



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM

SHELLY EDGERTON  
DIRECTOR

[REDACTED]

Date Mailed: September 27, 2017  
MAHS Docket No.: 17-006541  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Carmen G. Fahie**

**HEARING DECISION**

Following Petitioner'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. After due notice, a telephone hearing was held on June 27, 2016, from [REDACTED], Michigan. The Petitioner was represented by himself. The Department of Health and Human Services (Department) was represented by [REDACTED], Hearing Facilitator. The record was extended for additional medical information that was received on August 7, 2017 and the record was closed.

**ISSUE**

Whether the Department properly determined that Petitioner was not disabled for purposes of continued 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. The Petitioner was approved for SDA by an Administrative Law Judge on [REDACTED], with a medical review in March 2015 due to a physical impairment.
2. On [REDACTED], the MRT denied Petitioner's medical review for SDA stating that Petitioner had medical improvement.
3. On [REDACTED], the Department Caseworker sent Petitioner a notice that he was denied for SDA because he had had medical improvement.
4. On [REDACTED] 7, the Department received a hearing request from Petitioner, contesting the Department's negative action.

5. Petitioner is a 43-year-old man whose date of birth is [REDACTED]. Petitioner is 5' 10" tall and weighs 270 pounds. Petitioner has gained 80 pounds in the past year due to being less active. He has a high school diploma. He received special education in math and writing. Petitioner can read and write, but has a difficult time with reading and can perform basic math. Petitioner has no pertinent work history.
6. Petitioner's alleged impairments are a closed head injury, osteoarthritis in right knee, spinal stenosis, degenerative disc disease, post-traumatic stress disorder, bipolar disorder, mixed psychosis, neuropathy in hands and feet, and nerve damage from a car accident in 1995.
7. On [REDACTED], Petitioner was seen by his treating specialist at [REDACTED]. He was advised to stop smoking because smoking can delay healing and can increase the chances of infection, blood clots, and unexplained pain. His chief complaint was right knee pain. He had back and neck pain. An x-ray of his right knee showed severe osteoarthritis of the right knee as evidenced by joint space collapse and osteophytic spurring. His treating specialist would like to try conservative treatment because of his young age. He will ultimately require a total knee replacement, but he is too young. He was started on corticosteroid injections on [REDACTED]. He tolerated the injection well and will return in 4 weeks for a recheck. Department Exhibit 2, pgs. a-b.
8. On [REDACTED], Petitioner was seen by his treating specialist at [REDACTED]. He was seen for a follow-up due to dizziness and frequent headaches. His blood pressure was slightly elevated at 125/93. Petitioner had an essentially normal physical examination. His clinical impression was that Petitioner had mixed headaches of tension type and vascular headaches, mood disorder secondary to head trauma, cerebral vascular ischemic disease, dizziness and syncopal episodes. He was started on pain management with his primary care physician. Petitioner was not given anti-seizure medications at this time. He will need to be observed and report any new spells. Petitioner was to avoid driving motor vehicles or engaging in dangerous activity. Department Exhibit 2, pgs. c-d.
9. On [REDACTED], Petitioner was seen by his treating psychiatrist for a Medication Review from [REDACTED]. He was diagnosed with bipolar disorder 1, current or most recent episode manic; with psychotic features and unspecified neurodevelopmental disorder. There was no evidence of a severe thought disorder or risk factors. He was given a GAF of 60. Petitioner was admitted for three days due to suicidal ideation in August 2016. He was to continue with his present medications. Department Exhibit 1, pgs.148-149.
10. On [REDACTED], Petitioner was seen at [REDACTED] for left leg pain with a discharge date of [REDACTED]. He was working when a

trailer fell on him and had to be lifted off with a tractor. He has had pain in the bilateral lower extremities more prominent on the left than the right. Petitioner had joint pain. No obvious sign of trauma to the bilateral lower extremities. There was swelling to the left lower extremity and tender to palpation along the lateral aspect. Department Exhibit 1, pgs.192-199.

### **CONCLUSIONS OF LAW**

The State Disability Assistance (SDA) program, which provides financial assistance for disabled persons, was established by 2004 PA 344. The Department administers the SDA program pursuant to 42 CFR 435, MCL 400.10 *et seq.* and Mich Admin Code, Rules 400.3151 – 400.3180. A person is considered disabled for SDA purposes if the person has a physical or mental impairment which meets federal Supplemental Security Income (SSI) disability standards for at least ninety days. Receipt of SSI benefits based on disability or blindness, or the receipt of MA benefits based on disability or blindness, automatically qualifies an individual as disabled for purposes of the SDA program.

The Department's Program Eligibility Manual provides the following policy statements and instructions for caseworkers regarding the SDA program.

#### **DISABILITY – SDA**

#### **DEPARTMENT POLICY**

#### **SDA**

To receive SDA, a person must be disabled, caring for a disabled person, or age 65 or older.

**Note:** There is no disability requirement for AMP. BEM 261, p. 1.

#### **DISABILITY**

A person is disabled for SDA purposes if he:

- receives other specified disability-related benefits or services, or
- resides in a qualified Special Living Arrangement facility, or
- is certified as unable to work due to mental or physical disability for at least 90 days from the onset of the disability.
- is diagnosed as having Acquired Immunodeficiency Syndrome (AIDS).

If the client's circumstances change so that the basis of his/her disability is no longer valid, determine if he/she meets any of the other disability criteria. Do NOT simply initiate case closure. BEM, Item 261, p. 1.

### **Other Benefits or Services**

Persons receiving one of the following benefits or services meet the SDA disability criteria:

- . Retirement, Survivors and Disability Insurance (RSDI), due to disability or blindness.
- . Supplemental Security Income (SSI), due to disability or blindness.
- . Medicaid (including spend-down) as blind or disabled if the disability/blindness is based on:
  - o a DE/MRT/SRT determination, or
  - o a hearing decision, or
  - o having SSI based on blindness or disability recently terminated (within the past 12 months) for financial reasons.

Medicaid received by former SSI recipients based on policies in PEM 150 under "**SSI TERMINATIONS,**" INCLUDING "**MA While Appealing Disability Termination,**" does not qualify a person as disabled for SDA. Such persons must be certified as disabled or meet one of the other SDA qualifying criteria. See "**Medical Certification of Disability**" below.

- . Michigan Rehabilitation Services (MRS). A person is receiving services if he has been determined eligible for MRS and has an active MRS case. Do not refer or advise applicants to apply for MRS for the purpose of qualifying for SDA.
- . Special education services from the local intermediate school district. To qualify, the person may be:

- attending school under a special education plan approved by the local Individual Educational Planning Committee (IEPC); **or**
  - not attending under an IEPC approved plan but has been certified as a special education student **and** is attending a school program leading to a high school diploma or its equivalent, **and** is under age 26. The program does not have to be designated as “special education” as long as the person has been certified as a special education student. Eligibility on this basis continues until the person completes the high school program or reaches age 26, whichever is earlier.
- Refugee or asylee who lost eligibility for Social Security Income (SSI) due to exceeding the maximum time limit BEM, Item 261, pp. 1-2.

"Disability" is:

...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.

...We follow a set order to determine whether you are disabled. We review any current work activity, the severity of your impairment(s), your residual functional capacity, your past work, and your age, education and work experience. If we can find that you are disabled or not disabled at any point in the review, we do not review your claim further.... 20 CFR 416.920.

...If you are working and the work you are doing is substantial gainful activity, we will find that you are not disabled regardless of your medical condition or your age, education, and work experience. 20 CFR 416.920(b).

...[The impairment]...must have lasted or must be expected to last for a continuous period of at least 12 months. We call this the duration requirement. 20 CFR 416.909.

...If you do not have any impairment or combination of impairments which significantly limits your physical or mental

ability to do basic work activities, we will find that you do not have a severe impairment and are, therefore, not disabled.

We will not consider your age, education, and work experience. 20 CFR 416.920(c).

[In reviewing your impairment]...We need reports about your impairments from acceptable medical sources.... 20 CFR 416.913(a).

...Statements about your pain or other symptoms will not alone establish that you are disabled; there must be medical signs and laboratory findings which show that you have a medical impairment.... 20 CFR 416.929(a).

...You must provide medical evidence showing that you have an impairment(s) and how severe it is during the time you say that you are disabled. 20 CFR 416.912(c).

... [The record must show a severe impairment] which significantly limits your physical or mental ability to do basic work activities.... 20 CFR 416.920(c).

...Medical reports should include:

1. Medical history;
2. Clinical findings (such as the results of physical or mental status examinations);
3. Laboratory findings (such as blood pressure, X-rays);
4. Diagnosis (statement of disease or injury based on its signs and symptoms).... 20 CFR 416.913(b).

...The medical evidence...must be complete and detailed enough to allow us to make a determination about whether you are disabled or blind. 20 CFR 416.913(d).

Medical findings consist of symptoms, signs, and laboratory findings:

- (a) **Symptoms** are your own description of your physical or mental impairment. Your statements alone are not enough to establish that there is a physical or mental impairment.

- (b) **Signs** are anatomical, physiological, or psychological abnormalities which can be observed, apart from your statements (symptoms). Signs must be shown by medically acceptable clinical diagnostic techniques. Psychiatric signs are medically demonstrable phenomena which indicate specific psychological abnormalities e.g., abnormalities of behavior, mood, thought, memory, orientation, development, or perception. They must also be shown by observable facts that can be medically described and evaluated.
  
- (c) **Laboratory findings** are anatomical, physiological, or psychological phenomena which can be shown by the use of medically acceptable laboratory diagnostic techniques. Some of these diagnostic techniques include chemical tests, electrophysiological studies (electrocardiogram, electroencephalogram, etc.), roentgenological studies (X-rays), and psychological tests. 20 CFR 416.928.

It must allow us to determine:

- (1) The nature and limiting effects of your impairment(s) for any period in question;
- (2) The probable duration of your impairment; and
- (3) Your residual functional capacity to do work-related physical and mental activities. 20 CFR 416.913(d).

In general, Petitioner has the responsibility to prove that he/she is disabled. Petitioner's impairment must result from anatomical, physiological, or psychological abnormalities which can be shown by medically acceptable clinical and laboratory diagnostic techniques. A physical or mental impairment must be established by medical evidence consisting of signs, symptoms, and laboratory findings, not only Petitioner's statement of symptoms. 20 CFR 416.908; 20 CFR 416.927. Proof must be in the form of medical evidence showing that the Petitioner has an impairment and the nature and extent of its severity. 20 CFR 416.912. Information must be sufficient to enable a determination as to the nature and limiting effects of the impairment for the period in question, the probable duration of the impairment and the residual functional capacity to do work-related physical and mental activities. 20 CFR 416.913.

Once an individual has been determined to be "disabled" for purposes of disability benefits, continued entitlement to benefits must be periodically reviewed. In evaluating whether an individual's disability continues, 20 CFR 416.994 requires the trier of fact to follow a sequential evaluation process by which current work activities, severity of

impairment(s), and the possibility of medical improvement and its relationship to the individual's ability to work are assessed. Review may cease and benefits may be continued at any point if there is substantial evidence to find that the individual is unable to engage in substantial gainful activity. 20 CFR 416.994(b)(5).

#### Step 1

First, the trier of fact must determine if the individual is working and if work is substantial gainful activity. 20 CFR 416.994(b)(5)(i). In this case, Petitioner is not engaged in substantial gainful activity and has no pertinent work history 2014. Therefore, Petitioner is not disqualified from receiving disability at Step 1.

#### Step 2

In the second step of the sequential consideration of a disability claim, the trier of fact must determine if Petitioner's impairment (or combination of impairments) is listed in Appendix 1 of Subpart P of 20 CFR, Part 404. This Administrative Law Judge finds that Petitioner's medical record will not support a finding that Petitioner's impairment(s) is a "listed impairment" or equal to a listed impairment. See Appendix 1 of Subpart P of 20 CFR, Part 404, Part A. Accordingly, Petitioner cannot be found to be disabled based upon medical evidence alone. 20 CFR 416.920(d). This Administrative Law Judge finds that Petitioner's impairments do not rise to the level necessary to be listed as disabling by law. Therefore, Petitioner is disqualified from receiving disability at Step 2.

#### Step 3

In the third step of the sequential evaluation, the trier of fact must determine whether there has been medical improvement as defined in 20 CFR 416.994(b)(1)(i). 20 CFR 416.994 (b)(5)(iii). Medical improvement is defined as any decrease in the medical severity of the impairment(s) which was present at the time of the most recent favorable medical decision that Petitioner was disabled or continues to be disabled. A determination that there has been a decrease in medical severity must be based on changes (improvement) in the symptoms, signs, and/or laboratory findings associated with Petitioner's impairment(s). If there has been medical improvement as shown by a decrease in medical severity, the trier of fact must proceed to Step 4 (which examines whether the medical improvement is related to the Petitioner's ability to do work). If there has been no decrease in medical severity and thus no medical improvement, the trier of fact moves to Step 5 in the sequential evaluation process.

On [REDACTED], Petitioner was seen by his treating specialist at [REDACTED]. He was advised to stop smoking because smoking can delay healing and can increase the chances of infection, blood clots, and unexplained pain. His chief complaint was right knee pain. He had back and neck pain. An x-ray of his right knee showed severe osteoarthritis of the right knee as evidenced by joint space collapse and osteophytic spurring. His treating specialist thought a conservative treatment because of his young age. He will ultimately require a total knee replacement, but he is too young. He was



started on corticosteroid injections on [REDACTED]. He tolerated the injection well and will return in 4 weeks for a recheck. Department Exhibit 2, pgs. a-b.

On [REDACTED], Petitioner was seen by his treating specialist at [REDACTED]. He was seen for a follow-up due to dizziness and frequent headaches. His blood pressure was slightly elevated at 125/93. Petitioner had an essentially normal physical examination. His clinical impression was that Petitioner had mixed headaches of tension type and vascular headaches, mood disorder secondary to head trauma, cerebral vascular ischemic disease, and dizziness and syncopal episodes. He was started on pain management with his primary care physician. Petitioner was not given anti-seizure medications at this time. He will need to be observed and report any new spells. Petitioner was to avoid driving motor vehicles or engaging in dangerous activity. Department Exhibit 2, pgs. c-d.

On [REDACTED], Petitioner was seen by his treating psychiatrist for a Medication Review from [REDACTED]. He was diagnosed with bipolar disorder 1, current or most recent episode manic; with psychotic features and unspecified neurodevelopmental disorder. There was no evidence of a severe thought disorder or risk factors. He was given a GAF of 60. Petitioner was admitted for three days due to suicidal ideation in August 2016. He was to continue with his present medications. Department Exhibit 1, pgs.148-149.

On [REDACTED], Petitioner was seen at [REDACTED] for left leg pain with a discharge date of [REDACTED]. He was working when a trailer fell on him and had to be lifted off with a tractor. He has had pain in the bilateral lower extremities more prominent on the left than the right. Petitioner had joint pain. No obvious sign of trauma to the bilateral lower extremities. There was swelling to the left lower extremity and tender to palpation along the lateral aspect. Department Exhibit 1, pgs.192-199.

This Administrative Law Judge finds that Petitioner has had medical improvement. He is in therapy and taking medications for his mental impairments. He was given a GAF of 60 by his treating psychiatrist. He had trailer fall on him on, but did not have any fractures, just tissue swelling. Petitioner does have severe osteoarthritis of his right knee that will be treated conservatively because of his age. As a result, he will be limited to light work.

At Step 3, this Administrative Law Judge finds that Petitioner does have medical improvement and his medical improvement is related to the Petitioner's ability to perform substantial gainful activity. He was given an essentially normal physical examination. He does have physical limitations with his right knee. He is in treatment and taking medications for mental impairments. There was no evidence of a severe thought disorder or risk factors. As a result, Petitioner is able to perform light work. Therefore, Petitioner is disqualified from receiving disability at Step 3.

#### Step 4

In Step 4 of the sequential evaluation, the trier of fact must determine whether medical improvement is related to Petitioner's ability to do work in accordance with 20 CFR 416.994(b)(1)(i) through (b)(1)(iv). 20 CFR 416.994(b)(5)(iv). It is the finding of this Administrative Law Judge, after careful review of the record, that there has been medical improvement where he can perform work.

At Step 4, Petitioner testified that he does perform most of his daily living activities. Petitioner testified that his condition has gotten worse because he has numbness in his feet and arms and pain in his back and long term memory issues. He does have mental impairments where he is taking medications and in therapy. Petitioner does smoke a pack of cigarettes a day. He stopped using illegal or illicit drugs of marijuana and cocaine in February 2017. He stopped drinking beer on [REDACTED], where before he was drinking one to two 12 packs of beer a week. Petitioner did not think that there was any work that he could perform.

This Administrative Law Judge finds that Petitioner's medical improvement is related to his ability to do work. Petitioner should be able to perform at least light work. He had an essentially normal physical examination. Petitioner does have limitations with right knee. He is in treatment and taking medications for his mental impairments. Therefore, Petitioner is disqualified from receiving disability at Step 4 where Petitioner can perform light work. If there is a finding of medical improvement related to Petitioner's ability to perform work, the trier of fact is to move to Step 6 in the sequential evaluation process.

#### Step 6

In the sixth step of the sequential evaluation, the trier of fact is to determine whether Petitioner's current impairment(s) is not severe per 20 CFR 416.921. 20 CFR 416.994(b)(5)(vi). If the residual functional capacity assessment reveals significant limitations upon a Petitioner's ability to engage in basic work activities, the trier of fact moves to Step 7 in the sequential evaluation process. In this case, this Administrative Law Judge finds Petitioner can perform at light work. See Steps 3 and 4. He was given an essentially normal physical examination, but has limitations with his right knee. He is in treatment and taking medications for his mental impairments. He is physically limited because of his right knee. Therefore, Petitioner is not disqualified from receiving disability at Step 6 where Petitioner passes for severity.

#### Step 7

In the seventh step of the sequential evaluation, the trier of fact is to assess a Petitioner's current ability to engage in substantial gainful activities in accordance with 20 CFR 416.960 through 416.969. 20 CFR 416.994(b)(5)(vii). The trier of fact is to assess Petitioner's current residual functional capacity based on all current impairments and consider whether Petitioner can still do work he has done in the past. At Step 7, Petitioner has no pertinent work history. In this case, this Administrative Law Judge

finds that Petitioner should be able to perform light work. Petitioner is capable of performing work at the light level. See Steps 3 and 4. Therefore, Petitioner is disqualified from receiving disability at Step 7 where Petitioner is capable of performing light work.

### Step 8

The objective medical evidence on the record is insufficient that Petitioner lacks the residual functional capacity to perform some other less strenuous tasks than in his previous employment or that he is physically unable to do any tasks demanded of him. Petitioner's testimony as to his limitation indicates his limitations are exertional and non-exertional.

For mental disorders, severity is assessed in terms of the functional limitations imposed by the impairment. Functional limitations are assessed using the criteria in paragraph (B) of the listings for mental disorders (descriptions of restrictions of activities of daily living, social functioning; concentration, persistence, or pace; and ability to tolerate increased mental demands associated with competitive work)... 20 CFR, Part 404, Subpart P, App. 1, 12.00(C).

In the instant case, Petitioner testified that he has post-traumatic stress disorder, bipolar disorder, and mixed psychosis. Petitioner is taking medication and in therapy for his mental impairments. See MA analysis Step 2. There was no evidence of a serious thought disorder or risk factors. Petitioner has a high school education even though he had special education classes. He was given a GAF of 60, which is moderate symptoms or moderate difficulty in social, occupational, or school functioning. He will be limited to simple and unskilled work.

In the final step, Step 8, of the sequential evaluation, the trier of fact is to consider whether Petitioner can do any other work, given Petitioner's residual function capacity and Petitioner's age, education, and past work experience. 20 CFR 416.994(b)(5)(viii). In this case, based upon Petitioner's vocational profile of a younger age individual, with a high school education, and a history of no pertinent work, MA-P is denied using Vocational Rule 202.20 as a guide. The Medical-Vocational guidelines are not strictly applied with non-exertional impairments such as post-traumatic stress disorder, bipolar disorder, and mixed psychosis. 20 CFR 404, Subpart P, Appendix 2, Section 200.00. This Administrative Law Judge finds that Petitioner does have medical improvement in this case and the Department has established by the necessary, competent, material and substantial evidence on the record that it was acting in compliance with Department policy when it proposed to close Petitioner's SDA case based upon medical improvement. Because Petitioner does not meet the disability criteria for SDA, he has had medical improvement making him capable of performing simple and unskilled, light work.

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 Petitioner not disabled for purposes of the medical review of SDA benefit programs.

**DECISION AND ORDER**

Accordingly, the Department's determination is **AFFIRMED**.

CF/hb



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**Carmen G. Fahie**  
Administrative Law Judge  
for Nick Lyon, Director  
Department of Health and Human Services

**NOTICE OF APPEAL:** A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Order if the request is received by MAHS within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088; 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

**DHHS**

[REDACTED]

**Petitioner**

[REDACTED]