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GOVERNOR

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

SHELLY EDGERTON
DIRECTOR

[REDACTED]

Date Mailed: September 8, 2017
MAHS Docket No.: 17-007264
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Vicki Armstrong

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 July 12, 2017, from [REDACTED], Michigan. Petitioner personally appeared and testified. [REDACTED] also appeared and translated on Petitioner's behalf.

The Department of Health and Human Services (Department) was represented by Hearing Facilitator [REDACTED]. [REDACTED] testified on behalf of the Department. The Department submitted exhibits 1-353 and 358-399, which were admitted into evidence.

An Interim Order was issued on [REDACTED], requesting the medical records from Petitioner's emergency room visit on [REDACTED].

On [REDACTED], the Department submitted additional exhibits marked 400-414, which were also admitted into evidence. The record closed on [REDACTED].

ISSUE

Whether the Department properly determined that Petitioner was not disabled for purposes of the State Disability Assistance (SDA) benefit program?

FINDINGS OF FACT

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

1. On [REDACTED], Petitioner filed an application for SDA benefits alleging disability.

2. On [REDACTED], the Medical Review Team (MRT) denied Petitioner's application for SDA. [Dept. Exh. pp 5-11].
3. On [REDACTED], the Department issued Petitioner a Notice of Case Action informing her that her application for SDA had been denied. [Dept. Exh. 398-399].
4. On [REDACTED], Petitioner filed a request for a hearing to contest the Department's negative action. [Dept. Exh. 1-3].
5. Petitioner was appealing the denial of Social Security disability benefits at the time of the hearing.
6. On [REDACTED], Petitioner's cervical spine x-rays showed cervical spondylosis with facet arthrosis and multilevel endplate spurring with neural foramina encroachment and degenerative disc disease at C6-C7. [Dept. Exh. 288].
7. On [REDACTED], Petitioner underwent a lumbar spine MRI. The results were compared to the previous lumbar spine MRI on December 11, 2012. There was mild disc desiccation/dehydration from L3-S1. At L3-L4, there was a left foraminal annular fissure, which appeared similar to the previous exam. There was interval development of a small left foraminal disc herniation/protrusion. The right neuroforamen was minimally narrowed in part due to facet arthropathy and there was mild left foraminal narrowing similar to the previous exam. At L4-L5 there was a small T2 hyperintensity along the posterior annulus compatible to a fissure. There was a shallow broad-based central disc herniation/protrusion which mildly indented the ventral thecal sac. There was also facet arthropathy and thickening of ligamentum flavum producing minimal foraminal narrowing, appearing similar to the previous study. [Dept. Exh. 286].
8. On [REDACTED], Petitioner presented to her primary care physician complaining of back pain. Petitioner stated that she was not getting better and was unable to lift her right leg due to weakness, and could not stand, sit or walk more than 20 minutes without pain. Petitioner was taking Neurontin. The physician noted that Petitioner appeared in moderate distress. She had paraspinal tenderness and a positive straight leg raise at 45 degrees on the right. Injections were discussed. [Dept. Exh. 318-319].
9. On [REDACTED], Petitioner was assessed with cervical spondylosis and cervicgia. She was administered diagnostic branch blocks at C2, C3, C4, and C5 levels. [Dept. Exh. 312-313].

10. On [REDACTED], Petitioner underwent an internal medicine examination on behalf of the Department. The physician opined that Petitioner has back and neck pain. Her range of motion was mildly decreased in the back and was normal in the neck. She had steroid injections three times in the back and once in the neck. She was taking Lyrica, Ibuprofen, and Flexeril to control the pain. Physical therapy did not help. She had mild limitations with physical activity. She also had anxiety. The physician indicated that he was not a vocational expert and his statement was limited to his specialty. She was assessed with anxiety, catatonic disorder, lumbago, chronic back and neck pain. [Dept. Exh. 199-205].
11. On [REDACTED], Petitioner underwent a mental status assessment on behalf of the Department. The psychiatrist noted that she was brought to the appointment and she entered the office limping. Petitioner reported that she continues to hear voices telling her to kill herself; the voices are of an unknown person. She also hears a door slamming at times. She has nightmares. Sleeping is difficult. She has some suicidal ideations but no intentions of harming herself. The psychiatrist observed that Petitioner's affect was constricted. She came across as very sad. When asked about the future, she stated, "Nothing will change, I still don't know my parents." The panic attacks have gastric symptoms and heart pounding. "Like my head going out of my ears." Petitioner stated that she could not work because of the chronic pain and she does not want people around her. Diagnoses: Major depressive disorder, single episode, severe, with psychotic symptoms; Posttraumatic stress disorder. Prognosis was guarded for the psychiatric condition. The psychiatrist indicated that he was not a vocational expert and his statement was limited to his specialty. [Dept. Exh. 207-208].
12. Petitioner is a [REDACTED]-year-old woman, born on [REDACTED]. She is [REDACTED]" tall and weighs [REDACTED] lbs. She has a high school education and last worked in [REDACTED]. She has a valid driver's license but is unable to drive due to her symptoms.
13. Petitioner alleges disability on the basis of asthma, anxiety, catatonic disorder, insomnia, lumbago, lumbar strain, lumbar spondylosis, lumbar radiculopathy, lumbar disc disorder, lumbar facet joint syndrome, cervicalgia, cervical strain, and cervical spondylosis.
14. Petitioner's impairments have lasted, or are expected to last, continuously for a period of 90 days or longer.

CONCLUSIONS OF LAW

Department policies are contained in the Department of Health and Human Services Bridges Administrative Manual (BAM), Department of Health and Human Services Bridges Eligibility Manual (BEM), and Department of Health and Human Services Reference Tables Manual (RFT).

The Medical Assistance (MA) program is established by Title XIX of the Social Security Act, 42 USC 1396-1396w-5; 42 USC 1315; the Affordable Care Act of 2010, the collective term for the Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152; and 42 CFR 430.10-.25. The Department (formerly known as the Department of Human Services) administers the MA program pursuant to 42 CFR 435, MCL 400.10, and MCL 400.105-.112k.

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.

Current legislative amendments to the Act delineate eligibility criteria as implemented by department policy set forth in program manuals. 2004 PA 344, Sec. 604, establishes the State Disability Assistance program. It reads in part:

Sec. 604 (1). The department shall operate a state disability assistance program. Except as provided in subsection (3), persons eligible for this program shall include needy citizens of the United States or aliens exempt from the Supplemental Security Income citizenship requirement who are at least 18 years of age or emancipated minors meeting one or more of the following requirements:

(b) A person with a physical or mental impairment which meets federal SSI disability standards, except that the minimum duration of the disability shall be 90 days. Substance abuse alone is not defined as a basis for eligibility.

Specifically, this Act provides minimal cash assistance to individuals with some type of severe, temporary disability which prevents him or her from engaging in substantial gainful work activity for at least ninety (90) days.

A person is disabled for SDA purposes if he or she:

- Receives other specified disability-related benefits or services, see Other Benefits or Services below, 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), see Medical Certification of Disability. BEM 261, pp 1-2 (7/1/2014).

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 (90 days for SDA). 20 CFR 416.905(a). The person claiming a physical or mental disability has the burden to establish it through the use of competent medical evidence from qualified medical sources such as his or her medical history, clinical/laboratory findings, diagnosis/prescribed treatment, prognosis for recovery and/or medical assessment of ability to do work-related activities or ability to reason and make appropriate mental adjustments, if a mental disability is alleged. 20 CFR 413.913. An individual's subjective pain complaints are not, in and of themselves, sufficient to establish disability. 20 CFR 416.908; 20 CFR 416.929(a). Similarly, conclusory statements by a physician or mental health professional that an individual is disabled or blind, absent supporting medical evidence, is insufficient to establish disability. 20 CFR 416.927.

When determining disability, the federal regulations require several factors to be considered including: (1) the location/duration/frequency/intensity of an applicant's pain; (2) the type/dosage/effectiveness/side effects of any medication the applicant takes to relieve pain; (3) any treatment other than pain medication that the applicant has received to relieve pain; and, (4) the effect of the applicant's pain on his or her ability to do basic work activities. 20 CFR 416.929(c)(3). The applicant's pain must be assessed to determine the extent of his or her functional limitation(s) in light of the objective medical evidence presented. 20 CFR 416.929(c)(2).

In order to determine whether or not an individual is disabled, federal regulations require a five-step sequential evaluation process be utilized. 20 CFR 416.920(a)(1). The five-step analysis requires the trier of fact to consider an individual's current work activity; the severity of the impairment(s) both in duration and whether it meets or equals a listed impairment in Appendix 1; residual functional capacity to determine whether an individual can perform past relevant work; and residual functional capacity along with

vocational factors (e.g., age, education, and work experience) to determine if an individual can adjust to other work. 20 CFR 416.920(a)(4); 20 CFR 416.945.

If an individual is found disabled, or not disabled, at any step, a determination or decision is made with no need to evaluate subsequent steps. 20 CFR 416.920(a)(4). If a determination cannot be made that an individual is disabled, or not disabled, at a particular step, the next step is required. 20 CFR 416.920(a)(4). If an impairment does not meet or equal a listed impairment, an individual's residual functional capacity is assessed before moving from Step 3 to Step 4. 20 CFR 416.920(a)(4); 20 CFR 416.945. Residual functional capacity is the most an individual can do despite the limitations based on all relevant evidence. 20 CFR 945(a)(1). An individual's residual functional capacity assessment is evaluated at both Steps 4 and 5. 20 CFR 416.920(a)(4). In determining disability, an individual's functional capacity to perform basic work activities is evaluated and if found that the individual has the ability to perform basic work activities without significant limitation, disability will not be found. 20 CFR 416.994(b)(1)(iv). In general, the individual has the responsibility to prove disability. 20 CFR 416.912(a). An impairment or combination of impairments is not severe if it does not significantly limit an individual's physical or mental ability to do basic work activities. 20 CFR 416.921(a). The individual has the responsibility to provide evidence of prior work experience; efforts to work; and any other factor showing how the impairment affects the ability to work. 20 CFR 416.912(c)(3)(5)(6).

The Administrative Law Judge is responsible for making the determination or decision about whether the statutory definition of disability is met. The Administrative Law Judge reviews all medical findings and other evidence that support a medical source's statement of disability. 20 CFR 416.927(e).

As outlined above, the first step looks at the individual's current work activity. In the record presented, Petitioner is not involved in substantial gainful activity and testified that she has not worked since June of 2016. Therefore, she is not disqualified from receiving disability benefits under Step 1.

The severity of the individual's alleged impairment(s) is considered under Step 2. The individual bears the burden to present sufficient objective medical evidence to substantiate the alleged disabling impairments. In order to be considered disabled for MA purposes, the impairment must be severe. 20 CFR 916.920(a)(4)(ii); 20 CFR 916.920(b). An impairment, or combination of impairments, is severe if it significantly limits an individual's physical or mental ability to do basic work activities regardless of age, education and work experience. 20 CFR 916.920(a)(4)(ii); 20 CFR 916.920(c). Basic work activities means the abilities and aptitudes necessary to do most jobs. 20 CFR 916.921(b). Examples include:

1. Physical functions such as walking, standing, sitting, lifting, pushing, pulling, reaching, carrying, or handling;

2. Capacities for seeing, hearing, and speaking;
3. Understanding, carrying out, and remembering simple instructions;
4. Use of judgment;
5. Responding appropriately to supervision, co-workers and usual work situations; and
6. Dealing with changes in a routine work setting. *Id.*

The second step allows for dismissal of a disability claim obviously lacking in medical merit. *Higgs v Bowen*, 880 F2d 860, 862 (CA 6, 1988). The severity requirement may still be employed as an administrative convenience to screen out claims that are totally groundless solely from a medical standpoint. *Id.* at 863 citing *Farris v Sec of Health and Human Services*, 773 F2d 85, 90 n.1 (CA 6, 1985). An impairment qualifies as non-severe only if, regardless of a petitioner's age, education, or work experience, the impairment would not affect the petitioner's ability to work. *Salmi v Sec of Health and Human Services*, 774 F2d 685, 692 (CA 6, 1985).

In the present case, Petitioner alleges disability due to asthma, anxiety, catatonic disorder, insomnia, lumbago, lumbar strain, lumbar spondylosis, lumbar radiculopathy, lumbar disc disorder, lumbar facet joint syndrome, cervicalgia, cervical strain, and cervical spondylosis.

As previously noted, Petitioner bears the burden to present sufficient objective medical evidence to substantiate the alleged disabling impairment(s). As summarized above, Petitioner has presented some limited medical evidence establishing that she has physical limitations on her ability to perform basic work activities, based on lumbar and cervical diagnoses. The medical evidence has established that Petitioner has an impairment, or combination thereof, that has more than a *de minimis* effect on Petitioner's basic work activities. Further, the impairments have lasted continuously for twelve months; therefore, Petitioner is not disqualified from receipt of MA-P benefits under Step 2.

In the third step of the sequential analysis of a disability claim, the trier of fact must determine if the individual's impairment, or combination of impairments, is listed in Appendix 1 of Subpart P of 20 CFR, Part 404. Petitioner has alleged lumbago, lumbar strain, lumbar spondylosis, lumbar radiculopathy, lumbar disc disorder, lumbar facet joint syndrome, cervicalgia, cervical strain and cervical spondylosis.

Petitioner has the burden of establishing her disability. The record evidence was insufficient to meet a listing. While there was evidence of degenerative lumbar and cervical disease, there was no evidence that Petitioner's back and neck problems were severe enough to meet a listing. Therefore, the analysis continues to Step 4.

Before considering step four of the sequential evaluation process, the Administrative Law Judge must first determine the petitioner's residual functional capacity. (20 CFR 404.1520(e) and 416.920(e)). An individual's residual functional capacity is his/her ability to do physical and mental work activities on a sustained basis despite limitations from his/her impairments. In making this finding, all of the petitioner's impairments, including impairments that are not severe, must be considered. (20 CFR 404.1520(e), 404.1545, 416.920(e), and 416.945; SSR 96-8p).

Based on the record evidence, Petitioner does not have the residual functional capacity to perform sedentary work as defined in 20 CFR 404.1567(a). In making this finding, the Administrative Law Judge considered all Petitioner's symptoms and the extent to which these symptoms can reasonably be accepted as consistent with the objective medical evidence and other evidence.

After considering the evidence of record, the Administrative Law Judge finds that Petitioner's medically determinable impairments could reasonably be expected to produce the alleged symptoms, and that the Petitioner's statements concerning the intensity, persistence, and limiting effects of these symptoms are credible.

Next, the Administrative Law Judge must determine at step four whether the petitioner has the residual functional capacity to perform the requirements of her past relevant work. (20 CFR 404.1520(f) and 416.920(f)). The term past relevant work means work performed (either as the petitioner actually performed it or as it is generally performed in the national economy) within the last 15 years or 15 years prior to the date that disability must be established. In addition, the work must have lasted long enough for the petitioner to learn to do the job and have been substantial gainful activity (SGA). (20 CFR 404.1560(b), 404.1565, 416.960(b), and 416.965). If the Petitioner has the residual functional capacity to do her past relevant work, the petitioner is not disabled. If the petitioner is unable to do any past relevant work or does not have any past relevant work, the analysis proceeds to the fifth and last step.

Petitioner's past relevant employment was as a line worker. The demands of the Petitioner's past relevant work exceed the residual functional capacity. As a result, the analysis continues.

The fifth, and final, step of the analysis applies the biographical data of the applicant to the Medical Vocational Grids to determine the residual functional capacity of the applicant to do other work. 20 CFR 416.920(g). See *Felton v DSS* 161 Mich. App 690, 696 (1987). Once Petitioner reaches Step 5 in the sequential review process, Petitioner has already established a *prima facie* case of disability. *Richardson v Secretary of Health and Human Services*, 735 F2d 962 (6th Cir, 1984). At that point, the burden of proof is on the state to prove by substantial evidence that Petitioner has the residual functional capacity for substantial gainful activity.

The medical information indicates that Petitioner suffers from asthma, anxiety, catatonic disorder, insomnia, lumbago, lumbar strain, lumbar spondylosis, lumbar radiculopathy,

lumbar disc disorder, lumbar facet joint syndrome, cervicalgia, cervical strain, and cervical spondylosis.

Petitioner credibly testified that she cannot drive, cook, grocery shop, and even struggles to walk. She has a severely limited tolerance for physical activities and is unable to walk or stand for any long periods of time.

Petitioner's treating physician opined on June 30, 2017, that Petitioner has a chronic ongoing disease and is unable to work at any job for six months. Further, Petitioner requires medical assistance with dressing, bathing, grooming, laundry, and housework. Because Petitioner's treating physician's opinion is well supported by medically acceptable clinical and laboratory diagnostic techniques, it has controlling weight. 20 CFR 404.1527(d)(2).

Petitioner is 45 years old and has a high school education. Petitioner's medical records are consistent with her testimony that she is unable to engage in even a full range of sedentary work on a regular and continuing basis. 20 CFR 404, Subpart P. Appendix 11, Section 201.00(h). See Social Security Ruling 83-10; *Wilson v Heckler*, 743 F2d 216 (1986).

Petitioner's complaints and allegations concerning her impairments and limitations, when considered in light of all objective medical evidence, as well as the record as a whole, reflect an individual who is so impaired as to be incapable of engaging in any substantial gainful activity on a regular and continuing basis.

A person is considered disabled for purposes of SDA if the person has a physical or mental impairment which meets federal SSI disability standards for at least 90 days. Receipt of SSI or RSDI benefits based upon disability or blindness or the receipt of MA benefits based upon disability or blindness automatically qualifies an individual as disabled for purposes of the SDA program. Other specific financial and non-financial eligibility criteria are found in BEM 261. Inasmuch as Petitioner has been found "disabled" for purposes of MA, she must also be found "disabled" for purposes of SDA benefits.

DECISION AND ORDER

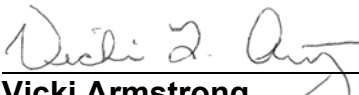
The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides the Department erred in determining Petitioner is not currently disabled for SDA eligibility purposes.

Accordingly, the Department's decision is REVERSED, and it is Ordered that:

1. The Department shall process Petitioner's [REDACTED], SDA application, and shall award her all benefits she may be entitled to receive, as long as she meets the remaining financial and non-financial eligibility factors.
2. The Department shall review Petitioner's medical condition for improvement in [REDACTED], unless her Social Security Administration disability status is approved by that time.
3. The Department shall obtain updated medical evidence from Petitioner's treating physicians, physical therapists, pain clinic notes, etc. regarding her continued treatment, progress and prognosis at review.

It is SO ORDERED.

VLA/bb



Vicki Armstrong
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]