in subdivision (a), (b), (e), or (f) above.
- (2) Applicants for and recipients of the state disability assistance program shall be considered needy if they:
- (a) Meet the same asset test as is applied to applicants for the family independence program.
  - (b) Have a monthly budgetable income that is less than the payment standard.
- (3) Except for a person described in subsection (1)(c) or (d), a person is not disabled for purposes of this section if his or her drug addiction or alcoholism is a contributing factor material to the determination of disability. 'Material to the determination of disability' means that, if the person stopped using drugs or alcohol, his or her remaining physical or mental limitations would not be disabling. If his or her remaining physical or mental limitations would be disabling, then the drug addiction or alcoholism is not material to the

determination of disability and the person may receive state disability assistance. Such a person must actively participate in a substance abuse treatment program, and the assistance must be paid to a third party or through vendor payments. For purposes of this section, substance abuse treatment includes receipt of inpatient or outpatient services or participation in alcoholics anonymous or a similar program. 1995 PA 156, Sec. 605.

- (4) A refugee or asylee who loses his or her eligibility for the federal supplemental security income program by virtue of exceeding the maximum time limit for eligibility as delineated in Section 402 of Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, 8 U.S.C. 1612, and who otherwise meets the eligibility criteria under this section shall be eligible to receive benefits under the state disability assistance program.

At Step 1, claimant's cognitive impairments appear to meet or equal Social Security Listing 12.04: he has persistent depression with pervasive loss of interest in almost all activities; decreased energy; difficulty with concentration or thinking; and hallucinations, delusions, or paranoid thinking. These problems result in marked difficulties maintaining social functions and marked difficulties in maintaining concentration, persistence, or pace. Finding of Fact 11.

At Step 2, at last positive decision, claimant had severe depression with psychosis. GAF was assessed at 35-40, indicative of some impairment in reality testing, or impairment in speech and communication, or serious impairment in several of the following: occupational or school functioning, interpersonal relationships, judgment, thinking, or mood. DSM IV, 1994, Finding of Fact 10. At review, claimant continued to have severe depression with psychosis and GAF of 35. Finding of Fact 11.

At Step 3, claimant does not have improved cognitive abilities. Finding of Fact 10-14.

At Step 4, see Step 3, above.

At Step 5, claimant has severe depression with psychosis that has persisted since the last positive decision. His cognitive impairments result in marked restrictions of social activities and concentration, persistence, or pace. Finding of Fact 10-14. Therefore, the objective medical evidence of record is sufficient to establish that claimant has current severe impairments.

At Step 6, claimant's past relevant employment has been as a laborer. The objective medical evidence of record establishes that claimant has severe depression with psychosis that results in marked restrictions in his social activities and concentration, persistence, or pace. Finding of Fact 10-15. Therefore, the medical evidence of record is sufficient to establish that claimant has cognitive impairments that are so severe as to prevent him from performing the tasks required by his past relevant employment as a laborer.

The residual functional capacity is what an individual can do despite limitations. All impairments will be considered in addition to ability to meet certain demands of jobs in the national economy. Physical demands, mental demands, sensory requirements and other functions will be evaluated.... 20 CFR 416.945(a).

To determine the physical demands (exertional requirements) of work in the national economy, we classify jobs as sedentary, light, medium and heavy. These terms have the same meaning as they have in the Dictionary of Occupational Titles, published by the Department of Labor.... 20 CFR 416.967.

Sedentary work. Sedentary work involves lifting no more than 10 pounds at a time and occasionally lifting or carrying articles like docket files, ledgers, and small tools. Although a sedentary job is defined as one which involves sitting, a certain amount of walking and standing is often necessary in carrying out job duties. Jobs are sedentary if walking and standing are required occasionally and other sedentary criteria are met. 20 CFR 416.967(a).

Light work. Light work involves lifting no more than 20 pounds at a time with frequent lifting or carrying of objects weighing up to 10 pounds. Even though the weight lifted may be very little, a job is in this category when it requires a good deal of walking or standing, or when it involves sitting most of the time with some pushing and pulling of arm or leg controls....

20 CFR 416.967(b).

Medium work. Medium work involves lifting no more than 50 pounds at a time with frequent lifting or carrying of objects weighing up to 25 pounds. If someone can do medium work, we determine that he or she can also do sedentary and light work. 20 CFR 416.967(c).

Heavy work. Heavy work involves lifting no more than 100 pounds at a time with frequent lifting or carrying of objects weighing up to 50 pounds. If someone can do heavy work, we determine that he or she can also do medium, light, and sedentary work. 20 CFR 416.967(d).

At Step 7, claimant's impairments are non exertional. Finding of Fact 10-15.

After careful examination of the record and for the reasons discussed at Steps 1 through 7 above, the Administrative Law Judge decides that claimant has severe cognitive impairments that have lasted or are expected to last 12 months or more and prevent employment in any job.

Claimant meets the statutory requirements for Medical Assistance based on disability. Claimant meets the disability requirements for State Disability Assistance.

#### DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that claimant has established disability for purposes of State Disability Assistance and Medical Assistance.

Accordingly, the department's action is hereby REVERSED. The department is to initiate a determination of claimant's financial eligibility for MA and SDA in compliance with department policy and this decision and order. Medical Review is set for November 2009.

Claimant shall seek psychiatric treatment and fully participate in and comply with all treatment recommendations. He shall provide psychiatric records at medical review. Failure to do so may affect future eligibility.

/s/  
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Jana B. Bachman  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: January 5, 2009

Date Mailed: January 6, 2009

**NOTICE:** Administrative Hearings may order a rehearing or reconsideration on either its own motion or at the request of a party within 30 days of the mailing date of this Decision and Order. Administrative Hearings will not order a rehearing or reconsideration on the Department's motion where the final decision cannot be implemented within 90 days of the filing of the original request.

The Claimant may appeal the Decision and Order to Circuit Court within 30 days of the receipt of the Decision and Order or, if a timely request for rehearing was made, within 30 days of the receipt date of the rehearing decision.

JBB

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Administrative Hearings (2)