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

IN THE MATTER OF:



 Reg. No.:
 2013-64068

 Issue No.:
 2009

 Case No.:
 Hearing Date:

 Hearing Date:
 May 7, 2014

 County:
 Wayne (41)

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 May 7, 2014, from Detroit, Michigan. Participants included the above-named Claimant.

appeared and testified as Claimant's authorized hearing representative (AHR). Participants on behalf of the Department of Human Services (DHS) included Medical Contact 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 **Chaimant applied for MA benefits**, including retroactive MA benefits from 11/2012.
- 2. Claimant's only basis for MA benefits was as a disabled individual.
- 3. On **Marcon**, the Medical Review Team (MRT) determined that Claimant was not a disabled individual (see Exhibits 122-123).

- 4. On **Medical**, DHS denied Claimant's application for MA benefits and mailed a Medical Program Eligibility Notice (Exhibits 6-7) informing Claimant of the denial.
- 5. On **Example**, Claimant's AHR requested a hearing disputing the denial of MA benefits.
- 6. On **SHRT** determined that Claimant was not a disabled individual, in part, by application of Medical-Vocational Rule 203.25.
- 7. On **one**, an administrative hearing was held.
- 8. Claimant presented mew documents (Exhibits A1-A39) 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 additional documents considered and forwarded by SHRT.
- 11. During the hearing, the record was extended 30 days to allow Claimant to submit previously unsubmitted hospital records; an Interim Order Extending the Record was subsequently mailed to both parties.
- 12. On 6/6/14, Claimant submitted additional medical records (Exhibits B1-B5; C1-C22)
- 13. On **Extending**, an updated hearing packet was forwarded to SHRT and an Interim Order Extending the Record for Review by State Hearing Review Team was subsequently issued which extended the record 90 days from the date of hearing.
- 14. On **SHRT** determined that Claimant was not disabled, in part, by application of Medical-Vocational Rule 203.25.
- 15. On **Marcon**, the Michigan Administrative Hearings System received the hearing packet and updated SHRT decision.
- 16. As of the date of administrative hearing, Claimant was a 47-year-old male.
- 17. Claimant has a relevant history of alcohol abuse.
- 18. Claimant's highest education year completed was the 6th grade.
- 19. As of the date of the administrative hearing, Claimant was an ongoing Medicaid recipient.

20. Claimant alleged disability based on impairments and issues including seizures, pulmonary insufficiency, and psychiatric disorders.

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 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. The hearing was conducted in accordance with Claimant's 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.*, p. 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.*, p. 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 2013 monthly income limit considered SGA for non-blind individuals is \$1,040.

Claimant testified that he performs odd jobs. Claimant's testimony implied that his odd jobs do not add up to a substantial income. It is found that Claimant's off-job income does not and has not amounted to SGA. 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.

A Hospital Care Report (Exhibits 25-26; 110-111; 137-139) dated was presented. It was noted that Claimant presented with complaints of an abscessed tooth and dyspnea. A history of EtOH abuse was noted. It was noted that Claimant requested transportation to a hospital.

Hospital documents (Exhibits 27-36; 108-109; 112-121; 140-149) dated were presented. It was noted that Claimant complained of dental pain. A diagnosis of dental infection was noted. Various medications were noted as prescribed. Discharge instructions noted that Claimant should seek dentist treatment.

Hospital documents (Exhibits 153-160) from an encounter dated were presented. It was noted that Claimant presented with complaints of hallucinations and seizures. It was noted that Claimant was 2 weeks into inpatient substance abuse treatment. It was noted that Claimant has a history of falls while drinking. Axis I diagnoses of psychosis and alcohol dependence were noted. It was noted that Claimant received a refill of Dilantin.

Hospital documents (Exhibits 150-152) from an encounter dated were presented. It was noted that Claimant presented with complaints of headache, dyspnea, and vomiting. A diagnosis of upper respiratory infection was noted. It was noted that Claimant's lung sounds were consistent with COPD. It was noted that Claimant received breathing treatments.

A Psychiatric Evaluation (Exhibits 62-63) dated was presented. The evaluation was noted as completed by a nurse practitioner from a treating mental health agency. Reported symptoms included the following: paranoia, audio and visual hallucinations, hopelessness, low energy, insomnia, feelings of guilt, racing thoughts, poor concentration, forgetfulness, and loss of libido. It was noted that Claimant reported that symptoms have been ongoing for 10 years. A history of multiple substance abuse stints was noted. A history of childhood sexual abuse was noted. Noted observations of Claimant included the following: good grooming, orientation x4, sadness, fidgetiness, anxious appearance, good eye contact, normal speech, intact judgment, logical and coherent thought process, and fair insight. Axis I diagnoses of schizoaffective disorder and polysubstance abuse were noted. Claimant's GAF was noted to be 50.

Treating mental health agency documents (Exhibits 47-49; 54-59; 68-70; 88-93; 161-163) dated were presented. The documents were completed by Claimant's social worker. It was noted that Claimant reported auditory hallucinations and hearing problems. It was noted that Claimant appeared eurythmic. It was noted that alcohol abuse has been a problem since he was 8 years old. It was noted that Claimant lived at a substance abuse rehabilitation center. A plan of monthly psychiatric treatment and 1-4x/month therapy and case management was noted.

Treating mental health agency documents (Exhibits 38-39; 44-46; 79; 85-87) dated were presented. It was noted that Claimant reported that he disliked his current rehab residence. It was noted that Claimant participated in a peer support group.

Treating mental health agency documents (Exhibits 42-43; 77; 83) dated were presented. It was noted that Claimant recently left treatment before completing intake (see Exhibit 42).

An Individual E-Progress Note (Exhibit 5) dated was presented. It was noted that Claimant was leaving rehab in 30 days.

An Individual E-Progress Note (Exhibit 53; 73-76; 80; 82) dated was presented. Claimant's GAF was noted to be 45. Noted observations included the following: nervous demeanor, orientation x3, limited insight, and impulsive judgment, and below average cognitive functioning.

A Medical Progress Note (Exhibit 60) dated from a treating nurse practitioner was presented. Claimant's current medications included Genoden, Cymbalta, and Seroquel. A one month follow-up was noted.

An Individual E-Progress Note (Exhibit 51-52; 71-72) dated was presented. Claimant's GAF was noted to be 45. Noted observations included the following: nervous demeanor, orientation x3, limited insight, and impulsive judgment, and below average cognitive functioning.

An Individual E-Progress Note (Exhibit 50; 81) dated was presented. It was noted that Claimant was leaving rehab in 30 days. It was noted that Claimant did not report the urge to use at that time. Claimant's GAF was noted to be 45. Noted observations included the following: nervous demeanor, orientation x3, limited insight, and impulsive judgment, and below average cognitive functioning.

A Discharge/Transfer Summary (Exhibits 64-65) dated was presented. The summary was completed by Claimant's two social workers from a treating mental health agency. It was noted that Claimant was admitted on 2/13/13 and closed on **Exercise**. It was noted that Claimant was involved in substance rehabilitation but was not attending AA meetings or outpatient therapy. It was noted that Claimant was moving out-of-state and would no longer need the agency's services (see Exhibit 66).

A Case Management Progress Noted (Exhibit A1-A2) dated was presented. It was noted that Claimant completed initial intake for mental health treatment.

An Initial Psychosocial (Exhibits A3-A20) dated was presented. The assessment was completed by a staff person from Claimant's treating mental health agency; the staff's credentials were not specified. It was noted that Claimant was 12 days into substance abuse treatment. It was noted that Claimant presented with mood swings, anger, anxiousness, paranoia, and auditory hallucinations. It was noted that Claimant reported that he will die if he does not stop drinking. Axis I diagnoses of cocaine dependence and bipolar disorder were noted. Claimant's GAF was noted to be 42.

An Adult Health Assessment (Exhibits A21-A27) dated was provided. The assessment was not considered because it was completed by a person with no known credentials.

A Psychiatric Evaluation (Exhibits A28-A31) dated was presented. The evaluation was noted as completed by unknown staff from Claimant's treating mental health agency. Axis I diagnoses of schizoaffective disorder and polysubstance dependence were noted. Claimant's GAF was noted to be 50. Noted observations of Claimant included the following: unremarkable appearance, unremarkable behavior,

agitated motor status, unremarkable speech, unremarkable affect, anxious mood, paranoid ideation, hallucinatory, unremarkable cognition, fair insight, and fair judgment.

Hospital documents (Exhibits B1-B5) dated were presented. It was noted that Claimant reported difficulty with breathing despite taking medications. It was noted that Claimant was a smoker. It was noted that chest x-rays showed no acute cardiopulmonary process. It was noted that Claimant was discharged and advised to follow-up with a primary care physician.

Hospital documents (Exhibits C1-C11) dated were presented. It was noted that Claimant presented with complaints of cough. It was noted that Claimant was supposed to start home O2 after a hospitalization from 6 months prior. It was noted that Claimant smoked and was not interested in quitting. It was noted that Claimant had not used EtOH or cocaine for one month. A discharge diagnosis for COPD exacerbation was noted. A discharge date of was noted. A history of seizures was noted.

Hospital documents (Exhibits C12-C23) from an encounter dated were presented. It was noted that Claimant was homeless and had nowhere to go. It was noted that Claimant could not go to a shelter because they do not allow oxygen concentrators. It was noted that a chest x-ray showed no acute process.

Presented documents established that Claimant has a history of psychological and respiratory problems, both of which adversely impact Claimant's ability to work. Presented medical evidence also established that Claimant's restrictions have lasted since 11/2012, the first month that Claimant seeks MA benefits. It is found that Claimant has a severe impairment and the 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.

Claimant alleged disability, in part, based on schizoaffective disorder. The SSA listing for schizoaffective disorders reads as follows

12.03 *Schizophrenic, paranoid and other psychotic disorders*: Characterized by the onset of psychotic features with deterioration from a previous level of functioning.

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

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

- 1. Delusions or hallucinations; or
- 2. Catatonic or other grossly disorganized behavior; or

3. Incoherence, loosening of associations, illogical thinking, or poverty of content of speech if associated with one of the following:

- a. Blunt affect; or
- b. Flat affect; or
- c. Inappropriate affect; OR
- 4. Emotional withdrawal and/or isolation;

AND

B. Resulting in at least two of the following:

1. Marked restriction of activities of daily living; or

2. Marked difficulties in maintaining social functioning; or

3. Marked difficulties in maintaining concentration, persistence, or pace; or

4. Repeated episodes of decompensation, each of extended duration; OR

C. Medically documented history of a chronic schizophrenic, paranoid, or other psychotic disorder of at least 2 years' duration that has caused more than a minimal limitation of ability to do basic work activities, with symptoms or signs currently attenuated by medication or psychosocial support, and one of the following:

1. Repeated episodes of decompensation, each of extended duration; or

2. A residual disease process that has resulted in such marginal adjustment that even a minimal increase in mental demands or change in the environment would be predicted to cause the individual to decompensate; or

3. Current history of 1 or more years' inability to function outside a highly supportive living arrangement, with an indication of continued need for such an arrangement.

Claimant testified that he attempted suicide in 1982. Submitted records noted no history of suicide attempts (see Exhibit 62). There was not an established previous psychiatric hospitalization. The lack of suicide attempts or psychiatric hospitalizations is consistent with a lack of marked restrictions.

Diagnoses of schizoaffective disorder were verified. It is problematic for Claimant that the diagnoses were made by a nurse practitioner, not a physician.

SSA 06-03p provides guidance on what SSA accepts as "acceptable medical sources". Licensed physicians and licensed or certified psychologists are acceptable medical sources. Nurse practitioners and social workers are not "acceptable medical sources". SSA 06-03p goes on to state why the distinction between medical sources and non-medical sources is important.

First, we need evidence from "acceptable medical sources" to establish the existence of a medically determinable impairment. Second, only "acceptable medical sources" can give us medical opinions. Third, only "acceptable medical

sources" can be considered treating sources, as defined in 20 CFR 404.1502 and 416.902, whose medical opinions may be entitled to controlling weight.

The lack of diagnosis from a physician or licensed psychologist could justify disregarding all psychological-related records. Such a course will not be taken as Claimant's psychological symptoms were so obvious, there is little dispute concerning a psychological problem. Also, a diagnosis of schizoaffective disorder could be justified based on hospital records which list the disorder in Claimant's medical history.

Claimant's most recent GAF was noted to be 50. The Diagnostic and Statistical Manual of Mental Disorders (4th edition) (DSM IV) states that a GAF within the range of 41-50 is representative of a person with "serious symptoms (e.g., suicidal ideation, severe obsessional rituals, frequent shoplifting) or any serious impairment in social, occupational, or school functioning (e.g. no friends, unable to keep a job)." Claimant's life was consistent with exceptionally marked restrictions. Claimant has chronic homeless problems, repeated drug and/or alcohol relapse, and reliance on oxygen. The evidence was sufficient to infer that Claimant has marked restrictions in daily activities and concentration. Along with Claimant's hallucinations, it can be found that Claimant meets the listing for schizoaffective disorders. Though Claimant meets a listing for schizoaffective disorders, a finding of disability cannot be made until Claimant's substance abuse history is evaluated.

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. SSR 13-2p. 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

Claimant testified that he drinks alcohol daily. Claimant's incorrigible alcoholism and/or drug abuse could easily justify a finding that DAA is material to a finding of disability. In the present case, Claimant has numerous other obstacles which also impact Claimant's ability to work.

Claimant testified that he has a 6th grade education; Claimant's testimony was consistent with what he reported to counselors. Medical records indicated that Claimant's dental hygiene leaves him with only 6 teeth. Claimant's requires some use of portable oxygen to assist with breathing. Claimant has a history of chronic

homelessness. There was a noted history that Claimant has hallucinations, even while in rehab (and presumably not drinking). A reference to seizures was also indicated.

The above obstacles are suggestive that Claimant's problems go beyond drinking and drug abuse. In particular, Claimant's poverty appears to be a significant factor in Claimant's unenviable circumstances. Between Claimant's health, psychological, educational, dental, and financial obstacles, it is improbable that Claimant can be employed, even if he immediately ceased drug and alcohol abuse.

It is found that Claimant's ongoing DAA abuse is immaterial and that Claimant is a disabled individual. Accordingly, it is found that DHS improperly denied Claimant's MA application.

It should be noted that a finding of disability may cause Claimant to pursue cash benefits in the future. Due to Claimant's ongoing abuse, Claimant should not receive any state-issued cash benefits without a third party payee.

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 11/2012
- (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 benefits.

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

Thrustin Dordoch

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

Date Signed: <u>8/15/2014</u>

Date Mailed: <u>8/15/2014</u>

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

