

**STATE OF MICHIGAN  
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES  
FOR THE DEPARTMENT OF COMMUNITY HEALTH**

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IN THE MATTER OF:

Docket No. 2010-39447 MCE  
Case No. [REDACTED]

[REDACTED],

Appellant

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**DECISION AND ORDER**

This matter is before the undersigned Administrative Law Judge (ALJ) pursuant to MCL 400.9 and 42 CFR 431.200 *et seq.*, following the Appellant's request for a hearing.

After due notice, a hearing was held on [REDACTED]. The Appellant, [REDACTED], appeared on his own behalf. [REDACTED] appeared as a witness for the Appellant. [REDACTED] represented the Department. [REDACTED] appeared as a witness for the Department.

**ISSUE**

Does the Appellant meet the requirements for a managed-care exception?

**FINDINGS OF FACT**

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

1. The Appellant is a Medicaid beneficiary.
2. The Appellant resides in [REDACTED]. He is a member of the population required to enroll in a Medicaid Health Plan (MHP).
3. In [REDACTED], the Michigan Department of Community Health (MDCH) Enrollment Services Section received three managed-care exception requests from the Appellant's treating physicians, [REDACTED] and [REDACTED]. (Exhibit 1, pages 11-13)
4. On [REDACTED], the Appellant's requests for a managed-care exception

were denied. The denial notice indicated the following reasons for denial: (1) the Appellants' physicians are participating providers in at least one of the MHPs available to the Appellant; (2) the documentation supports standard treatment for chronic, on-going medical conditions; and (3) the documentation does not support the frequent and active treatment required for an exception. (Exhibit 1, pages 24-25)

5. On ██████████, the State Office of Administrative Hearings and Rules for the Department of Community Health received the Appellant's signed Request for Administrative Hearing. (Exhibit 1, page 7)

### **CONCLUSIONS OF LAW**

The Medical Assistance Program is established pursuant to Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). It is administered in accordance with state statute, the Social Welfare Act, the Administrative Code, and the State Plan under Title XIX of the Social Security Act Medical Assistance Program.

On May 30, 1997, the Department was notified of the Health Care Financing Administration's approval of its request for a waiver of certain portions of the Social Security Act to restrict Medicaid beneficiaries' choice to obtain medical services only from specified Qualified Health Plans.

Michigan Public Act 131 of 2009 states, in relevant part:

Sec. 1650 (3) The criteria for medical exceptions to HMO enrollment shall be based on submitted documentation that indicates a recipient has a serious medical condition, and is undergoing active treatment for that condition with a physician who does not participate in 1 of the HMOs. If the person meets the criteria established by this subsection, the department shall grant an exception to mandatory enrollment at least through the current prescribed course of treatment, subject to periodic review of continued eligibility.

The MDCH Medicaid Provider Manual, Beneficiary Eligibility Section, January 1, 2010, page 30-31, states in relevant part:

The intent of the medical exception process is to preserve continuity of medical care for a beneficiary who is receiving active treatment for a serious medical condition from an attending physician (M.D. or D.O.) who would not be available to the beneficiary if the beneficiary is enrolled in a MHP. The medical exception may be granted on a time-limited basis necessary to complete treatment for the serious condition. The medical exception process is only available to a

beneficiary who is not yet enrolled in a MHP, or who has been enrolled for less than two months. MHP enrollment would be delayed until one of the following occurs:

- the attending physician completes the current ongoing plan of medical treatment for the patient's serious medical condition, or
- the condition stabilizes and becomes chronic in nature, or
- the physician becomes available to the beneficiary through enrollment in a MHP.

If the treating physician can provide service through a MHP that the beneficiary can be enrolled in, then there is no basis for a medical exception to managed care enrollment.

### **Serious Medical Condition**

Grave, complex, or life threatening

Manifests symptoms needing timely intervention to prevent complications or permanent impairment.

An acute exacerbation of a chronic condition may be considered serious for the purpose of medical exception.

### **Chronic Medical Condition**

Relatively stable

Requires long term management

Carries little immediate risk to health

Fluctuates over time, but responds to well-known standard medical treatment protocols.

### **Active treatment**

Active treatment is reviewed in regards to intensity of services when:

- The beneficiary is seen regularly, (e.g., monthly or more frequently,) and

- The condition requires timely and ongoing assessment because of the severity of symptoms and/or the treatment.

### **Attending/Treating Physician**

The physician (M.D. or D.O.) may be either a primary care doctor or a specialist whose scope of practice enables the interventions necessary to treat the serious condition.

### **MHP Participating Physician**

A physician is considered participating in a MHP if he is in the MHP provider network or is available on an out-of-network basis with one of the MHPs with which the beneficiary can be enrolled. The physician may not have a contract with the MHP but may have a referral arrangement to treat the plan's enrollees. If the physician can treat the beneficiary and receive payment from the plan, then the beneficiary would be enrolled in that plan and no medical exception would be allowed.

The Appellant's requests for medical exception indicate that he is receiving treatment for several medical conditions, including low back pain, heart disease, shoulder pain, and arthritis. These conditions do not satisfy the criteria for a serious medical condition as defined in Medicaid policy. The Department witness explained that chronic, ongoing conditions that are relatively stable and respond to standard medical treatment protocol do not meet the medical-exception criteria. The Department witness further explained that, based on the documentation provided by the Appellant's physicians, he is receiving treatment for chronic, ongoing medical conditions.

In addition, the medical-exception requests do not evidence the frequent and active treatment required for a medical exception. The requests indicate that the Appellant is treating with ██████████ every six months and ██████████ on an as needed basis, and ██████████ did not indicate the frequency of visits on his request. The medical-exception criterion requires treatment to be monthly or more frequent, and this requirement is consistent with the purpose and intent of the policy. Here, the documentation provided to the Department does not support the frequent and active treatment required to qualify for a medical exception.

Finally, in reviewing the Appellant's medical-exception requests, the Department found that all of the Appellant's physicians participate in at least one MHP available to the Appellant, ██████████.<sup>1</sup> (Exhibit 1, pages 27-30) Accordingly, the criteria for a medical exception have not been met as the doctors that submitted the medical-exception request are

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At the hearing, the Department witness testified that all of the Appellant's physicians participate in ██████████. However, it appears that all of the Appellant's physicians participate in ██████████.

available to the Appellant through a MHP.

The Appellant testified that he has several health issues and that recently he had issues with a surgery, requiring additional testing by his cardiologist. He further testified that [REDACTED] informed him that he did not participate in [REDACTED], even though the medical-exception form says that he does.

This ALJ reviewed the evidence of record. The evidence supports the Department's determination that the Appellant did not meet any of the criteria for a medical exception. The Department must rely on what was provided on the forms submitted and make their determination within the bounds of policy. The burden of proof rests with the Appellant to establish that the Department's decision is incorrect. The evidence does not establish that the Appellant meets any of the criteria necessary to be granted a managed-care exception.

**DECISION AND ORDER**

The Administrative Law Judge, based on the above findings of fact and conclusions of law, decides that the Department properly denied that Appellant's requests for a managed-care exception.

**IT IS THEREFORE ORDERED THAT:**

The Department's decision is AFFIRMED.

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Kristin M. Heyse  
Administrative Law Judge  
for Janet Olszewski, Director  
Michigan Department of Community Health

cc: [REDACTED]

Date Mailed: 8/20/2010

**\*\*\* NOTICE \*\*\***

The State Office of Administrative Hearings and Rules may order a rehearing on either its own motion or at the request of a party within 30 days of the mailing date of this Decision and Order. The State Office of Administrative Hearings and Rules will not order a rehearing on the Department's motion where the final decision or rehearing cannot be implemented within 90 days of the filing of the original request. The Appellant may appeal the Decision and Order to Circuit Court within 30 days of the mailing date of the Decision and Order or, if a timely request for rehearing was made, within 30 days of the mailing date of the rehearing

  
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