

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Bobbie R. v. O'Malley

No. 23-cv-05770-RMI (N.D. Cal. Mar. 11, 2025) · No. 23-cv-05770-RMI · Decided March 11, 2025

SUMMARY

The court remanded a Social Security disability case for further proceedings. It held that the ALJ failed to adequately consider the plaintiff’s PTSD at Step Two, Step Three, and in formulating the residual functional capacity, and failed to fully develop the record. The court declined to reach the plaintiff’s remaining arguments.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Robert M. Illman
JURISDICTION	United States District Court for the Northern District of California
DECIDED	March 11, 2025
DOCKET	23-cv-05770-RMI
DISPOSITION	remanded
PROCEDURAL POSTURE	Plaintiff sought judicial review under 42 U.S.C. §§ 405(g) and 1383(c) (3) of the Commissioner's final decision denying Social Security disability benefits. The parties consented to magistrate-judge jurisdiction, and the court reviewed the administrative record and briefing.
STANDARD OF REVIEW	The court may set aside the denial of benefits only if it is unsupported by substantial evidence or based on legal error. The Commissioner's factual findings are conclusive when supported by substantial evidence, defined as such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. The court reviews the administrative record as a whole, considering evidence supporting and detracting from the Commissioner's conclusion.
PRECEDENTIAL VALUE	unknown
PARTIES	Bobbie R. v. Martin O'Malley

TOPICS

judicial review of agency action

agency adjudication

administrative law

disability definition

remedies

PRACTICE AREAS

Social Security disability

administrative law

judicial review of agency action

QUESTIONS PRESENTED

1. Whether the ALJ committed legal error by failing to properly evaluate Plaintiff's PTSD at Step Two of the sequential disability analysis.
2. Whether the ALJ adequately considered Plaintiff's PTSD at Step Three under Listing 12.15 and when formulating the residual functional capacity.
3. Whether the ALJ's failure to evaluate the PTSD evidence rendered the Step Three determination and residual functional capacity unsupported by substantial evidence.
4. Whether the case should be remanded for further proceedings rather than having the court reach Plaintiff's remaining arguments.

HOLDINGS

1. The ALJ committed legal error by treating or effectively treating Plaintiff's PTSD as subject to exclusion at Step Two without properly applying the de minimis standard, despite substantial record evidence supporting the impairment.
2. The ALJ erred by failing to properly evaluate Plaintiff's PTSD symptoms and limitations under Listing 12.15 and by failing to account for the PTSD evidence when formulating the residual functional capacity.
3. The ALJ failed to fulfill the duty to develop the record fully and fairly regarding Plaintiff's PTSD and its limitations during the relevant disability period.

KEY QUOTATIONS

“such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.” (at 1)

“A Step Two error is only considered harmless if the relevant impairment is considered by the ALJ during the Step Three analysis and during the formulation of the RFC.” (at 3)

“The ALJ’s duty to “conduct an appropriate inquiry” is triggered where evidence is ambiguous or when the record is inadequate to allow for proper evaluation of the evidence.” (at 4)

“The ALJ’s duty to develop the record fully is also heightened where the claimant may be mentally ill and thus unable to protect her own interests.” (at 4)

FACTUAL BACKGROUND

Plaintiff stopped working in 2015 after her employer disappeared and was later found dead, and she was eventually terminated in 2021 after attempting to return to work and receiving counseling. She had experienced PTSD and received counseling since 2012, later reporting daily suicidal thoughts. The ALJ found that Plaintiff

could perform simple, routine work with limited interaction and no tandem or teamwork, and denied benefits based on her ability to perform other jobs. The record contained extensive evidence of PTSD, but the ALJ did not meaningfully evaluate its symptoms and work-related limitations.

PROCEDURAL HISTORY

An ALJ denied Plaintiff's application for benefits under Titles II and XVI of the Social Security Act. The Appeals Council denied review, making the ALJ's decision the Commissioner's final decision. The district court remanded for further proceedings because the ALJ failed to properly consider Plaintiff's PTSD at Step Two, Step Three, and in formulating the residual functional capacity.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The case is remanded for further proceedings consistent with the order. The ALJ must properly develop the record regarding Plaintiff's PTSD, consider the PTSD evidence at Step Two and Step Three, formulate an RFC supported by substantial evidence, and modify any ensuing ALJ opinion as appropriate to reflect consideration and resolution of the issues identified. The court declined to address Plaintiff's remaining arguments, which may be addressed on remand if necessary.

CASES CITED

- *Flaten v. Sec'y of Health & Human Servs.*, 44 F.3d 1453, 1457 (9th Cir. 1995)
- *Biestek v. Berryhill*, 139 S. Ct. 1148, 1154 (2019)
- *Consol. Edison Co. v. NLRB*, 305 U.S. 197, 229 (1938)
- *Sandgathe v. Chater*, 108 F.3d 978, 979 (9th Cir. 1997)
- *Reddick v. Chater*, 157 F.3d 715, 720 (9th Cir. 1998)
- *Burch v. Barnhart*, 400 F.3d 676, 679 (9th Cir. 2005)
- *Buck v. Berryhill*, 869 F.3d 1040, 1048-49 (9th Cir. 2017)
- *Bowen v. Yuckert*, 482 U.S. 137, 153-54 (1987)
- *Edlund v. Massanari*, 253 F.3d 1152, 1158 (9th Cir. 2001)
- *Smolen v. Chater*, 80 F.3d 1273, 1290 (9th Cir. 1996)
- *Webb v. Barnhart*, 433 F.3d 683, 687 (9th Cir. 2005)
- *Mayes v. Massanari*, 276 F.3d 453, 459-60 (9th Cir. 2001)
- *Tonapetyan v. Halter*, 242 F.3d 1144, 1150 (9th Cir. 2001)
- *Tidwell v. Apfel*, 161 F.3d 599, 602 (9th Cir. 1998)
- *Hiler v. Astrue*, 687 F.3d 1208, 1212 (9th Cir. 2012)
- *Augustine ex rel. Ramirez v. Astrue*, 536 F. Supp. 2d 1147, 1153 n.7 (C.D. Cal. 2008)
- *Steven M. v. Saul*, 2021 U.S. Dist. LEXIS 52225, *17 (N.D. Cal. Mar. 19, 2021)

