

**STATE OF MICHIGAN  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
FOR THE DEPARTMENT OF COMMUNITY HEALTH**

P.O. Box 30763, Lansing, MI 48909  
(877) 833-0870; Fax: (517) 334-9505

IN THE MATTER OF:

██████████,

Appellant

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Docket No. 2012-21521 QHP

Case No. ██████████

**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 ██████████. The Appellant appeared on her own behalf.

██████████, Appeals Coordinator, represented ██████████, the Medicaid Health Plan (hereinafter MHP). ██████████, Chief Medical Officer, appeared as a witness for the MHP.

**ISSUE**

Did the MHP properly deny the Appellant's request for scar revision surgery?

**FINDINGS OF FACT**

Based upon the competent, material, and substantial evidence presented, I find, as material fact:

1. The Appellant is a ██████-year-old female Medicaid beneficiary who is currently enrolled in the Respondent MHP, ██████████.
2. On ██████████, the MHP received a request for scar revision surgery from the Appellant's physician.
3. The Appellant has a left facial scar with mild enlargement. She had prior surgery.
4. The medical documentation submitted does not note any complaints of pain related to the scar.

5. On [REDACTED], the MHP sent the Appellant a denial notice. It stated the request for surgery was not authorized under the [REDACTED] Utilization Guidelines.
6. The Appellant requested a formal, administrative hearing contesting the denial on [REDACTED].

### **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 received approval from the Health Care Financing Administration, U.S. Department of Health and Human Services, allowing Michigan to restrict Medicaid beneficiaries' choice to obtain medical services only from specified Medicaid Health Plans.

The Respondent is one of those Medicaid Health Plans.

The covered services that the Contractor has available for enrollees must include, at a minimum, the covered services listed below (List omitted by Administrative Law Judge). The Contractor may limit services to those which are medically necessary and appropriate, and which conform to professionally accepted standards of care. Contractors must operate consistent with all applicable Medicaid provider manuals and publications for coverages and limitations. If new services are added to the Michigan Medicaid Program, or if services are expanded, eliminated, or otherwise changed, the Contractor must implement the changes consistent with State direction in accordance with the provisions of Contract Section 1-Z.

*Article II-G, Scope of Comprehensive Benefit Package.  
MDCH contract (Contract) with the Medicaid Health Plans,  
September 30, 2004.*

The major components of the Contractor's utilization management plan must encompass, at a minimum, the following:

- (a) Written policies with review decision criteria and procedures that conform to managed health care industry standards and processes.
- (b) A formal utilization review committee directed by the Contractor's medical director to oversee the utilization review process.
- (c) Sufficient resources to regularly review the effectiveness of the utilization review process and to make changes to the process as needed.
- (d) An annual review and reporting of utilization review activities and outcomes/interventions from the review.

The Contractor must establish and use a written prior approval policy and procedure for utilization management purposes. The Contractor may not use such policies and procedures to avoid providing medically necessary services within the coverages established under the Contract. The policy must ensure that the review criteria for authorization decisions are applied consistently and require that the reviewer consult with the requesting provider when appropriate. The policy must also require that utilization management decisions be made by a health care professional who has appropriate clinical expertise regarding the service under review.

*Article II-P, Utilization Management, Contract,  
September 30, 2004.*

As stated in the Department-MHP contract language above, a MHP, "must operate consistent with all applicable Medicaid Provider Manuals and publications for coverages and limitations." The pertinent sections of the Michigan Medicaid Provider Manual (MPM) states:

#### **SECTION 12 – SURGERY – GENERAL**

Medicaid covers medically necessary surgical procedures.

*Michigan Department of Community Health  
Medicaid Provider Manual;  
Practitioner Version Date: July 1, 2011, Page 59*

#### **13.2 COSMETIC SURGERY**

Medicaid only covers cosmetic surgery if PA has been obtained. The physician may request PA if any of the following exist:

- The condition interferes with employment.
- It causes significant disability or psychological trauma (as documented by psychiatric evaluation).
- It is a component of a program of reconstructive surgery for congenital deformity or trauma.
- It contributes to a major health problem.

The physician must identify the specific reasons any of the above criteria are met in the PA request.

*Michigan Department of Community Health  
Medicaid Provider Manual;  
Practitioner Version Date: July 1, 2011, Page 64*

Under the DCH-MHP contract provisions, an MHP may devise their own criterion for coverage of medically necessary services, as long as those criteria do not effectively avoid providing medically necessary services.

The MHP utilized the ██████████ Utilization Guideline for cosmetic surgery states in pertinent part:

7. Scar revision: Prompt (within twelve (12) months) repair secondary to an accidental injury causing symptoms or functional impairment; interference with normal bodily function or causing extreme pain.

(Exhibit A, page 7)

These criteria are consistent with the Medicaid standards of coverage for cosmetic surgery, do not effectively avoid providing medically necessary services and are allowable under the DCH-MHP contract provisions.

The MHP determined that the documentation submitted for the prior authorization request did not meet the Utilization Guideline criteria. Specifically, there is documentation of the Appellant's complaint of pain associated with the existing scar.

The Appellant testified that the scar does cause her pain. It runs from her ear to her neck and pain shoots through it. She was informed it could be the nerve. She further testified she had asked for Vicodin but had been denied.

The testimony from the Appellant concerning pain resulting from the scar is not included in the medical documentations submitted, thus was not evident to the Medical Doctor who reviewed the claim on behalf of ██████████. The Appellant's request cannot be approved without the supporting documentation required by the coverage criteria cited above.

[REDACTED]  
Docket No. 2012-21521 QHP  
Decision and Order

Medical necessity of the requested procedure was not established based on the information available to the MHP when it reviewed the Appellant's prior authorization request. Accordingly, the MHP's denial was proper based on the information available at that time. The Appellant can resubmit for prior approval at any time with additional supporting documentation.

**DECISION AND ORDER**

The ALJ, based on the above findings of fact and conclusions of law, decides that the MHP properly denied the Appellant's request for scar revision surgery based on the available information.

**IT IS THEREFORE ORDERED** that:

The MHP's decision is **AFFIRMED**.

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Jennifer Isiogu  
Administrative Law Judge  
for Olga Dazzo, Director  
Michigan Department of Community Health

cc: [REDACTED]

Date Mailed: 3/23/2012

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

The Michigan Administrative Hearing System 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 Michigan Administrative Hearing System 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 receipt of the Decision and Order or, if a timely request for rehearing was made, within 30 days of the receipt of the rehearing decision.