

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: 2010-28806  
Issue No: 2009/4031  
Case No: [REDACTED]  
Load No: [REDACTED]  
Hearing Date:  
May 5, 2010  
Mecosta County DHS

ADMINISTRATIVE LAW JUDGE: Jana A. 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 on May 5, 2010.

ISSUE

Whether claimant has established disability for 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) January 7, 2010, claimant applied for MA and SDA.
- (2) February 18, 2010, the Medical Review Team (MRT) denied claimant's application. Department Exhibit A.

(3) February 19, 2010, the department sent claimant written notice that the application was denied.

(4) March 29, 2010, the department received claimant's timely request for hearing.

(5) April 12, 2010, the State Hearing Review Team (SHRT) denied claimant's application.

(6) May 5, 2010, the telephone hearing was held.

(7) Claimant asserts disability based on impairments caused by asthma, sarcoidosis and hip problems.

(8) Claimant testified at hearing. Claimant is 48 years old, 5'9" tall, and weighs 195 pounds. Claimant completed 11<sup>th</sup> grade and is able to read, write, and perform basic math.

Claimant does not have a driver's license. Claimant cares for her needs at home.

(9) Claimant's past relevant employment has been as a home aide and security guard.

(10) January 23, 2009, claimant underwent an independent medical examination and a narrative report was prepared. The report indicates that AP diameter of chest is grossly normal. Patient did have an inspiratory and expiratory wheeze bilaterally on exam today. Heart has normal S1 and S2 with no murmurs or gallops appreciated. The heart does not appear to be enlarged clinically. The PMI is not displaced. Abdomen is soft and nontender without distension. There are no masses felt nor is there enlargement of the spleen or liver. There are no obvious bony deformities. Peripheral pulses are easily palpated and symmetrical. There is no edema. There is no evidence of varicose veins. Patient was noted to have moderate pain with palpation of the right hip and ambulating caused pain on exam today. Range of motion of all joints, chest is full, there is no erythema, or effusion of any joint. Grip strength is normal. Hand have full

dexterity. Strength was 5/5 throughout. Motor and sensory function remains intact. Reflexes are present and symmetrical. No disorientation is noted. Department Exhibit A, pgs 4-6.

(11) On January 23, 2010, claimant underwent pulmonary function testing and a report was prepared. Claimant's FVC was 2.2 before bronchodilators. FEV was 1.4 before bronchodilators. Following bronchodilator, best forced FVC was 2.3 and best FEV was 1.6. Department Exhibit A, pgs 7-9.

(12) August 31, 2006, claimant underwent x-rays of her right hip and a report was prepared that revealed degenerative disease and avascular necrosis right hip. Department Exhibit A, pg 38. January 23, 2010, claimant underwent x-rays of the right hip and a report was prepared that indicates extensive degenerative changes of the right hip. Sclerosis and a mild deformity of the femoral head raises the possibility of osteonecrosis. Department Exhibit A, pg 10.

(13) January 29, 2010, claimant underwent an independent psychological examination and a narrative report was prepared that indicates AXIS I diagnoses of major depressive disorder, traumatic stress disorder, and generalized anxiety disorder with panic features. GAF was assessed at 45. At exam, claimant's attitude was pleasant and cooperative. Intelligence appeared average. Stream of mental activity was spontaneous and organized. Claimant reports that on occasion, she believes she hears someone calling her name. Emotional reaction was depressed. She was oriented x 3. Claimant's immediate, recent, and past memory were somewhat impaired. General fund of information appeared somewhat impaired. Abstract thinking was somewhat impaired. Judgment appeared within normal limits. Department Exhibit A, pgs 11-15.

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. 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).

When determining disability, the federal regulations require that several considerations be analyzed in sequential order. If disability can be ruled out at any step, analysis of the next step is not required. These steps are:

1. Does the client perform Substantial Gainful Activity (SGA)? If yes, the client is ineligible for MA. If no, the analysis continues to Step 2. 20 CFR 416.920(b).
2. Does the client have a severe impairment that has lasted or is expected to last 12 months or more or result in death? If no, the client is ineligible for MA. If yes, the analysis continues to Step 3. 20 CFR 416.920(c).
3. Does the impairment appear on a special listing of impairments or are the client's symptoms, signs, and laboratory findings at least equivalent in severity to the set of medical findings specified for the listed impairment? If no, the analysis continues to Step 4. If yes, MA is approved. 20 CFR 416.290(d).
4. Can the client do the former work that he/she performed within the last 15 years? If yes, the client is ineligible for MA. If no, the analysis continues to Step 5. 20 CFR 416.920(e).
5. Does the client have the Residual Functional Capacity (RFC) to perform other work according to the guidelines set forth at 20 CFR 404, Subpart P, Appendix 2, Sections 200.00-204.00? If yes, the analysis ends and the client is ineligible for MA. If no, MA is approved. 20 CFR 416.920(f).

At Step 1, claimant is not engaged in substantial gainful activity and so is not disqualified from receiving disability at Step 1.

At Step 2, the objective medical evidence of record indicates that claimant has pain in her right hip due to degenerative joint disease and avascular necrosis. Claimant has full strength and full range of motion in the hip and all other joints tested. The objective medical evidence of record indicates that claimant has pulmonary function at or slightly above that which is considered to be disabling by law. Psychological exam revealed claimant to have major depressive disorder, post traumatic stress disorder, and generalized anxiety disorder with panic features. Claimant reported having depression symptomology for the past 8 to 12 years. She has not participated in mental health treatment. Finding of Fact 10-13; Department Exhibit A, pg 12.

At Step 2, the objective medical evidence of record is sufficient to establish that claimant has a combination of physical and cognitive impairments that have lasted or are expected to last 12 months or more and prevent employment for 12 months or more. Accordingly, claimant is not disqualified from receiving disability at Step 2.

At Step 3, claimant's impairments appear to meet Social Security Listing 3.02.

At Step 4, claimant's past relevant employment has been as a home aide and security guard. See discussion at Steps 2 and 3 above. Finding of Fact 9-13.

At Step 4, the objective medical evidence of record is sufficient to establish that claimant has functional impairments that have lasted or are expected to last 12 months or more and prevent her from performing the duties required by her past relevant employment for 12 months or more. Accordingly, claimant is not disqualified from receiving disability at Step 4.

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 5, see discussions at Steps 2-4 above. Finding of Fact 10-13.

At Step 5, the objective medical evidence of record is sufficient to establish that claimant has a combination of physical and cognitive impairments that have lasted or are expected to last 12 months or more and prevent employment for 12 months or more. Accordingly, claimant is not disqualified from receiving disability at Step 5.

Claimant meets the federal statutory requirements to qualify for disability. Accordingly, claimant meets the disability requirements for Medical Assistance based on disability.

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).

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 exempt from the Supplemental Security Income citizenship requirement who are at least 18 years of age or emancipated minors meeting one or more of the following requirements:

- (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 (AIDs).
  - (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.

After careful examination of the record and for reasons discussed at Steps 1-5 above, the Administrative Law Judge decides that claimant has severe impairments that prevent work for 90 days or more. Accordingly, claimant meets the disability requirements to qualify for State Disability Assistance.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides claimant has established disability for Medical Assistance and State Disability 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 effective with the earliest retroactive month for MA and month of application for SDA in compliance with this Decision and Order and department policy. If otherwise eligible, medical review is set for July 2011. Claimant shall seek and participate in mental health treatment and provide records at review. Failure to do so may affect future eligibility.

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

Date Signed: July 27, 2010

Date Mailed: July 28, 2010

**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.

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