

**STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES**

IN THE MATTER OF:

[REDACTED]

Reg. No.: 2012-21961
Issue No.: 2009
Case No.: [REDACTED]
Hearing Date: April 5, 2012
County: Wayne (82-17)

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 April 5, 2012, at the Department of Human Services (Department) office in Wayne County, Michigan, District 17. Claimant was represented at hearing by [REDACTED]. The Department was represented by [REDACTED].

ISSUE

Was the denial of claimant's application for Medical Assistance (MA-P) and retroactive-MA-P benefits 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 retroactive MA-P on August 11, 2011.
2. Claimant is 53 years old.
3. Claimant has a limited education.
4. Claimant is not currently working.
5. Claimant has a relevant prior work history consisting of general labor and temporary jobs.
6. These jobs were performed at the medium and light exertional levels.

7. Claimant has a history of chronic pancreatitis, anemia, mood disorder including depression and schizoaffective disorder, diabetes, and degenerative disc disease.
8. Claimant presented one document relating to degenerative disc disease, which noted height and alignment to be within normal limits, only moderate joint space narrowing, and pancreatic calcifications secondary to pancreatitis.
9. Medical records note that claimant's seizures are alcohol related.
10. Claimant has a history of alcohol abuse.
11. Claimant uses alcohol on a daily basis, often consuming "a fifth a day."
12. Claimant's numerous hospital admissions were all secondary to complications related to alcohol abuse.
13. Claimant has psychological disorders, including depression and schizoaffective disorder; a psychiatric examination conducted on [REDACTED], noted that mood disorders secondary to substance abuse had not been ruled out.
14. Claimant credibly testified to physical restrictions including limitations in standing, walking, and lifting.
15. Claimant can do all activities of daily living.
16. No specific physical limitations are given in the medical record with regard to claimant's allegations of diabetes.
17. On October 7, 2011, the Medical Review Team denied MA-P, stating that claimant could perform other work.
18. On October 11, 2011, claimant was sent a notice of case action.
19. On December 13, 2011, claimant filed for hearing.
20. On February 2, 2012, the State Hearing Review Team (SHRT) denied MA-P, stating that claimant's drug and alcohol use was material.
21. On April 5, 2011, a hearing was held before the Administrative Law Judge.
22. The record was held open for additional medical evidence; on August 30, 2012, SHRT again denied MA-P, citing drug and alcohol materiality and, in the alternative, claimant's capability to perform other work.

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 administers the MA program pursuant to MCL 400.10, *et seq.*, and MCL 400.105. Department policies are found in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Bridges Reference Manual (BRM).

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 is necessary. 20 CFR 416.920.

The first step that must be considered is whether the claimant is still partaking in 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 2012 is \$1,690. For non-blind individuals, the monthly SGA amount for 2012 is \$1,010.

In the current case, claimant has testified that he 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 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. 20 CFR 416.920(c). 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 (6th 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 medical evidence of chronic pancreatitis, anemia, mood disorder including depression and schizoaffective disorder, diabetes, and degenerative disc disease, according to the great weight of the evidence by both the Department and claimant’s treating source. The symptoms described by claimant, and supported by independent medical evidence, support the existence of a condition that would result in an impairment that would limit claimant’s ability to perform basic work activities. Records indicate that claimant has difficulty standing and walking for very long periods of time. This impairment would affect functions in the workplace. The medical records show that claimant’s impairment can be expected to last 12 months, given the repeated nature of the impairment. Claimant, thus, passes step two of our evaluation.

In the third step of the sequential evaluation, we must determine if the claimant’s impairment is listed in Appendix 1 of Subpart P of 20 CFR, Part 404. 20 CFR 416.925. This is, generally speaking, an objective standard; either the 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 claimant's medical records do not contain medical evidence of an impairment that meets or equals a listed impairment.

In making this determination, the undersigned has considered listings in Sections 5.00 (Digestive), 12.00 (Mental), 1.00 (Musculoskeletal), and 9.00 (Endocrine). Claimant has not provided medical evidence required to find disability at this step. The medical evidence presented does not support a finding of disability at this step, as there is no evidence that claimant has marked mental difficulties, an inability to ambulate effectively, any physical impairments with regards to diabetes, liver disease, or a required blood transfusion. Therefore, claimant cannot be found to be disabled at this step based upon medical evidence alone. 20 CFR 416.920(d). We must, thus, proceed to the next steps and evaluate claimant's vocational factors.

Evaluation under the disability regulations requires careful consideration of whether the claimant can do past relevant work (PRW), which is our step four, and if not, whether he can reasonably be expected to make vocational adjustments to other work, which is our step five. When the individual's residual functional capacity (RFC) precludes meeting the physical and mental demands of PRW, consideration of all facts of the case will lead to a finding that

- 1) The individual has the functional and vocational capacity for other work, considering the individual's age, education and work experience, and that jobs which the individual could perform exist in significant numbers in the national economy, or
- 2) The extent of work that the claimant can do, functionally and vocationally, is too narrow to sustain a finding of the ability to engage in SGA.

SSR 86-8.

Given that the severity of the impairment must be the basis for a finding of disability, steps four and five of the sequential evaluation process must begin with an assessment of the claimant's functional limitations and capacities. After the RFC assessment is made, we must determine whether the individual retains the capacity to perform PRW. Following that, an evaluation of the claimant's age, education and work experience and training will be made to determine if the claimant retains the capacity to participate in SGA.

RFC is an assessment of an individual's ability to do sustained work-related physical and mental activities in a work setting on a regular and continuing basis—meaning 8 hours a day, 5 days a week, or an equivalent work schedule. RFC assessments may only consider functional limitations and restrictions that result from a claimant's medically determinable impairment, including the impact from related symptoms. It is important to note that RFC is not a measure of the least an individual can do despite

their limitations, but rather, the most. Furthermore, medical impairments and symptoms, including pain, are not intrinsically exertional or nonexertional; the functional limitations caused by medical impairments and symptoms are placed into the exertional and nonexertional categories. SSR 96-8p, 20 CFR 416.945 (a).

However, our RFC evaluations must necessarily differ between steps four and five. At step four of the evaluation process, RFC must not be expressed initially in terms of the step five exertional categories of “sedentary”, “light”, “medium”, “heavy”, and “very heavy” work because the first consideration in step four is whether the claimant can do PRW as they actually performed it. Such exertional categories are useful to determine whether a claimant can perform at their PRW as is normally performed in the national economy, but this is generally not useful for a step four determination because particular occupations may not require all of the exertional and nonexertional demands necessary to do a full range of work at a given exertional level. SSR 96-8p.

Therefore, at this step, it is important to assess the claimant’s RFC on a function-by-function basis, based upon all the relevant evidence of an individual’s ability to do work-related activities. Only at step 5 can we consider the claimant’s exertional category.

An RFC assessment must be based on all relevant evidence in the case record, such as medical history, laboratory findings, the effects of treatments (including limitations or restrictions imposed by the mechanics of treatment), reports of daily activities, lay evidence, recorded observations, medical treating source statements, effects of symptoms (including pain) that are reasonably attributed to the impairment, and evidence from attempts to work. SSR 96-8p.

RFC assessments must also address both the remaining exertional and nonexertional capacities of the claimant. Exertional capacity addresses an individual’s limitations and restrictions of physical strength, and the claimant’s ability to perform everyday activities such as sitting, standing, walking, lifting, carrying, pushing and pulling; each activity must be considered separately. Nonexertional capacity considers all work-related limitations and restrictions that do not depend on an individual’s physical strength, such as the ability to stoop, climb, reach, handle, communicate and understand and remember instructions.

Symptoms, such as pain, are neither exertional nor nonexertional limitations; however, such symptoms can often affect the capacity to perform activities as contemplated above and, thus, can cause exertional or nonexertional limitations. SSR 96-8.

In the current case, claimant has documented chronic pancreatitis, anemia, mood disorder including depression and schizoaffective disorder, diabetes, and degenerative disc disease. Medical reports, supplied by claimant and the Department, indicate that claimant is unable to stand and walk for long periods. Claimant does not require a prescribed device to ambulate. Claimant has difficulty bending. Lifting is restricted due to complications from claimant’s pancreatitis. No other physical limitations are noted in

the record or through testimony. Claimant has mild concentration difficulties due to mood disorder.

From these reports, the Administrative Law Judge concludes that claimant has a disabling impairment for the purposes of walking and standing for periods of time exceeding 15 minutes. Claimant has no limitations in the use of his hands for manipulation. Claimant has postural limitations (e.g., stooping, bending, and crouching). Claimant has no visual limitations or communicative (hearing, speaking) limitations. Claimant has trouble concentrating for long periods of time. Claimant is restricted from lifting anything over 20 pounds occasionally. Claimant's PRW includes general labor and temporary positions. These jobs, as typically performed and described by the claimant, require standing and walking for long periods of time, and the lifting of extremely heavy amounts of weight, often in excess of 60 pounds frequently. Therefore, given the functional requirements for these jobs as stated by claimant (which is consistent with how these jobs are typically performed), and claimant's functional limitations as described above, the Administrative Law Judge concludes that claimant does not retain the capacity to perform his past relevant work.

In the fifth step of the sequential consideration of a disability claim, the Administrative Law Judge must determine if the claimant's impairment(s) prevents claimant from doing other work. 20 CFR 416.920(f). This determination is based upon the claimant's:

- (1) residual functional capacity defined simply as "what can you still do despite your limitations?" 20 CFR 416.945;
- (2) age, education, and work experience, 20 CFR 416.963-965; and
- (3) the kinds of work which exist in significant numbers in the national economy which the claimant could perform despite his/her limitations. 20 CFR 416.966.

See *Felton v DSS*, 161 Mich App 690, 696 (1987).

At step five, RFC must be expressed in terms of, or related to, the exertional categories when the adjudicator determines whether there is other work that the individual can do. However, in order for an individual to do a full range of work at a given exertional level, such as sedentary, the individual must be able to perform substantially all of the exertional and nonexertional functions required at that level. SSR 96-8p. The individual has the burden of proving that they are disabled and of raising any issue bearing on that determination or decision. SSR 86-8.

If the remaining physical and mental capacities are consistent with meeting the physical and mental demands of a significant number of jobs in the national economy, and the claimant has the vocational capabilities (considering age, education and past work

experience) to make an adjustment to work different from that performed in the past, it shall be determined that the claimant is not disabled. However, if the claimant's physical, mental and vocational capacities do not allow the individual to adjust to work different from that performed in the past, it shall be determined at this step that the claimant is disabled. SSR 86-8.

For the purpose of determining the exertional requirements of work in the national economy, jobs are classified as "sedentary", "light", "medium", "heavy", and "very heavy". These terms have the same meaning as are used in the *Dictionary of Occupational Titles*. In order to evaluate the claimant's skills and to help determine the existence in the national economy of work the claimant is able to do, occupations are classified as unskilled, semiskilled and skilled. SSR 86-8.

These aspects are tied together through use of the rules established in Appendix 2 to Subpart P of the regulations (*20 CR 404, Appendix 2 to Subpart P, Section 200-204, et seq.*) to make a determination as to disability. They reflect the analysis of the various vocational factors (i.e., age, education, and work experience) in combination with the individual's residual functional capacity (used to determine his or her maximum sustained work capability for sedentary, light, medium, heavy, or very heavy work) in evaluating the individual's ability to engage in SGA in other than his or her vocationally relevant past work. Where the findings of fact made with respect to a particular individual's vocational factors and residual functional capacity coincide with all of the criteria of a particular rule, the rule directs a conclusion as to whether the individual is or is not disabled. 20 CFR 404, Subpart P, Appendix 2, Rule 200.00(a).

In the application of the rules, the individual's RFC, age, education, and work experience must first be determined. The correct disability decision (i.e., on the issue of ability to engage in SGA) is found by then locating the individual's specific vocational profile. Since the rules are predicated on an individual's having an impairment which manifests itself by limitations in meeting the strength requirements of jobs, they may not be fully applicable where the nature of an individual's impairment does not result in such limitations, e.g., certain mental, sensory, or skin impairments. 20 CFR 404, Subpart P, Appendix 2, Rule 200.00(c)-200.00(d).

In the evaluation of disability where the individual has solely a nonexertional type of impairment, determination as to whether disability exists shall be based on the principles in the appropriate sections of the regulations, giving consideration to the rules for specific case situations. The rules do not direct factual conclusions of disabled or not disabled for individuals with solely nonexertional types of impairments. 20 CFR 404, Subpart P, Appendix 2, Rule 200.00(e)(1).

However, where an individual has an impairment or combination of impairments resulting in both strength limitations and nonexertional limitations, the rules are considered in determining first whether a finding of disabled may be possible based on the strength limitations alone; if not, the rule(s) reflecting the individual's maximum residual strength capabilities, age, education, and work experience provide a framework

for consideration of how much the individual's work capability is further diminished in terms of any types of jobs that would be contraindicated by the nonexertional limitations. Furthermore, when there are combinations of nonexertional and exertional limitations which cannot be wholly determined under the rules, full consideration must be given to all of the relevant facts in the case in accordance with the definitions and discussions of each factor in the appropriate sections of the regulations, which will provide insight into the adjudicative weight to be accorded each factor.

Claimant is 53 years old, with a limited education and a history of unskilled work at the medium level. Claimant's exertional impairments likely render him able to perform work at the sedentary level.

Claimant's medical records do not contain current lifting restrictions, but the whole of the medical record would indicate that claimant is limited from lifting anything over 20 pounds occasionally. This lifting restriction would not prohibit claimant from sedentary work.

Claimant testified that he could stand for 15 minutes. Treating source evaluations did not state with any specificity claimant's standing limitations. Claimant's pancreatitis pain and calcifications would most likely prevent standing for great lengths of time.

Therefore, the Administrative Law Judge holds that claimant should be prevented from standing for long periods of time based on claimant's testimony, which is consistent with sedentary work. Claimant did not testify to any limitation with the use of his hands.

Claimant's limitations are, thus, consistent with sedentary work, which only requires standing and/or walking 2 hours in an 8-hour day, and lifting less than 10 pounds during the course of every day work.

The term "younger individual" is used to denote an individual age 18 through 49. For those within this group who are age 45-49, age is a less positive factor than for those who are age 18-44. 20 CFR 404, Subpart P, Appendix 2, Rule 201.00(h)

Therefore, using a combination of claimant's age, education level (which does not provide for direct entry into skilled work), and unskilled work experience, a finding of disabled is directed. 20 CFR 404, Subpart P, Appendix 2, Rule 201.09.

However, the Administrative Law Judge must note that, even if a finding of disabled is directed by rule or listing, there must be a determination into the materiality of claimant's drug and alcohol usage before benefits can be awarded. The undersigned finds that even though claimant would normally be disabled by rule, drug and alcohol usage is material to claimant's impairments, and, thus, claimant is unable to be awarded benefits. Claimant is a chronic user of alcohol, consuming a "fifth a day," according to his own testimony. Additionally, almost all of claimant's medical records are related to alcohol-related complications.

If the claimant has been determined to be disabled and there is medical evidence of drug addiction or alcoholism, a determination must be made as to whether the drug addiction or alcoholism is a contributing factor material to the determination of disability, unless eligibility for benefits has been found because of age or blindness. 20 CFR 416.935 (a).

The key factor in determining whether drug addiction or alcoholism is a contributing factor material to the determination of disability is whether a finding of disability would still be directed if claimant stopped using drugs or alcohol. 20 CFR 416.935 (b) (1).

In making this determination, an evaluation of which of claimant's current physical and mental limitations, upon which the disability determination was based, would remain if claimant stopped using drugs or alcohol; a determination is then made as to whether any or all of claimant's remaining limitations would be disabling. 20 CFR 416.935 (b) (2).

If it is determined that claimant's remaining limitations would not be disabling, it will be found that claimant's drug addiction or alcoholism is a contributing factor material to the determination of disability.

If it is determined that claimant's remaining limitations are disabling, claimant shall be found to be disabled independent of claimant's drug addiction or alcoholism and the undersigned will find that claimant's drug addiction or alcoholism is not a contributing factor material to the determination of disability.

Disability was determined based upon claimant's chronic pancreatitis, anemia, mood disorder including depression and schizoaffective disorder, diabetes, and degenerative disc disease, and the lifting and physical restrictions that arose from that condition. Medical records indicate that claimant's condition was probably caused by claimant's alcohol abuse problem, and there is evidence that claimant's condition would significantly improve if claimant stopped the consumption of alcohol.

Medical records indicate that all of claimant's restrictions are due to conditions such as pancreatitis. The pancreatitis is specified throughout the medical record to be secondary to alcohol abuse. While claimant's back condition is very poorly documented (only one page in the medical packet referred to this condition) and could not sustain by itself a burden of proof in showing disability, even this condition is related to alcohol abuse: the report notes pancreatic calcifications in the back joints, relevant to claimant's back pain, that are secondary to pancreatitis and claimant's alcohol abuse.

Even claimant's mood disorders have not been ruled out to be caused by substance abuse issues; a [REDACTED] hospitalization record shows great uncertainty as to whether claimant's mental issues are caused by his alcohol problems. As such, the Administrative Law Judge cannot hold that the mood disorders in question are wholly separate from claimant's substance abuse. Even if the Administrative Law Judge were to rule on this issue in favor of claimant, the non-exertional limitations supported by the

medical packet are not enough to find disability. Claimant is capable of performing all activities of daily living, only appears to have moderate problems with regard to concentration, persistence and pace, and has no documented memory issues.

The only impairment contained in the medical records that does not appear to be related to claimant's alcohol usage is claimant's diabetes. However, there is no documentation in the medical record as to any physical limitations that are solely a result of diabetes and, thus, the Administrative Law Judge cannot hold that claimant's diabetes is, in itself, such a disabling condition as to prevent work. Regardless, any physical limitations upon claimant with regard to diabetes are so tied up with claimant's alcohol-related conditions that making a determination as to whether a disabling impairment would remain without the alcohol usage is impossible.

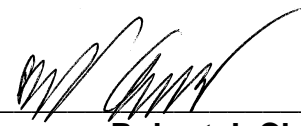
Thus, the Administrative Law Judge cannot hold that claimant would still have a disabling impairment if one eliminated claimant's alcohol-related impairments and, as such, must find that claimant's drug and alcohol usage is material.

As the medical records do not indicate that these limitations would remain if claimant stopped drinking, it therefore follows that the Administrative Law Judge's determination of disability would remain unchanged if claimant no longer abused alcohol. Therefore, claimant's alcoholism is a contributing factor material to the determination of disability, and disability must, thus, be denied.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that claimant is not disabled for the purposes of the MA program. Therefore, the decision to deny claimant's application for MA-P was correct.

Accordingly, the Department's decision in the above-stated matter is, hereby, **AFFIRMED**.



Robert J. Chavez
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: October 15, 2012

Date Mailed: October 15, 2012

NOTICE: Michigan Administrative Hearing System (MAHS) 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. MAHS 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. (60 days for FAP cases)

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.

Claimant may request a rehearing or reconsideration for the following reasons:

- A rehearing **MAY** be granted if there is newly discovered evidence that could affect the outcome of the original hearing decision.
- A reconsideration **MAY** be granted for any of the following reasons:
 - misapplication of manual policy or law in the hearing decision,
 - typographical errors, mathematical error, or other obvious errors in the hearing decision that effect the substantial rights of the claimant:
 - the failure of the ALJ to address other relevant issues in the hearing decision.

Request must be submitted through the local DHS office or directly to MAHS by mail at
Michigan Administrative Hearings
Reconsideration/Rehearing Request
P. O. Box 30639
Lansing, Michigan 48909-07322

RJC/pf

cc:

