

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: 200922098  
Issue No: 2009  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
August 11, 2009  
Roscommon County DHS

ADMINISTRATIVE LAW JUDGE: Robert J. Chavez

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 hearing was held on August 11, 2009.

ISSUE

Was the denial of claimant's application for MA-P and SDA for lack of disability correct?

FINDINGS OF FACT

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

- (1) Claimant applied for MA-P and SDA on November 7, 2008.
- (2) Claimant is 25 years old.
- (3) Claimant has a high school education and six years of part-time college education without a degree.

- (4) Claimant is not currently working.
- (5) Claimant has a prior work history consisting of a dishwasher, a cashier, and a waitress.
- (6) Claimant terminated her latest employment as a waitress due to a psychotic episode.
- (7) Claimant has a history of mental illnesses beginning at the age of 17 years old.
- (8) Claimant has been diagnosed with bipolar disorder, anxiety disorder, hypothyroidism, and migraine headaches.
- (9) Claimant experienced four episodes of decompensation from 2001 to 2008.
- (10) Claimant's most recent episode of decompensation occurred on [REDACTED]. Claimant experienced auditory hallucination, manic and depressive symptoms, severe anxiety, and persecutory ideations.
- (11) Claimant was subsequently hospitalized and received a GAF of 20 at admission.
- (12) Claimant takes medications for her illnesses, including Ambien, Naproxen Sodium, Nexium, Effexor XR, Synthroid, Wellbutrin XL, Iorazepam, Doxepin, and Trileptal.
- (13) Claimant suffers side effects from her medications, including insomnia, weight gain, and fatigue.
- (14) Claimant's treating source completed a Mental RFC assessment, DHS-49-E, on [REDACTED].
- (15) Claimant was rated as markedly limited in several categories, including the ability to maintain concentration for extended periods, the ability to carry out detailed instructions, and the ability to work in coordination with or proximity to others without being distracted by them.

- (16) Claimant's treating source also completed a DHS-49-D, Psychiatric/Psychological Examination Report, on [REDACTED].
- (17) Claimant received a GAF of 60.
- (18) A psychological exam, obtained by the Department in response to claimant's application, diagnosed claimant with Bipolar Disorder, Severe Depression with psychotic features, Anxiety Disorder, Thyroid Disease, and Migraine Headaches.
- (19) Claimant was given a GAF of 55.
- (20) On [REDACTED], the Medical Review Team denied MA-P and SDA, stating that claimant's impairments were non-exertional and do not prevent employment for 90 days.
- (21) On March 27, 2009, claimant filed for hearing.
- (22) On May 22, 2009, the State Hearing Review Team denied MA-P, Retro MA-P and SDA, stating that claimant retained the capacity to perform a wide range of light unskilled work, under Vocational Rule 202.20.
- (23) On August 11, 2009, a hearing was held before the Administrative Law Judge.

#### CONCLUSIONS OF LAW

The State Disability Assistance (SDA) program which provides financial assistance for disabled persons is established by 2004 PA 344. The Department of Human Services (DHS or department) administers the SDA program pursuant to MCL 400.10, *et seq.*, and MAC R 400.3151-400.3180. Department policies are found in the Program Administrative Manual (PAM), the Program Eligibility Manual (PEM) and the Program Reference Manual (PRM).

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. Department policies are found in the Program Administrative Manual (PAM), the Program Eligibility Manual (PEM) and the Program Reference Manual (PRM).

Federal regulations require that the Department use the same operative definition of the term “disabled” as is used by the Social Security Administration for Supplemental Security Income (SSI) under Title XVI of the Social Security Act. 42 CFR 435.540(a).

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

This is determined by a five step sequential evaluation process where current work activity, the severity and duration of the impairment(s), statutory listings of medical impairments, residual functional capacity, and vocational factors (i.e., age, education, and work experience) are considered. These factors are always considered in order according to the five step sequential evaluation, and when a determination can be made at any step as to the claimant’s disability status, no analysis of subsequent steps are necessary. 20 CFR 416.920

The first step that must be considered is whether the claimant is still partaking in Substantial Gainful Activity (SGA). 20 CFR 416.920(b). To be considered disabled, a person must be unable to engage in SGA. A person who is earning more than a certain monthly amount (net of impairment-related work expenses) is ordinarily considered to be engaging in SGA. The amount of monthly earnings considered as SGA depends on the nature of a person's disability; the Social Security Act specifies a higher SGA amount for statutorily blind individuals and a lower SGA amount for non-blind individuals. Both SGA amounts increase with increases in the

national average wage index. The monthly SGA amount for statutorily blind individuals for 2009 is \$1,640. For non-blind individuals, the monthly SGA amount for 2009 is \$980.

In the current case, claimant has testified that she is not working, and the Department has presented no evidence or allegations that claimant is engaging in SGA. Therefore, the Administrative Law Judge finds that the claimant is not engaging in SGA, and thus passes the first step of the sequential evaluation process.

The second step that must be considered is whether or not the claimant has a severe impairment. A severe impairment is an impairment expected to last 12 months or more (or result in death), which significantly limits an individual's physical or mental ability to perform basic work activities. The term "basic work activities" means 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).

The purpose of the second step in the sequential evaluation process is to screen out claims lacking in medical merit. *Higgs v. Bowen* 880 F2d 860, 862 (6<sup>th</sup> Cir, 1988). As a result, the Department may only screen out claims at this level which are "totally groundless" solely from a medical standpoint. This is a *de minimus* standard in the disability determination that the

court may use only to disregard trifling matters. As a rule, any impairment that can reasonably be expected to significantly impair basic activities is enough to meet this standard.

In the current case, claimant has presented more than sufficient evidence of bipolar disorder, anxiety disorder, and hypothyroidism that have more than a minimal effect on the claimant's ability to do basic work activities. While claimant does not have any functional limitations, the great weight of the evidence shows that claimant's mental disorders provide more than minimal difficulty in maintaining concentration, remembering detailed instructions, working with others, making decisions, interacting with the public, accepting instructions, responding to changes and planning independently. Claimant thus passes step two of our evaluation.

In the third step of the sequential evaluation, we must determine if the claimant's impairments are listed in Appendix 1 of Subpart P of 20 CFR, Part 404. 20 CFR 416.925. This is, generally speaking, an objective standard; either claimant's impairment is listed in this appendix, or it is not. However, at this step, a ruling against the claimant does not direct a finding of "not disabled"; if the claimant's impairment does not meet or equal a listing found in Appendix 1, the sequential evaluation process must continue on to step four.

The Administrative Law Judge finds that the claimant's medical records contain medical evidence of an impairment that meets or equals a listed impairment.

After considering the listings contained in Section 9.00 (Endocrine System), the Administrative Law Judge finds that the claimant's medical records do not contain medical evidence of an impairment that meets or equals a listed impairment. A listings disability finding for a disorder of the thyroid must be evaluated under the criteria for the affected body system.

None of the medical evidence thus far presented to the Administrative Law Judge contains any allegations or indications that claimant's hypothyroidism impaired a particular body system.

However, the great weight of the evidence of record finds that claimant's mental impairment meets or equal the listings for mental impairments contained in section 12.00 (Mental Impairments).

Appendix 1 of Subpart P of 20 CFR 404, Section 12.00 has this to say about mental disorders:

The criteria in paragraph A substantiate medically the presence of a particular mental disorder. Specific symptoms, signs, and laboratory findings in the paragraph A criteria of any of the listings in this section cannot be considered in isolation from the description of the mental disorder contained at the beginning of each listing category. Impairments should be analyzed or reviewed under the mental category(ies) indicated by the medical findings...

The criteria in paragraphs B and C describe impairment-related functional limitations that are incompatible with the ability to do any gainful activity. The functional limitations in paragraphs B and C must be the result of the mental disorder described in the diagnostic description, that is manifested by the medical findings in paragraph A...

We measure severity according to the functional limitations imposed by your medically determinable mental impairment(s). We assess functional limitations using the four criteria in paragraph B of the listings: Activities of daily living; social functioning; concentration, persistence, or pace; and episodes of decompensation.

Where we use "marked" as a standard for measuring the degree of limitation, it means more than moderate but less than extreme. A marked limitation may arise when several activities or functions are impaired, or even when only one is impaired, as long as the degree of limitation is such as to interfere seriously with your ability to function independently, appropriately, effectively, and on a sustained basis. See §§ 404.1520a and 416.920a.

**12.04 Affective disorders:** Characterized by a disturbance of mood, accompanied by a full or partial manic or depressive syndrome. Mood refers to a prolonged emotion that colors the whole psychic life; it generally involves either depression or elation.

The required level of severity for these disorders is met when the requirements in both A and B are satisfied...

A. Medically documented persistence, either continuous or intermittent, of one of the following:

1. Depressive syndrome characterized by at least four of the following...
  - b. Appetite disturbance with change in weight; or
  - c. Sleep disturbance; or...
  - e. Decreased energy; or...
  - f. Feelings of guilt or worthlessness; or
  - g. Difficulty concentrating or thinking; or ...
2. Manic syndrome characterized by at least three of the following:
  - a. Hyperactivity; or
  - b. Pressure of speech; or
  - c. Flight of ideas; or
  - d. Inflated self-esteem; or
  - e. Decreased need for sleep; or
  - f. Easy distractibility; or
  - g. Involvement in activities that have a high probability of painful consequences which are not recognized; or
  - h. Hallucinations, delusions or paranoid thinking; or
3. Bipolar syndrome with a history of episodic periods manifested by the full symptomatic picture of both manic and depressive syndromes (and currently characterized by either or both syndromes);



AND

B. Resulting in at least two of the following:

1. Marked restriction of activities of daily living; or
2. Marked difficulties in maintaining social functioning; or
3. Marked difficulties in maintaining concentration, persistence, or pace; or
4. Repeated episodes of decompensation, each of extended duration;

In order to meet or equal the listings for mental impairment, a claimant must either meet or equal the recommended listings contained in both the A and B criteria, or meet or equal the listings in the C criteria. After examination of the C criteria, the undersigned holds that claimant does not meet this listing. However, a careful examination of claimant's medical records, both supplied from a treating source, and from an independent Department examiner, show claimant meets both the A and B criteria.

Claimant's psychological reports, as well as those administered by the Department show documented persistence of claimant's bipolar disorder and anxiety disorder. The documented medical evidence paints a portrait of a hyperactive and socially withdrawn individual. Claimant testified that she has been attending college for 6 years, but only completed 40 credit hours. Claimant admitted to sleep disturbance, receiving little to no sleep per night, which, as documented by claimant's treating source, is potentially the result of claimant's medications. Claimant's records also show an individual with decreased energy, with rare auditory hallucinations, which led to, on at least one occasion, decompensation and hospitalization. Finally, claimant's treating source stated that claimant experienced marked difficulties in 3 of the 8 Sustained Concentration and Persistence categories, with moderate limitations in 3 others (including the ability to perform activities within a schedule, maintain regular attendance, and be

punctual with customary tolerances), leading to a well supported conclusion that claimant has difficulties in concentration and thinking. Therefore, the undersigned holds that claimant meets or equals the listings found in the A criteria.

With regards to claimant's activities of daily living, the testimony and evidence of record show that claimant has marked difficulties in maintaining her daily activities. Marked difficulties in maintaining daily activities is not defined by a specific number of activities of daily living in which functioning is impaired, but by the nature and overall degree of interference with function. Activities of daily living must be assessed by their independence, appropriateness, effectiveness, and sustainability and the extent that a claimant is capable of initiating and participating in activities independent of supervision or direction. A claimant, who is capable of performing a wide range of activities of daily living, may still be markedly limited if the claimant has serious difficulty performing them without direct supervision. 20 CFR 404 App 1, Sub P, 12.00(C)(1).

Claimant does participate in household chores. Claimant is able to cook, clean, and care for her pets. Claimant is able to drive and shop for food and other necessities without assistance. Claimant is capable of self-grooming. Claimant testified that she enjoys reading and learning about her illnesses, and will listen to music, and will watch TV. However, claimant testified, during her psychological evaluation with the independent Department examiner, that she often neglects the housekeeping chores, as well as her personal care when her parents are not available to supervise these activities. The record as a whole shows that claimant is often incapable of doing these activities without the wholly supportive environment provided by her parents; as such, claimant cannot be said to be capable of doing these activities in an independent manner. Therefore, the Administrative Law Judge finds claimant has marked difficulties in maintaining her activities of daily living.

Claimant's also has severe difficulties in maintaining concentration, persistence and pace. *Concentration, persistence or pace* refers to the ability to sustain focused attention and concentration sufficiently long to permit the timely and appropriate completion of tasks commonly found in work settings. These limitations must be of such an extent that claimant is held to be markedly impaired with regard to concentration persistence and pace. 20 CFR 404 App 1, Sub P, 12.00 (C)(3).

As stated above, in a typical Mental Residual Functional Capacity assessment, 8 categories are dedicated to Sustained Concentration and Persistence. Claimant received a rating from her treating source of "markedly limited" in 3 of these categories, including the categories of "ability to carry out detailed instructions", "ability to maintain attention and concentration for extended periods", and "ability to work in coordination with or proximity to others without being distracted by them". Furthermore, claimant received a rating of "moderately limited" in 3 other categories—the ability to perform activities within a schedule, maintain regular attendance, and be punctual within customary tolerances, the ability to make simple work-related decisions, and the ability to complete a normal workday and worksheet without interruptions from psychologically based symptoms and to perform at consistent pace without an unreasonable number and length of rest period. Treating source opinions cannot be discounted unless the Administrative Law Judge provides good reasons for discounting the opinion. *Rogers v. Commissioner*, 486 F. 3d 234 (6<sup>th</sup> Cir. 2007); *Bowen v Commissioner*, 473 F. 3d 742 (6<sup>th</sup> Cir. 2007); restated (again) in *Hensley v. Commissioner*, No. 08-6389 (6<sup>th</sup> Cir. July 21, 2009). The undersigned sees no reason to discount claimant's treating source opinions, as they are consistent with psychiatric reports—one obtained from an independent source—and the undersigned's own hearing observations, and thus accepts this Mental RFC assessment as accurate.

Therefore, as these categories are exactly what were contemplated by the listings for the B criteria, the undersigned holds that claimant is markedly limited in maintaining concentration, persistence and pace.

Claimant has listed episodes of decompensation; however, the frequency of these episodes is not sufficient to meet the criteria for repeated episodes of decompensation, each of extended duration. Repeated episodes of decompensation, each of extended duration requires three episodes within 1 year, or an average of once every 4 months, each lasting for at least 2 weeks. Claimant's medical record shows four episodes of decompensation from 2001 to 2008. Therefore, the Administrative Law Judge concludes that claimant does not meet the criteria.

Finally, *social functioning* refers to the capacity to interact independently, appropriately, effectively, and on a sustained basis with other individuals. 20 CFR 404 App 1, Sub P, 12.00 (C)(2). It includes the ability to get along with others, such as family members, friends, neighbors, grocery clerks, landlords, or bus drivers. Impaired social function may be demonstrated by a history of altercation, evictions, firings, fear of strangers, avoidance of interpersonal relationships, or social isolation. Claimant's mental RFC notes, with regard to social interactions, that claimant was markedly limited in her ability to accept instruction and respond appropriately to criticism from supervisors, and the ability to get along with co-workers or peers without distracting them or exhibiting behavioral extremes. Claimant was rated as moderately limited in her ability to interact appropriately with the general public. Consistent with these ratings, claimant testified that she has difficulty functioning in a work environment, throwing temper tantrums, crying, fighting with coworkers and supervisors, and on one occasion, claimant cut herself at work after being criticized by a coworker.

While this assessment shows claimant's is markedly impaired on maintaining social functioning in a work-related environment, the listings do not limit social functioning to this area. Social functioning is specifically defined as a general ability to maintain social functioning with individuals. Thus, while the mental RFC is useful in examining one area of claimant's life, it is hardly useful in examining all of her general social interactions.

However, the evidence of record shows claimant is only moderately limited in social functioning outside of the work environment. More importantly, claimant has been given a GAF of 55 by the independent Department examiner, and a GAF of 60 by her treating source. A GAF between 51-60 is generally defined as having moderate symptoms or moderate difficulty in social, occupational, or school functioning. This GAF score would be consistent, considering the record as a whole, with an individual with some impairment in social functioning.

Therefore, when combining claimant's Mental RFC assessment, and claimant's psychiatric record, including claimant's GAF scores, the Administrative Law Judge is able to hold that claimant is only moderately impaired in social functioning.

As claimant is markedly impaired in concentration, persistence and pace, and activities of daily living, the Administrative Law Judge holds that the claimant meets the B criteria in the listings for mental impairments.

As claimant meets both the A and B criteria, the Administrative Law Judge holds that claimant meets or equals the listings contained in section 12.00, and therefore, passes step 3 of our 5 step process. By meeting or equaling the listing in question, claimant must be considered disabled. 20 CFR 416.925.

With regard to steps 4 and 5, when a determination can be made at any step as to the claimant's disability status, no analysis of subsequent steps are necessary. 20 CFR 416.920.

Therefore, the Administrative Law Judge sees no reason to continue his analysis, as a determination can be made at step 3.

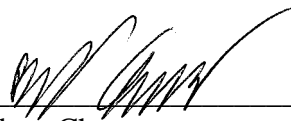
With regard to the SDA program, a person is considered disabled for the purposes of SDA if the person has a physical or mental impairment which meets federal SSI disability standards for at least 90 days. Other specific financial and non-financial eligibility criteria are found in PEM 261. As claimant meets the federal standards for SSI disability, as addressed above, the undersigned concludes that the claimant is disabled for the purposes of the SDA program as well.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the claimant is disabled for the purposes of the MA and SDA program. Therefore, the decisions to deny claimant's application for MA-P and SDA were incorrect.

Accordingly, the Department's decision in the above stated matter is, hereby, REVERSED.

The Department is ORDERED to process claimant's MA-P and SDA application and award required benefits, provided claimant meets all non-medical standards as well. The Department is further ORDERED to initiate a review of claimant's disability case in July, 2011.



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Robert Chavez  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: 07/02/10

Date Mailed: 07/08/10

**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 mailing 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.

RJC/dj

cc:

