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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

MARLON BROWN
DIRECTOR

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Date Mailed: February 20, 2025
MOAHR Docket No.: 24-013292
Agency No.: ██████████
Petitioner: ██████████ ██████████

ADMINISTRATIVE LAW JUDGE: Linda Jordan

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; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 42 CFR 438.400 to 438.424; 45 CFR 99.1 to 99.33; and 45 CFR 205.10; and Mich Admin Code, R 792.11002. After due notice, a hearing was held on January 8, 2025, via teleconference. Petitioner appeared and represented himself. Jennifer Richard, Assistance Payments Supervisor, appeared on behalf of the Michigan Department of Health and Human Services (MDHHS or Department). Petitioner's proposed exhibits were admitted into evidence at the hearing as Petitioner's Exhibit 1, pp. 1-7 and Petitioner's Exhibit 2, p. 1. MDHHS' Hearing Packet was admitted into evidence at the hearing as MDHHS Exhibit A, pp. 1-362.

ISSUE

Did MDHHS properly determine that Petitioner was not disabled for purposes of State Disability Assistance (SDA)?

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 ██████████ 2024, Petitioner applied for SDA, alleging a disability (Exhibit A, p. 9).
2. On August 29, 2024, Petitioner submitted a Medical – Social Questionnaire for SDA, alleging that he suffered from schizophrenia (Exhibit A, p. 29).
3. On November 11, 2024, the Medical Review Team (MRT)/Disability Determination Service (DDS) found Petitioner not disabled for purposes of the SDA program because his impairment did not prevent employment for 90 days or more and he was capable of performing other work (non-exertional impairment) (Exhibit A, pp.

54-55). DDS noted in its rationale that his mental status was stable, except when he was not staying up to date on his injections (Exhibit A, p. 38).

4. On November 15, 2024, MDHHS sent Petitioner a Notice of Case Action stating that Petitioner's SDA application was denied, effective September 1, 2024 ongoing, because he was not disabled (Exhibit A, p. 356).
5. On November 15, 2024, Petitioner filed a Request for Hearing to dispute MDHHS' disability determination.
6. The relevant medical records reflect the following:
 - a. On November 18, 2024, Dr. [REDACTED] [REDACTED] wrote a letter stating that Petitioner was under his care and that he was unable to work full-time due to his mental health condition (Exhibit 2, p. 1).
 - b. On October 22, 2024, Stratus Psychological Services conducted a psychological evaluation of Petitioner (Exhibit 1, p. 2). The reviewing practitioner noted extremely low reading comprehension, stating that he had an academic performance in the borderline range, similar to a fifth grader. The practitioner noted that cognitive impairment is common among individuals with schizophrenia. Petitioner reported auditory hallucinations.
 - c. On October 22, 2024, PA-C [REDACTED] [REDACTED] from Pine Rest Northwest Clinic conducted a medication management meeting with Petitioner (Exhibit A, p. 182). Petitioner reported that symptoms were well-controlled and denied hallucinations.
 - d. On September 9, 2024, PA-C [REDACTED] [REDACTED] from Pine Rest Northwest Clinic conducted a medication management meeting with Petitioner (Exhibit A, p. 187). Petitioner reported symptoms were relatively well-controlled and that he was experiencing some auditory hallucinations (Exhibit A, p. 187).
 - e. On July 26, 2024, [REDACTED] [REDACTED] MD, wrote a letter indicating that Petitioner was seen by her clinic (Exhibit A, p. 264). Dr. Greerlings certified that Petitioner was under her care and due to his mental health condition, he was unable to work full-time and had been without work since April 2024 (Exhibit A, p. 264).
 - f. On July 24, 2024, PA-C [REDACTED] [REDACTED] from Pine Rest Northwest Clinic completed a mental impairment questionnaire on Petitioner's behalf (Exhibit A, p. 172). The practitioner confirmed the diagnosis of schizophrenia and indicated that Petitioner was seen every three months for medication management meetings, and that Petitioner responded well

to medications. The practitioner noted that Petitioner was prescribed to injections of Invega Trinza every three months. Regarding symptoms, the practitioner noted that Petitioner had difficulty concentrating or thinking, was easily distracted, had detachment from social relationships, and delusions of hallucinations, and significant difficulties learning and using academic skills. The practitioner noted marked limitations with his ability to understand, remember or apply information and his ability to concentrate, persist or maintain pace (Exhibit A, p. 174). The practitioner noted moderate limitations with Petitioner's ability to interact with others and ability to adapt or manage oneself.

- g. On June 27, 2024, Dr. [REDACTED] [REDACTED] conducted a Mental Status Evaluation of Petitioner (Exhibit A, p. 291). Petitioner reported that he was diagnosed with schizophrenia in 2016, that he experienced auditory hallucinations on a daily basis and that the voices were distracting and distressing. Petitioner reported that he lived with his mother and that he was capable of driving, cooking, shopping, taking medication, paying bills and balancing finances. Dr. [REDACTED] noted that his prognosis was fair.
- h. On June 3, 2024, PA-C [REDACTED] [REDACTED] from Pine Rest Northwest Clinic conducted a medication management meeting with Petitioner (Exhibit A, p. 258). Petitioner reported symptoms were well-controlled and denied hallucinations, paranoid behavior and manic symptoms (Exhibit A, p. 187).
- i. On May 21, 2024, a psychiatric nurse practitioner conducted a medication evaluation with Petitioner (Exhibit A, p. 114). Petitioner went to psychiatric urgent care because he missed his injection of Invega Trinza. Petitioner reported becoming paranoid after missing his injection. Petitioner reported hearing voices and having hallucinations.
- j. On April 25, 2024, Petitioner attended an office visit at Trinity Health Medical Group (Exhibit A, p. 218). The treating practitioner noted high cholesterol and recommended a healthier diet. The remainder of the labs were unremarkable. The treating practitioner noted ongoing auditory hallucinations, and that Petitioner had trouble keeping up with work (Exhibit A, p. 231).
- k. On April 15, 2024, PA-C [REDACTED] [REDACTED] from Pine Rest Northwest Clinic conducted a medication management meeting with Petitioner (Exhibit A, p. 314). Petitioner reported symptoms were well-controlled and denied hallucinations, paranoid behavior and manic symptoms.
- l. On June 26, 2023, Petitioner was examined by Trinity Health Medical Group (Exhibit A, p. 200). The schizophrenia diagnosis was confirmed. Petitioner denied psychiatric hospitalizations, suicide attempts or self-harm behaviors.

7. On the date of the hearing, Petitioner was [REDACTED] years old and weighed approximately [REDACTED] lbs.
8. Petitioner has a high school diploma.
9. At the time of application, Petitioner was not employed.
10. Petitioner's work history includes work at [REDACTED] [REDACTED] as a machine operator from March 2024 to April 2024; work at General Motors as a machine operator from July 2019 to May 2023 and work through a temporary service from August 2017 to January 2019 (Exhibit A, p. 154).
11. Petitioner has a pending disability claim with the Social Security Administration (SSA).

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), Department of Health and Human Services Reference Tables Manual (RFT), and Department of Health and Human Services Emergency Relief Manual (ERM). The State Disability Assistance (SDA) program is established by the Social Welfare Act, MCL 400.1-.119b. MDHHS administers the SDA program pursuant to 42 CFR 435, MCL 400.10 and Mich Admin Code, R 400.3151-.3180.

Petitioner applied for cash assistance alleging a disability. A disabled person is eligible for SDA. BEM 261 (April 2017), p. 1. An individual automatically qualifies as disabled for purposes of the SDA program if the individual receives Supplemental Security Income (SSI) or Medical Assistance (MA-P) benefits based on disability or blindness. BEM 261, p. 2. Otherwise, to be considered disabled for SDA purposes, a person must have a physical or mental impairment that has lasted or is expected to last for a continuous period of at least ninety days which meets federal SSI disability standards, meaning the person is unable to do any substantial gainful activity by reason of any medically determinable physical or mental impairment. BEM 261, pp. 1-2; 20 CFR 416.901; 20 CFR 416.905(a).

Determining whether an individual is disabled for SSI purposes requires the application of a five step evaluation of whether the individual (1) is engaged in substantial gainful activity (SGA); (2) has an impairment that is severe; (3) has an impairment and duration that meet or equal a listed impairment in Appendix 1 Subpart P of 20 CFR 404; (4) has the residual functional capacity to perform past relevant work; and (5) has the residual functional capacity and vocational factors (based on age, education and work experience) to adjust to other work. 20 CFR 416.920(a)(1) and (4); 20 CFR 416.945. If an individual is found disabled, or not disabled, at any step in this process, 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).

In general, the individual has the responsibility 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, if a mental disability is alleged, to reason and make appropriate mental adjustments. 20 CFR 416.912(a); 20 CFR 416.913. 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, are insufficient to establish disability. 20 CFR 416.927(d).

Step One

The first step in determining whether an individual is disabled requires consideration of the individual's current work activity. 20 CFR 416.920(a)(4)(i). If an individual is working and the work is SGA, then the individual must be considered not disabled, regardless of medical condition, age, education, or work experience. 20 CFR 416.920(b); 20 CFR 416.971. SGA means work that involves doing significant and productive physical or mental duties and that is done, or intended to be done, for pay or profit. 20 CFR 416.972.

In this case, Petitioner has not engaged in SGA during the period at issue. Therefore, Petitioner cannot be assessed as not disabled at Step 1 and the evaluation continues to Step 2.

Step Two

Under Step 2, the severity and duration of an individual's alleged impairment is considered. If the individual does not have a severe medically determinable physical or mental impairment (or a combination of impairments) that meets the duration requirement, the individual is not disabled. 20 CFR 416.920(a)(4)(ii). The duration requirement for SDA means that the impairment is expected to result in death or has lasted, or is expected to last, for a continuous period of at least 90 days. 20 CFR 416.922; BEM 261, p. 2.

An impairment, or combination of impairments, is severe if it significantly limits an individual's physical or mental ability to do basic work activities. 20 CFR 416.920(a)(4)(ii); 20 CFR 416.920(c). Basic work activities mean the abilities and aptitudes necessary to do most jobs, such as (i) physical functions such as walking, standing, sitting, lifting, pushing, pulling, reaching, carrying, or handling; (ii) the capacity to see, hear, and speak; (iii) the ability to understand, carry out, and remember simple instructions; (iv) use of judgment; (v) responding appropriately to supervision, co-workers and usual work situations; and (vi) dealing with changes in a routine work setting. 20 CFR 416.922(b).

The individual bears the burden to present sufficient objective medical evidence to substantiate the alleged disabling impairments. While the Step 2 severity requirement may be employed as an administrative convenience to screen out claims that are totally groundless solely from a medical standpoint, under the *de minimis* standard applied at Step 2, an impairment is severe unless it is only a slight abnormality that minimally affects work ability regardless of age, education, and experience. *Higgs v Bowen*, 880 F2d 860, 862-863 (CA 6, 1988), citing *Farris v Sec of Health and Human Servs*, 773 F2d 85, 90 n.1 (CA 6, 1985). A claim may be denied at Step 2 only if the evidence shows that the individual's impairments, when considered in combination, are not medically severe, i.e., do not have more than a minimal effect on the person's physical or mental ability to perform basic work activities. Social Security Ruling (SSR) 85-28. RESCINDED BY SSR 16-3.

Here, Petitioner alleged disabling impairments due to schizophrenia. DDS categorized Petitioner's mental disorder as severe (Exhibit A, p. 39). Petitioner testified that his mental impairment prevented him from working. Additionally, there is substantial medical evidence showing that Petitioner's condition has lasted more than 90 days.

In consideration of the *de minimis* standard necessary to establish a severe impairment under Step 2, the foregoing medical evidence is sufficient to establish that Petitioner suffers from a severe impairment that has lasted or is expected to last for a continuous period of not less than 90 days. Therefore, Petitioner has satisfied the requirements under Step 2, and the analysis will proceed to Step 3.

Step Three

Step 3 of the sequential analysis of a disability claim requires a determination of whether the individual'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 an individual's impairment, or combination of impairments, is of a severity to meet or medically equal the criteria of a listing and meets the duration requirement (20 CFR 416.909), the individual is disabled. If not, the analysis proceeds to the next step.

Based on the medical evidence presented in this case, listing 12.03 (schizophrenia spectrum and other psychotic disorders) was considered.

To meet the listing in 12.03, the claimant must present medical documentation of one of the following: (i) delusions or hallucinations; (ii) disorganized thinking (speech); or (iii) grossly disorganized behavior or catatonia. In addition to the aforementioned criteria, the claimant must show an extreme limitation of one or marked limitation of two of the following areas of mental functioning: (i) understand, remember, or apply information; (ii) interact with others; (iii) concentrate, persist or maintain pace; (iv) adapt or manage oneself. Alternatively, a claimant may meet the listing by showing that the mental disorder is "serious and persistent," that is, there is a medically documented history of the existence of the disorder over a period of at least two years, and there is evidence of both: (i) medical treatment, mental health therapy, psychosocial support(s), or a highly structured setting(s) that is ongoing and that diminishes the symptoms and signs

of the mental disorder; and (ii) marginal adjustment, that is, the person has minimal capacity to adapt to new environmental changes or demands.

Here, DDS found that a medically determinable impairment was present that did not precisely satisfy the criteria in the listing (Exhibit A, p. 39). DDS determined that Petitioner had moderate limitations in each of the following categories: (i) understand, remember, or apply information; (ii) interact with others; (iii) concentrate, persist or maintain pace; (iv) adapt or manage oneself. However, it is unclear what medical evidence DDS used to support its determination that Petitioner suffered from moderate limitations, as opposed to marked limitations. A marked limitation means that the person's functioning in that area independently, appropriately, and on a sustained basis is seriously limited.

The medical evidence consistently demonstrates that Petitioner suffers from auditory hallucinations caused by his schizophrenia. In addition, Petitioner suffers from paranoid and delusional thinking, disordered thoughts and has struggles to understand and process information. The hallucinations and paranoid or delusional thinking are lessened with the assistance of medication; however, they are not eliminated. At the hearing, Petitioner credibly testified that the medication helps lessen the voices that he hears but that the voices do not completely go away. Petitioner testified that he hears the voices daily and that he cannot concentrate because of them.

Petitioner's treating practitioners determined that Petitioner had a marked limitation in his ability to understand, remember or apply information and a marked limitation in his ability to concentrate and maintain pace (Exhibit A, p. 174). Petitioner's treating practitioners noted that he had difficulty concentrating or thinking, was easily distracted, had detachment from social relationships, suffered from delusions or hallucinations, and significant difficulties learning and using academic skills (Exhibit A, p. 173). These conclusions are supported by the psychological evaluation completed on October 22, 2024, which noted that Petitioner had an overall low intellectual ability and difficulty clarifying his responses, recalling timelines and processing/recalling information that he had heard (Exhibit 1, pp. 1-7). The examiner noted that he was slow to process information, frequently needed information repeated and struggled to express himself verbally (Exhibit 1, p. 5).

Upon thorough review, the medical evidence presented supports a finding that Petitioner's impairments meet or are the equivalent to the required level in severity to the criteria in listing 12.03 of Appendix 1 of the Guidelines to be considered as disabling without further consideration.

DECISION AND ORDER

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 **disabled** for purposes of the SDA benefit program.

Accordingly, MDHHS's determination is **REVERSED**. MDHHS IS ORDERED TO INITIATE THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER.

1. Reprocess Petitioner's [REDACTED] 2024 SDA application to determine if all the non-medical criteria are satisfied in accordance with Department policy;
2. Supplement Petitioner for lost benefits, if any, that Petitioner was entitled to receive if otherwise eligible and qualified; and
3. Notify Petitioner of its decision in writing.



LJ/nr

Linda Jordan
Administrative Law Judge

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 Office of Administrative Hearings and Rules (MOAHR).

A party may request a rehearing or reconsideration of this Order if the request is received by MOAHR 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. MOAHR will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MOAHR. If submitted by fax, the written request must be faxed to (517) 763-0155; Attention: MOAHR Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Office of Administrative Hearings and Rules
Reconsideration/Rehearing Request
P.O. Box 30639
Lansing, Michigan 48909-8139

Via-Electronic Mail :

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Interested Parties

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