

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

IN THE MATTER OF:



Reg. No.: 2013-44173
Issue No.: 2009
Case No.: [REDACTED]
Hearing Date: September 9, 2013
County: Wayne (18)

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

HEARING DECISION

Following Claimant's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 45 CFR 99.1 to 99.33; and 45 CFR 205.10. After due notice, an in-person hearing was held on September 9, 2013, from Taylor, Michigan. Participants included the above-named Claimant. [REDACTED] testified and appeared as Claimant's authorized hearing representative. Participants on behalf of the Department of Human Services (DHS) included [REDACTED], Lead Worker.

ISSUE

The issue is whether DHS properly denied Claimant's application for Medical Assistance (MA) for the reason that Claimant is not a disabled individual.

FINDINGS OF FACT

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

1. On 11/ [REDACTED] /12, Claimant applied for MA benefits (see Exhibits 12-13), including retroactive MA benefits from 8/2012 (see Exhibits 10-11).
2. Claimant's only basis for MA benefits was as a disabled individual.
3. On 2/ [REDACTED] /13, the Medical Review Team (MRT) determined that Claimant was not a disabled individual (see Exhibits 14-15).

4. On 2/█/13, DHS denied Claimant's application for MA benefits and mailed a Notice of Case Action (Exhibits 3-4) informing Claimant of the denial.
5. On 4/█/13, Claimant's AHR requested a hearing disputing the denial of MA benefits (see Exhibit 2).
6. On 7/█/13, SHRT determined that Claimant was not a disabled individual, in part, by determining that Claimant can perform past relevant work.
7. On 9/█/13, an administrative hearing was held.
8. Claimant presented new medical documents (Exhibits A1-A11) at the hearing.
9. During the hearing, Claimant waived the right to receive a timely hearing decision.
10. During the hearing, Claimant and DHS waived any objections to allow the admission of any additional medical documents considered and forwarded by SHRT.
11. On 9/█/13, an Interim Order Extending the Record was mailed to Claimant to allow 30 days from the date of hearing to submit treating physician documents.
12. On an unspecified date, an Updated Interim Order Extending the Record was mailed to Claimant to allow 60 days from the date of hearing to submit treating physician documents.
13. On 11/█/13, Claimant submitted additional documents (Exhibits B1-B4, C1).
14. On 12/█/13, an Interim Order Extending the Record for an additional 90 days was issued to allow for a second SHRT disability evaluation.
15. On 1/█/14, SHRT determined that Claimant was not disabled, in part, by determining that Claimant can perform past relevant work (see Exhibits D1-D2).
16. On 1/█/14, the Michigan Administrative Hearings System received the hearing packet and updated SHRT decision.
17. As of the date of the administrative hearing, Claimant was a 56-year-old female with a height of 5'2" and weight of 150 pounds.
18. Claimant has no known relevant history of alcohol or illegal substance abuse.
19. Claimant's highest education year completed was the 12th grade.

20. As of the date of the administrative hearing, Claimant had no known medical coverage.
21. Claimant alleged disability based on impairments and issues including diabetes, poor memory, foot swelling, neuropathy and a pinched nerve in back.

CONCLUSIONS OF LAW

The Medical Assistance (MA) program is established by the Title XIX of the Social Security Act, 42 USC 1396-1396w-5, and is implemented by 42 CFR 400.200 to 1008.59. The Department of Human Services (formerly known as the Family Independence Agency) administers the MA program pursuant to MCL 400.10 and MCL 400.105. Department policies are contained in the Department of Human Services Bridges Administrative Manual (BAM) and Department of Human Services Bridges Eligibility Manual (BEM) and Department of Human Services Reference Tables Manual (RFT).

Prior to a substantive analysis of Claimant's hearing request, it should be noted that Claimant's AHR noted special arrangements in order to participate in the hearing; specifically, an in-person hearing was requested. Claimant's AHR's request was granted and the hearing was conducted accordingly.

The Medicaid program is comprised of several sub-programs which fall under one of two categories; one category is FIP-related and the second category is SSI-related. BEM 105 (10/2010), p. 1. To receive MA under an SSI-related category, the person must be aged (65 or older), blind, disabled, entitled to Medicare or formerly blind or disabled. *Id.* Families with dependent children, caretaker relatives of dependent children, persons under age 21 and pregnant, or recently pregnant, women receive MA under FIP-related categories. *Id.* AMP is an MA program available to persons not eligible for Medicaid through the SSI-related or FIP-related categories though DHS does always offer the program to applicants. It was not disputed that Claimant's only potential category for Medicaid eligibility would be as a disabled individual.

Disability for purposes of MA benefits is established if one of the following circumstances applies:

- by death (for the month of death);
- the applicant receives Supplemental Security Income (SSI) benefits;
- SSI benefits were recently terminated due to financial factors;
- the applicant receives Retirement Survivors and Disability Insurance (RSDI) on the basis of being disabled; or
- RSDI eligibility is established following denial of the MA benefit application (under certain circumstances).

BEM 260 (7/2012) pp. 1-2

There was no evidence that any of the above circumstances apply to Claimant. Accordingly, Claimant may not be considered for Medicaid eligibility without undergoing a medical review process, which determines whether Claimant is a disabled individual. *Id.* at 2.

Generally, state agencies such as DHS must use the same definition of SSI disability as found in the federal regulations. 42 CFR 435.540(a). Disability is federally defined as the inability to do any substantial gainful activity (SGA) 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 functionally identical definition of disability is found under DHS regulations. BEM 260 (7/2012), p. 8.

Substantial gainful activity means a person does the following:

- Performs significant duties, and
- Does them for a reasonable length of time, and
- Does a job normally done for pay or profit. *Id.* at 9.

Significant duties are duties used to do a job or run a business. *Id.* They must also have a degree of economic value. *Id.* The ability to run a household or take care of oneself does not, on its own, constitute substantial gainful activity. *Id.*

The person claiming a physical or mental disability has the burden to establish a disability through the use of competent medical evidence from qualified medical sources such as his or her medical history, clinical/laboratory findings, diagnosis/prescribed treatment, prognosis for recovery and/or medical assessment of ability to do work-related activities or ability to reason and make appropriate mental adjustments, if a mental disability is alleged. 20 CFR 413.913. An individual's subjective pain complaints are not, in and of themselves, sufficient to establish disability. 20 CFR 416.908; 20 CFR 416.929(a).

Federal regulations describe a sequential five step process that is to be followed in determining whether a person is disabled. 20 CFR 416.920. If there is no finding of disability or lack of disability at each step, the process moves to the next step. 20 CFR 416.920 (a)(4).

The first step in the process considers a person's current work activity. 20 CFR 416.920 (a)(4)(i). A person who is earning more than a certain monthly amount is ordinarily considered to be engaging in SGA. The monthly amount depends on whether a person is statutorily blind or not. The 2012 monthly income limit considered SGA for non-blind individuals is \$1,010. The 2013 monthly income limit considered SGA for non-blind individuals is \$1,040.

Claimant testified that she worked approximately two months before the hearing but that her employment only lasted two weeks; before then Claimant last worked ten years ago. Claimant credibly testified that her two-week employment did not amount to SGA. It is

found that Claimant is not performing SGA and has not since claiming a disability; accordingly, the disability analysis may proceed to step two.

The second step in the disability evaluation is to determine whether a severe medically determinable physical or mental impairment exists to meet the 12 month duration requirement. 20 CFR 416.920 (a)(4)(ii). The impairments may be combined to meet the severity requirement. If a severe impairment is not found, then a person is deemed not disabled. *Id.*

The impairments must significantly limit a person's basic work activities. 20 CFR 416.920 (a)(5)(c). "Basic work activities" refers to the abilities and aptitudes necessary to do most jobs. *Id.* Examples of basic work activities include:

- physical functions (e.g. walking, standing, sitting, lifting, pushing, pulling, reaching, carrying, or handling)
- capacities for seeing, hearing, and speaking, understanding; carrying out, and remembering simple instructions
- use of judgment
- responding appropriately to supervision, co-workers and usual work situations; and/or
- dealing with changes in a routine work setting.

Generally, federal courts have imposed a de minimus standard upon claimants to establish the existence of a severe impairment. *Grogan v. Barnhart*, 399 F.3d 1257, 1263 (10th Cir. 2005); *Hinkle v. Apfel*, 132 F.3d 1349, 1352 (10th Cir. 1997). *Higgs v Bowen*, 880 F.2d 860, 862 (6th Cir. 1988). Similarly, Social Security Ruling 85-28 has been interpreted so that a claim may be denied at step two for lack of a severe impairment only when the medical evidence establishes a slight abnormality or combination of slight abnormalities that would have no more than a minimal effect on an individual's ability to work even if the individual's age, education, or work experience were specifically considered. *Barrientos v. Secretary of Health and Human Servs.*, 820 F.2d 1, 2 (1st Cir. 1987). Social Security Ruling 85-28 has been clarified so that the step two severity requirement is intended "to do no more than screen out groundless claims." *McDonald v. Secretary of Health and Human Servs.*, 795 F.2d 1118, 1124 (1st Cir. 1986).

SSA specifically notes that age, education, and work experience are not considered at the second step of the disability analysis. 20 CFR 416.920 (5)(c). In determining whether Claimant's impairments amount to a severe impairment, all other relevant evidence may be considered. The analysis will begin with the relevant submitted medical documentation.

Hospital documents (Exhibits 24-38) from an admission dated 8/█/12 were presented. The hospital noted that Claimant presented with complaints of chest pain ongoing for the prior 5-6 days. The hospital noted that Claimant's blood glucose level was in the 500 range at admission. The hospital noted that Claimant reported blurred vision, chest pain and feet numbness. The hospital noted that Claimant stopped taking diabetes

medications two months prior because Claimant thought that her sister developed kidney disease as a result of taking the same diabetic medications. Claimant's blood pressure was noted as elevated. Hospital notes implied that Claimant's reason for ceasing diabetes medication was not wise and that Claimant required counseling about diabetes medication. The hospital noted that Claimant was pain-free on 8/██/12 after medication treatment. A discharge diagnosis of uncontrolled diabetes was noted. The hospital noted that Claimant was discharged on 8/██/12. It was noted that 6 medications were prescribed though it was also noted that Claimant had no insurance; thus, it was not clear whether Claimant was able to obtain the prescriptions.

Hospital documents (Exhibits A1-A3; A8-A11) from an admission dated 2/██/13 were presented. It was noted that Claimant presented with pain in her right foot after stepping on glass. It was noted that Claimant was scheduled for incision and foreign body removal with drainage for possible deep abscess. It was noted that Claimant reported running out of diabetes medication two months before her hospitalization; an impression of uncontrolled diabetes was noted. It was noted that Claimant's diabetes was complicated by neuropathy and peripheral vascular disease. A discharge diagnosis of glass in the right foot was noted. The hospital noted that Claimant's foot was bandaged following removal of the glass. A discharge date of 2/██/13 was noted.

Hospital documents (Exhibits B1-B4) dated 4/██/13 were presented. It was noted that Claimant cut her finger while moving furniture. The hospital noted that Claimant reported that the bleeding continued "for quite some days". It was noted that Claimant successfully treated the cut with hydrogen peroxide until the area became swollen and painful. An assessment of cellulitis was noted. The hospital noted that antibiotics were administered and that the cut showed significant improvement.

A handwritten E/M Progress Note (Exhibit C1) dated 9/██/13 was presented. It was noted that Claimant had a fever and cough. The following impressions were noted: urinary tract infection, cough, left leg wound and diabetes. A handwritten plan was noted but the handwriting was too illegible to read.

Claimant testified that she has good days and bad days. Claimant testified on bad days, she can walk no more than a half block; on good days, Claimant estimated that she can walk for 30 minutes. Claimant testified that she was restricted to sitting for 30-minute periods.

It was established that Claimant had neuropathy. The degree of Claimant's neuropathy was not well established. A recurring theme in Claimant's records was uncontrolled diabetes. In addition to the above documents, it was also noted as an impression in physician encounters on 9/██/12 and 3/██/13 (see Exhibits A5, A7). On 10/██/12 (see Exhibit A6), DM was noted as a primary impression and it was also noted that Claimant reported blurry vision. Based on the presented evidence, Claimant likely has impairments to standing and walking due to neuropathy. Neuropathy is of such a nature that it is not likely to improve, particularly for a patient without health insurance.

As it was found that Claimant established significant impairment to basic work activities for a period longer than 12 months, it is found that Claimant established having a severe impairment. Accordingly, the disability analysis may move to step three.

The third step of the sequential analysis requires a determination whether the Claimant's impairment, or combination of impairments, is listed in Appendix 1 of Subpart P of 20 CFR, Part 404. 20 CFR 416.920 (a)(4)(iii). If Claimant's impairments are listed and deemed to meet the 12-month requirement, then the claimant is deemed disabled. If the impairment is unlisted, then the analysis proceeds to the next step.

A listing for peripheral neuropathies (Listing 11.14) was considered. The listing was rejected due to a failure to establish significant and persistent motor dysfunction in multiple extremities resulting in sustained disturbance to gait.

Claimant alleged disability in part due to a pinched back nerve. The complaint was referenced (see Exhibit A6) but there was little evidence to support that Claimant is affected by a spinal disorder. A listing for spinal disorders (Listing 1.04) was summarily rejected due to the lack of evidence.

It is found that Claimant failed to establish meeting a SSA listing. Accordingly, the analysis moves to step four.

The fourth step in analyzing a disability claim requires an assessment of the Claimant's residual functional capacity (RFC) and past relevant employment. 20 CFR 416.920(a)(4)(iv). An individual is not disabled if it is determined that a claimant can perform past relevant work. *Id.*

Past relevant work is work that has been performed within the past 15 years that was a substantial gainful activity and that lasted long enough for the individual to learn the position. 20 CFR 416.960(b)(1). Vocational factors of age, education, and work experience, and whether the past relevant employment exists in significant numbers in the national economy is not considered. 20 CFR 416.960(b)(3). RFC is assessed based on impairment(s), and any related symptoms, such as pain, which may cause physical and mental limitations that affect what can be done in a work setting. RFC is the most that can be done, despite the limitations.

Claimant testified that she last earned SGA approximately working as a security guard ten years ago. Claimant testified that her job required substantial walking. Claimant testified that her neuropathy and back pain requires her to elevate her feet for a large portion of the day. Claimant testified that she could not perform the walking needed to perform her prior employment and/or that she could not perform the necessary leg elevation during a work shift. Claimant's testimony was credible. It is found that Claimant cannot perform her past employment and the analysis may proceed to step five.

In the fifth step in the process, the individual's RFC in conjunction with his or her age, education, and work experience, are considered to determine whether the individual can engage in any other substantial gainful work which exists in the national economy. SSR 83-10. While a vocational expert is not required, a finding supported by substantial evidence that the individual has the vocational qualifications to perform specific jobs is needed to meet the burden. *O'Banner v Sec of Health and Human Services*, 587 F2d 321, 323 (CA 6, 1978). Medical-Vocational guidelines found at 20 CFR Subpart P, Appendix II, may be used to satisfy the burden of proving that the individual can perform specific jobs in the national economy. *Heckler v Campbell*, 461 US 458, 467 (1983); *Kirk v Secretary*, 667 F2d 524, 529 (CA 6, 1981) *cert den* 461 US 957 (1983).

To determine the physical demands (i.e. exertional requirements) of work in the national economy, jobs are classified as sedentary, light, medium, heavy, and very heavy. 20 CFR 416.967. The definitions for each are listed below.

Sedentary work involves lifting of no more than 10 pounds at a time and occasionally lifting or carrying articles like docket files, ledgers, and small tools. 20 CFR 416.967(a). 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. *Id.* Jobs are sedentary if walking and standing are required occasionally and other sedentary criteria are met.

Light work involves lifting no more than 20 pounds at a time with frequent lifting or carrying objects weighing up to 10 pounds. 20 CFR 416.967(b) Even though 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. *Id.* To be considered capable of performing a full or wide range of light work, an individual must have the ability to do substantially all of these activities. *Id.* An individual capable of light work is also capable of sedentary work, unless there are additionally limiting factors such as loss of fine dexterity or inability to sit for long periods of time. *Id.*

Medium work involves lifting no more than 50 pounds at a time with frequent lifting or carrying of objects weighing up to 25 pounds. 20 CFR 416.967(c). An individual capable of performing medium work is also capable of light and sedentary work. *Id.*

Heavy work involves lifting no more than 100 pounds at a time with frequent lifting or carrying of objects weighing up to 50 pounds. 20 CFR 416.967(d). An individual capable of heavy work is also capable of medium, light, and sedentary work. *Id.*

Finally, very heavy work involves lifting objects weighing more than 100 pounds at a time with frequent lifting or carrying objects weighing 50 pounds or more. 20 CFR 416.967(e). An individual capable of very heavy work is able to perform work under all categories. *Id.*

Limitations or restrictions which affect the ability to meet the demands of jobs other than strength demands are considered nonexertional. 20 CFR 416.969a(a). Examples of non-exertional limitations include difficulty functioning due to nervousness, anxiousness, or depression; difficulty maintaining attention or concentration; difficulty understanding or remembering detailed instructions; difficulty in seeing or hearing; difficulty tolerating some physical feature(s) of certain work settings (i.e. can't tolerate dust or fumes); or difficulty performing the manipulative or postural functions of some work such as reaching, handling, stooping, climbing, crawling, or crouching. 20 CFR 416.969a(c)(1)(i)-(vi) If the impairment(s) and related symptoms, such as pain, only affect the ability to perform the non-exertional aspects of work-related activities, the rules in Appendix 2 do not direct factual conclusions of disabled or not disabled. 20 CFR 416.969a(c)(2)

The determination of whether disability exists is based upon the principles in the appropriate sections of the regulations, giving consideration to the rules for specific case situations in Appendix 2. *Id.* In using the rules of Appendix 2, an individual's circumstances, as indicated by the findings with respect to RFC, age, education, and work experience, is compared to the pertinent rule(s). Given Claimant's age, education and employment history a determination of disability is dependent on Claimant's ability to perform medium employment.

It is known that Claimant was hospitalized in 8/2012 with an excessively high blood sugar level of over 500. The records also tended to show that Claimant contributed to the high blood sugar level due to misinformation.

In 2/2013, Claimant was hospitalized over four days after stepping on glass; a four-day hospitalization for an infected cut is consistent with having restrictive neuropathy. Two months later, a relatively minor cut also resulted in infection, which is again consistent with having exertional restrictions due to neuropathy. Other neuropathy symptoms such as vision problems were noted. The evidence was imperfect but was sufficient to presume that Claimant is unlikely to be able to perform lifting and carrying up to 50 pounds while frequently lifting and/or carrying 25 pounds. Thus, Claimant is found to be incapable of performing a medium exertional level of employment.

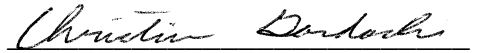
Based on Claimant's exertional work level (light), age (advanced age), education (high school no direct entry into skilled employment), employment history (unskilled), Medical-Vocational Rule 202.05 is found to apply. This rule dictates a finding that Claimant is disabled. Accordingly, it is found that DHS improperly found Claimant to be not disabled for purposes of MA benefits.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law finds that DHS improperly denied Claimant's application for MA benefits. It is ordered that DHS:

- (1) reinstate Claimant's MA benefit application dated 11/12/12, including retroactive MA benefits from 8/2012
- (2) evaluate Claimant's eligibility for MA benefits subject to the finding that Claimant is a disabled individual;
- (3) initiate a supplement for any benefits not issued as a result of the improper application denial; and
- (4) schedule a review of benefits in one year from the date of this administrative decision, if Claimant is found eligible for future MA benefits.

The actions taken by DHS are **REVERSED**.


Christian Gardocki
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: 2/7/2014

Date Mailed: 2/7/2014

NOTICE OF APPEAL: 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 or Reconsideration was made, within 30 days of the receipt date of the Decision and Order of Reconsideration or Rehearing Decision.

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).

A Request for Rehearing or Reconsideration may be granted when one of the following exists:

- Newly discovered evidence that existed at the time of the original hearing that could affect the outcome of the original hearing decision;
- Misapplication of manual policy or law in the hearing decision which led to a wrong conclusion;
- Typographical, mathematical or other obvious error in the hearing decision that affects the rights of the client;
- Failure of the ALJ to address in the hearing decision relevant issues raised in the hearing request.

The Department, AHR or the claimant must specify all reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration. A request must be *received* in MAHS within 30 days of the date the hearing decision is mailed.

The written request must be faxed to (517) 335-6088 and be labeled as follows:

Attention: MAHS Rehearing/Reconsideration Request

2013-44173/CG

If submitted by mail, the written request must be addressed as follows:

Michigan Administrative Hearings
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-07322

CG/hw

cc:

