

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

**IN THE MATTER OF:**

██████████  
████████████████████  
██████████

Reg. No.: 14-018035  
Issue No.: 2009;4009  
Case No.: ██████████  
Hearing Date: January 28, 2015  
County: CLINTON (19)

**ADMINISTRATIVE LAW JUDGE: Robert J. Chavez**

**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; 42 CFR 431.200 to 431.250; and 45 CFR 205.10. After due notice, a three way telephone hearing was held on January 28, 2015, from Detroit, Michigan. Participants on behalf of Claimant included AHR ██████████. Participants on behalf of the Department of Human Services (Department) included ██████████, Eligibility Specialist.

**ISSUE**

Whether the Department properly determined that Claimant was not disabled for purposes of the Medical Assistance (MA) and/or State Disability Assistance (SDA) benefit programs?

**FINDINGS OF FACT**

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

1. Claimant applied for MA-P and SDA on May 22, 2014.
2. Claimant is currently employed, making \$████████ per hour and working up to 30 hours per week.
3. Claimant had been working since April 1, 2014.
4. Claimant's last pay checks during the time period in question averaged far above the Substantial Gainful Activity (SGA) threshold.
5. On October 13, 2014, the Medical Review Team denied MA-P and SDA, stating that claimant was capable of past work.

6. On October 15, 2014, claimant's MA-P and SDA application was denied.
7. On December 17, 2014, claimant filed for hearing with regard to MA-P only.
8. On January 28, 2015, a hearing was held before the Administrative Law Judge.
9. The record was extended until March 1, 2015 to allow for the submission of additional records.
10. This order contained language specifically stating that no extensions would be granted to this order.
11. On February 25, 2015, claimant's AHR requested an extension; this extension was denied, per the wording of the original order.
12. On March 3, 2015, after the close of the record, additional information was submitted; this information was not considered, as it was submitted after the close of the hearing record.

### **CONCLUSIONS OF LAW**

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). The Department of Human Services (DHS or Department) administers the MA program pursuant to MCL 400.10, et seq., and MCL 400.105. Department policies are found in the 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 are necessary. 20 CFR 416.920

The first step that must be considered is whether the claimant is still partaking in Substantial Gainful Activity (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 2014 is \$1,800. For non-blind individuals, the monthly SGA amount for 2017 is \$1070.

In the current case, claimant testified that he has been working since April 1, 2014. Claimant's testified that he was making [REDACTED] per hour and working up to 30 hours per week. Furthermore, claimant testified as to the amounts of his pay checks during this time period, and each monthly pay amount was far in excess of the SGA limit.

By the Administrative Law Judge's calculations, 30 hours per week times [REDACTED] an hour, times 4 weeks in a month equals [REDACTED]. Claimant was thus making \$[REDACTED] during the time their MA application was under consideration. This is more than the threshold for SGA. The SGA threshold only allows for deductions for impairment related work expenses, and claimant did not allege any impairment related work expenses. Therefore, as claimant is performing SGA, a finding of not disabled is directed.

While claimant did cite SSR 88-33 which makes allowances for subsidized employment, claimant has failed to provide proof of their claim. Subsidies include the amount in excess of the reasonable value of the actual services performed for the duties actually performed by an employee. The amount of a subsidy can be ascertained by comparing the time, energy, skills and responsibility involved in the individual's services with the same elements involved in the performance of the same or similar work by unimpaired individuals in the community and estimating the proportionate value of the individual's services according to the prevailing pay scale for such work. Subsidies are suspected when the employer, employee, or other interested party alleges that the employee does not fully earn his or her pay.

However, beyond claiming that his work was subsidized, claimant offered no evidence that this was actually the situation. Claimant provided no evidence from the employer that claimant was actually employed as a subsidy, or that claimant's pay was in excess of what could reasonably be expected to be paid an employee in claimant's position. Claimant alleged that he was on "reduced duties", but provided no evidence supporting this claim. Given that claimant applied in May, 2014 for MA benefits, and did so while employed, claimant has had plenty of time to prepare such evidence for such a significant claim.

It should finally be noted that claimant's subsidy would have to be around half of his take home pay to meet the SGA threshold; even if claimant had provided proof, the

undersigned is extremely skeptical that the subsidy would have reached this amount, given that the testimony indicated that claimant still performed most major functions of his employment as described.

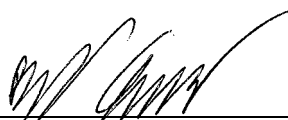
The Administrative Law Judge would note that this finding does not belittle the seriousness of claimant's disability or the condition that led to the application in question. However, the rules for disability make no distinction as to how the claimant got the job, the nature of the job or whether claimant is on light duty; the rules only examine whether the claimant is exceeding the SGA threshold. This is a bright line rule; even if claimant were a penny above this limit, a finding of not disabled would be directed.

For those reasons, the Administrative Law Judge must conclude that the Department was not in error when it found claimant not disabled.

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds Claimant not disabled for purposes of the MA and/or SDA benefit program.

#### **DECISION AND ORDER**

Accordingly, the Department's determination is AFFIRMED.



**Robert J. Chavez**  
Administrative Law Judge  
for Nick Lyon, Interim Director  
Department of Human Services

Date Signed: **4/8/2015**

Date Mailed: **4/8/2015**

RJC / tm

**NOTICE OF APPEAL:** A party may appeal this Hearing Decision in the circuit court in the county in which he/she resides, or the circuit court in Ingham County, within 30 days of the receipt date.

A party may request a rehearing or reconsideration of this Hearing Decision from the Michigan Administrative Hearing System (MAHS) within 30 days of the mailing date of this Hearing Decision, or MAHS may order a rehearing or reconsideration on its own motion.

MAHS may grant a party's Request for Rehearing or Reconsideration 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 party requesting a rehearing or reconsideration 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 this Hearing Decision is mailed.

A written request may be faxed or mailed to MAHS. If submitted by fax, 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 48909-8139

CC:

[REDACTED]