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

IN THE MATTER OF:



Reg. No.: 2014-29011

Issue No.: 2009

Case No.:

Hearing Date: April 2, 2014 County: Macomb (12)

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, a telephone hearing was held on April 2, 2014, from Detroit, Michigan. Participants included the above-named Claimant. testified and appeared as Claimant's authorized hearing representative. Participants on behalf of the Department of Human Services (DHS) included , Specialist.

<u>ISSUE</u>

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 Section , Claimant applied for MA benefits, including retroactive MA benefits from 5/2009.
- 2. Claimant's only basis for MA benefits was as a disabled individual.
- 3. On the Medical Review Team (MRT) determined that Claimant was not a disabled individual.

- 4. On DHS denied Claimant's application for MA benefits and mailed a Notice of Case Action informing Claimant of the denial.
- 5. On Claimant requested a hearing disputing the denial of MA benefits.
- 6. On SHRT determined that Claimant was not a disabled individual.
- 7. On an unspecified date, an administrative law judge determined that Claimant was disabled, effective 7/2009, based on a subsequently submitted Claimant application seeking MA benefits from 7/2009.
- 8. On an unspecified date following the administrative law judge's decision, DHS issued Medicaid benefits to Claimant, effective 7/2009.
- 9. As of the date of the administrative hearing, Claimant was a 58-year-old female with a height of 5'8" and weight of 200 pounds.
- 10. Claimant has a relevant history of alcohol abuse.
- 11. Claimant's highest education year completed was the 12th grade.
- 12. Claimant alleged disability based on impairments and issues including various cardiac and respiratory problems.

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. Subsequent correspondence between Claimant's AHR and MAHS noted that Claimant was essentially homebound and that a telephone hearing was preferred. A telephone hearing was conducted in response to the updated AHR request.

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 CRF 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. "Current" work activity is interpreted to include all time since the date of application. The 2009 monthly income limit considered SGA for non-blind individuals is \$980.

Claimant credibly denied performing any employment since the date of the MA application; no evidence was submitted to contradict Claimant's testimony. Based on the presented evidence, it is found that Claimant is not performing SGA and has not performed SGA since the date of MA application. 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 F2d 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 a summary of the relevant submitted medical documentation.

Hospital documents (Exhibits 9-23) from an admission dated 1/2/09 were presented. It was noted that Claimant presented with altered mental state and an alcohol level of more than 435. It was noted that Claimant had been drinking the past 3-4 days and that she experienced multiple falls. A history of bipolar disease and medication noncompliance was noted. A new onset of a-fib was noted. It was noted that Claimant's a-fib was treated with fluids and Coumadin. It was noted that Claimant's alcoholism and noncompliance made outpatient treatment to be an unappealing option. It was noted that Claimant had pulmonary problems including COPD, asthma and a pulmonary nodule. It was noted that Claimant was given breathing treatments including albuterol. A discharge date of was noted.

Hospital documents (Exhibits 24-35) from an admission dated were presented. It was noted that Claimant presented with complaints of chest pain, ongoing for 5-7 days. A recent history of drinking 1-2 fifths of vodka and smoking 1-2 packs of cigarettes per day was noted. It was noted that Claimant was treated with heparin and Cardizem drip among other medications. Noted final diagnoses (in order) included chest pain, a-fib, hypertension, COPD, bipolar disease, noncompliance, alcohol abuse and tobacco abuse. A discharge date of was noted.

Hospital documents (Exhibits 36-44) from an admission dated were presented. It was noted that Claimant presented with complaints of nausea, vomiting and diarrhea. It was noted that Claimant was treated for alcohol withdrawal and dehydration. It was noted that Claimant's COPD was treated with breathing treatments and medication. A discharge date of was noted.

Hospital documents (Exhibits 45-59) from an encounter dated were presented. It was noted that Claimant presented seeking help with her alcohol abuse. It was noted that a treating hospital diagnosed Claimant with severe hypertension and treated Claimant accordingly. A discussion with a psychiatrist was noted but treatment was not noted.

Hospital documents (Exhibits 60-78) from an encounter dated were presented. It was noted that Claimant presented with complaints of chest pain. It was noted that

Claimant presented while alcohol intoxicated. It was noted that chest radiology verified mild cardiomegaly but no acute process. It was noted that a stress test was ordered but that Claimant refused to undergo testing. It was noted that Claimant left against medical advice on

Hospital documents (Exhibits 79-113) from an encounter dated were presented. It was noted that Claimant presented with complaints of breathing difficulties. It was also noted that Claimant presented while intoxicated. It was noted that an echocardiogram revealed severe cardiomyopathy. It was noted that Claimant was anemic and that she received blood transfusions. It was noted that Claimant's health deteriorated during hospitalization and that she was intubated but that she improved following intubation. A discharge date of was noted.

A Medical Examination Report (Exhibits 116-117) was presented. The report was completed by a physician on an illegibly written date though it was noted that Claimant was a patient from 4/2010-10/2010; thus, it is presumed that the form was completed in or close to 10/2010. It was noted that Claimant could occasionally lift 20 pounds or more.

A Mental Residual Functional Capacity Assessment (Exhibits 118-119) was presented. The report completion date was supplied, but was not legible enough to determine a completion date of a Capacity of A GAF of 50 was noted. Moderate limitations were noted in 3/3 understanding and memory abilities and in 2/11 concentration and persistence abilities.

In the present case, Claimant seeks a finding of disability beginning 5/2009. It was not disputed that Claimant received Medicaid benefits from 7/2009. Thus, this decision need only address the question of Claimant's disability for 5/2009 and 6/2009.

Presented records established hospital treatment for cardiac and respiratory problems in 2009. Diagnoses for bipolar disease, cardiomyopathy, a-fib and COPD were all noted. It is reasonable to presume that Claimant had some degree of lifting and ambulation restrictions because of the diagnoses.

It is found that Claimant established having a severe impairment in 5/2009 and 6/2009. Accordingly, the disability analysis may proceed 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.

Diagnoses of cardiac disease were established. Listings for cardiovascular disorders (Listings 4.00) were considered. The listings were rejected due to Claimant's

noncompliance with cardiac testing and a failure to establish meeting any applicable listing.

Diagnoses of COPD and asthma were established. Respiratory disorder listings (Listings 4.00) were considered. The listings were rejected due to a failure to establish any respiratory test results or any other applicable listing requirements.

A listing for affective disorder (Listing 12.04) was considered based on diagnoses of bipolar disorder. This listing was rejected due to a failure to establish marked restrictions in social functioning, completion of daily activities or concentration. It was also not established that Claimant required a highly supportive living arrangement, suffered repeated episodes of decompensation or that the residual disease process resulted in a marginal adjustment so that even a slight increase in mental demands would cause decompensation.

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 performed past employment in construction. Claimant credibly testified that she was unable to perform the lifting and ambulation required of her past employment. Claimant's testimony was credible and consistent with presented medical evidence.

Claimant testified that she performed labor as a ranch hand. Claimant again testified that lifting and ambulation restrictions prevent her from performing her past employment. Claimant's testimony was credible and consistent with presented medical evidence.

Claimant testified that she performed temporary employment. The employment was not explored in great detail and was not listed as part of a Medical-Social Questionnaire (see Exhibit 8). Typically, such work is sporadic and does not amount to SGA. Claimant

will be given the benefit of the doubt that her past temp service employment did not amount to SGA.

Based on the presented evidence, it is found that Claimant is unable to perform past relevant employment amounting to SGA. Accordingly, the disability 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 handling, stooping, climbing, crouching. reaching, crawling, 20 416.969a(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).

As noted in step two, the present case is only concerned with Claimant's ability to work from 5/2009 and 6/2009. As of 5/2009 and 6/2009, Claimant was 53 years old.

Given Claimant's age, education and employment history a determination of disability is dependent on Claimant's ability to perform light employment. Social Security Rule 83-10 states that the full range of light work requires standing or walking, off and on, for a total of approximately 6 hours of an 8-hour workday.

Claimant's alcohol and tobacco addictions are highly relevant factors in Claimant's health. This step will also factor the materiality of Claimant's drug and alcohol abuse (DAA).

Social Security Rule 82-60 states that an individual shall not be considered to be disabled for purposes of this title if alcoholism or drug addiction would (but for this subparagraph) be a contributing factor material to the Commissioner's determination that the individual is disabled. SSA states that when drug or alcohol use is a medically determinable impairment, it must be determined whether the claimant would continue to be disabled if he or she stopped using drugs or alcohol; that is, SSA will determine whether DAA is "material" to the finding that the claimant is disabled. 20 CFR 404.1535 and 416.935.

Claimants have the burden of proof to establish disability. SSR 13-2p. When drug and/or alcohol abuse (DAA) is applicable, SSA applies the steps of the sequential evaluation a second time to determine whether the claimant would be disabled if he or she were not using drugs or alcohol. *Id.* It is a longstanding SSA policy that the claimant continues to have the burden of proving disability throughout the DAA materiality analysis. *Id.* Noted considerations made by SSA concerning drug materiality include the following:

- Does the claimant have DAA?
- Is the claimant disabled considering all impairments, including DAA?
- Is DAA the only impairment?
- Is the other impairment disabling by itself while the claimant is dependent upon or abusing drugs and/or alcohol?
- Does the DAA cause or affect the claimant's medically determinable impairments?
- Would the other impairments improve to the point of non-disability in the absence of DAA

It was established that Claimant was hospitalized in 1/2009 for cardiac and respiratory problems. Claimant's alcoholism and tobacco usage likely contributed significantly to both problems but the first listed discharge diagnoses was a-fib. A first-listed diagnosis of a-fib is strong evidence that Claimant's heart problems would have occurred even without alcohol abuse.

It is known that Claimant was diagnosed with "severe cardiomyopathy" in 10/2009. Though the diagnosis occurred after the benefit months in dispute, it is reasonable to presume that severe cardiomyopathy developed over the previous several months and was a factor in Claimant's health in 5/2009 and 6/2009. This consideration suggests that Claimant's alcohol and tobacco abuse was not material to Claimant's heart restrictions.

It was also established that Claimant had respiratory problems in multiple hospitalization from 2009. Though Claimant's alcohol and drug use surely contributed to her respiratory problems, it cannot be concluded that abstaining would resolve all of her symptoms. This consideration supports a finding that Claimant had some degree of ambulation and lifting restrictions immaterial to DAA.

It is known that Claimant was found disabled by an administrative law judge in 7/2009. Based on Claimant's numerous 2009 hospitalization, it is probable that Claimant would have been found disabled in 5/2009 and 6/2009 if those months had been factored into the previous administrative decision.

Though Claimant's alcohol addiction, tobacco addiction contributed mightily to her poor health, it is unlikely that Claimant could have performed light employment in the months of 5/2009 and 6/2009 if Claimant stopped abusing alcohol. This finding is consistent with a physician restriction that Claimant cannot stand or walk more than 2 hours per 8-hour workday (see Exhibit 117). It is found that Claimant is restricted to performing sedentary employment for the months of 5/2009 and 6/2009.

Based on Claimant's exertional work level (sedentary), age (approaching advanced age), education (high school), employment history (unskilled), Medical-Vocational Rule 201.12 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 , including retroactive MA benefits from 5/2009;
- (2) evaluate Claimant's eligibility for MA benefits subject to the finding that Claimant is a disabled individual for the months of 5/2009 and 6/2009; and
- (3) initiate a supplement for any benefits not issued as a result of the improper application denial.

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

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

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Date Signed: 4/30/2014

Date Mailed: 4/30/2014

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

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

