

**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) 373-4147

IN THE MATTER OF:

Docket No. 2013-60520 CMH

████████████████████

████████████████████

Appellant

_____ /

DECISION AND ORDER

This matter is before the undersigned Administrative Law Judge (ALJ) pursuant to MCL 400.9 upon the Appellant's request for a hearing.

After due notice, a hearing was held ██████████ Appellant's mother/legal guardian, ██████████ appeared and testified on behalf of the Appellant. ██████████ CEO of ██████████ ██████████ represented the Department of Community Health (CMH). ██████████, Medicaid Utilization Manager, appeared and testified as a witness for the CMH.

ISSUE

Did CMH properly determined that Appellant was no longer eligible for an enhanced pharmacy benefit for physician ordered, prescription compounded vitamins and minerals?

FINDINGS OF FACT

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

1. Appellant was a ██████-year-old Medicaid beneficiary ██████ who is diagnosed with Joubert Syndrome and is eligible for Medicaid covered services as a person with a developmental disability.
2. Appellant resides with her parents who are her primary caregivers. (Department Exhibit A, p.4)
3. Pathways CMH is responsible for providing Medicaid-covered mental health and developmental disability services to eligible recipients in its service area.

4. Appellant has been receiving a reimbursement for a prescription, ordered by her physician, of compounded vitamins and minerals under the Enhanced Pharmacy benefit policy pursuant to a Hearing Decision and Order issued by an Administrative Law Judge (ALJ) for the Department of Community Health (DCH) on [REDACTED].
5. On [REDACTED], a Michigan Administrative System (MAHS) ALJ for DCH issued a Hearing Decision and Order, upholding the CMH's denial of Enhanced Pharmacy benefits for a prescription, ordered by a physician, of compounded vitamins and minerals on the basis that Enhanced Pharmacy items do not include prescription items. (Department Exhibit A, p.1)
6. From [REDACTED] through [REDACTED] CMH Utilization Management reviewed all Enhanced Pharmacy authorizations to identify any pharmacy items previously authorized that would not be a covered enhanced pharmacy item benefit based on the MAHS Hearing Decision and Order issued by an ALJ on [REDACTED].
7. Appellant was given a prescription of the following compounds:

Compound 1:

750 mg Vitamin C

350 mg B6

290 mg PSP

10,000 mcg Biotin

800 mcg Folinic Acid

15 mg Manganese

150 mg Magnesium Glycinate

50 mg Thiamin

70 mg R5P

50 mg Pantothenic acid

85 mg Zinc picolinate

100 mg selenium

100 mg niacinamide
100 mcg molybdenum
3000 Vit A
7500 IU Vitamin D
2 mg copper
85 mg Zinc glycinate
700 mg COQ10
6000 mg Inositol
30 mg iron
250 mg Alpha lipoic acid

Compound 2:

200 mg SHTP
1000 mg Glycine
800 mg Methionine
1000 mg L-Carnitine
1000 mg GABA
800 mg NAC
100 Lysine
500 Tyrosine (Department Exhibit A, pp 21 & 22)

8. On [REDACTED] CMH sent Appellant's legal representative an Advance Action Notice, stating that Appellant's enhanced pharmacy benefit for the nutrient program and injectable will be terminated effective [REDACTED], for the reason that the service(s) requested or current service(s) identified in the notice are not covered services. (Department Exhibit A, p.1)

9. On [REDACTED], MAHS received the Appellant's Request for Hearing, protesting the termination of the enhance pharmacy benefit that she has been receiving.

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.

Title XIX of the Social Security Act, enacted in 1965, authorizes Federal grants to States for medical assistance to low-income persons who are age 65 or over, blind, disabled, or members of families with dependent children or qualified pregnant women or children. The program is jointly financed by the Federal and State governments and administered by States. Within broad Federal rules, each State decides eligible groups, types and range of services, payment levels for services, and administrative and operating procedures. Payments for services are made directly by the State to the individuals or entities that furnish the services. [42 CFR 430.0].

The State plan is a comprehensive written statement submitted by the agency describing the nature and scope of its Medicaid program and giving assurance that it will be administered in conformity with the specific requirements of title XIX, the regulations in this Chapter IV, and other applicable official issuances of the Department. The State plan contains all information necessary for CMS to determine whether the plan can be approved to serve as a basis for Federal financial participation (FFP) in the State program. [42 CFR 430.10].

Section 1915(b) of the Social Security Act provides:

The Secretary, to the extent he finds it to be cost-effective and efficient and not inconsistent with the purposes of this subchapter, may waive such requirements of section 1396a of this title (other than

subsection (s) of this section) (other than sections 1396a(a)(15), 1396a(bb), and 1396a(a)(10)(A) of this title insofar as it requires provision of the care and services described in section 1396d(a)(2)(C) of this title) as may be necessary for a State...

The State of Michigan has opted to simultaneously utilize the authorities of the 1915(b) and 1915(c) programs to provide a continuum of services to disabled and/or elderly populations. Under approval from the Centers for Medicare and Medicaid Services (CMS) the Department of Community Health (MDCH) operates a section 1915(b) Medicaid Managed Specialty Services waiver. Kalamazoo County Community Mental Health (CMH) contracts with the Michigan Department of Community Health to provide specialty mental health services. Services are provided by CMH pursuant to its contract obligations with the Department and in accordance with the federal waiver.

In performing the terms of its contract with the Department, the PIHP must apply Medicaid funds only to those services deemed medically necessary or appropriate. The Department's policy regarding medical necessity provides as follows:

2.5 MEDICAL NECESSITY CRITERIA

The following medical necessity criteria apply to Medicaid mental health, developmental disabilities, and substance abuse supports and services.

2.5.A. MEDICAL NECESSITY CRITERIA

Mental health, developmental disabilities, and substance abuse services are supports, services, and treatment:

- Necessary for screening and assessing the presence of a mental illness, developmental disability or substance use disorder; and/or
- Required to identify and evaluate a mental illness, developmental disability or substance use disorder; and/or
- Intended to treat, ameliorate, diminish or stabilize the symptoms of mental illness, developmental disability or substance use disorder; and/or

- Expected to arrest or delay the progression of a mental illness, developmental disability, or substance use disorder; and/or
- Designed to assist the beneficiary to attain or maintain a sufficient level of functioning in order to achieve his goals of community inclusion and participation, independence, recovery, or productivity.

2.5.B. DETERMINATION CRITERIA

The determination of a medically necessary support, service or treatment must be:

- Based on information provided by the beneficiary, beneficiary's family, and/or other individuals (e.g., friends, personal assistants/aides) who know the beneficiary; and
- Based on clinical information from the beneficiary's primary care physician or health care professionals with relevant qualifications who have evaluated the beneficiary; and
- For beneficiaries with mental illness or developmental disabilities, based on person-centered planning, and for beneficiaries with substance use disorders, individualized treatment planning; and
- Made by appropriately trained mental health, developmental disabilities, or substance abuse professionals with sufficient clinical experience; and
- Made within federal and state standards for timeliness; and
- Sufficient in amount, scope and duration of the service(s) to reasonably achieve its/their purpose.

2.5.C. SUPPORTS, SERVICES AND TREATMENT AUTHORIZED BY THE PIHP

Supports, services, and treatment authorized by the PIHP must be:

- Delivered in accordance with federal and state standards for timeliness in a location that is accessible to the beneficiary; and
- Responsive to particular needs of multi-cultural populations and furnished in a culturally relevant manner; and
- Responsive to the particular needs of beneficiaries with sensory or mobility impairments and provided with the necessary accommodations; and
- Provided in the least restrictive, most integrated setting. Inpatient, licensed residential or other segregated settings shall be used only when less restrictive levels of treatment, service or support have been, for that
- beneficiary, unsuccessful or cannot be safely provided; and
- Delivered consistent with, where they exist, available research findings, health care practice guidelines, best practices and standards of practice issued by professionally recognized organizations or government agencies.

2.5.D. PIHP DECISIONS

Using criteria for medical necessity, a PIHP may:

Deny services that are:

- deemed ineffective for a given condition based upon professionally and scientifically recognized and accepted standards of care;
- experimental or investigational in nature; or
- for which there exists another appropriate, efficacious, less-restrictive and cost-effective service, setting or support that otherwise satisfies the standards for medically-necessary services; and/or
- Employ various methods to determine amount, scope and duration of services, including prior authorization for certain services, concurrent utilization reviews, centralized assessment and referral, gate-keeping arrangements, protocols, and guidelines.

A PIHP may not deny services based **solely** on preset limits of the cost, amount, scope, and duration of services. Instead, determination of the need for services shall be conducted on an individualized basis.

Medicaid Provider Manual, Mental Health/Substance Abuse, April 1, 2013, pp. 12-14.

The Medicaid Provider Manual, Mental Health/Substance Abuse, §17 Additional Mental Health Services (B3s), April 1, 2013 specifies additional supports and services are available for persons such as the Appellant. It states in pertinent part:

SECTION 17 – ADDITIONAL MENTAL HEALTH SERVICES (B3S)

PIHPs must make certain Medicaid-funded mental health supports and services available, in addition to the Medicaid State Plan Specialty Supports and Services or Habilitation Waiver Services, through the authority of 1915(b)(3) of the Social Security Act (hereafter referred to as B3s). The intent of B3 supports and services is to fund medically necessary supports and services that promote community inclusion and participation, independence, and/or productivity when identified in the individual plan of service as one or more goals developed during person-centered planning.

17.1 DEFINITIONS OF GOALS THAT MEET THE INTENTS AND PURPOSE OF B3 SUPPORTS AND SERVICES

The goals (listed below) and their operational definitions will vary according to the individual's needs and desires. However, goals that are inconsistent with least restrictive environment (i.e., most integrated home, work, community that meet the individual's needs and desires) and individual choice and control cannot be supported by B3 supports and services unless there is documentation that health and safety would otherwise be jeopardized; or that such least restrictive arrangements or choice and control

opportunities have been demonstrated to be unsuccessful for that individual. Care should be taken to insure that these goals are those of the individual first, not those of a parent, guardian, provider, therapist, or case manager, no matter how well intentioned. The services in the plan, whether B3 supports and services alone, or in combination with state plan or Habilitation Supports Waiver services, must reasonably be expected to achieve the goals and intended outcomes identified. The configuration of supports and services should assist the individual to attain outcomes that are typical in his community; and without such services and supports, would be impossible to attain.

Community Inclusion and Participation

The individual uses community services and participates in community activities in the same manner as the typical community citizen.

Examples are recreation (parks, movies, concerts, sporting events, arts classes, etc.), shopping, socialization (visiting friends, attending club meetings, dining out) and civic (volunteering, voting, attending governmental meetings, etc.) activities. A beneficiary's use of, and participation in, community activities are expected to be integrated with that of the typical citizen's (e.g., the beneficiary would attend an "integrated" yoga class at the community center rather than a special yoga class for persons with mental retardation).

Independence

"Freedom from another's influence, control and determination." (Webster's New World College Dictionary, 1996). Independence in the B3 context means how the individual defines the extent of such freedom for him/herself during person-centered planning.

For example, to some beneficiaries, "freedom" could be living on their own, controlling their own budget, choosing an apartment as well as the persons who

will live there with them, or getting around the community on their own. To others, "freedom" could be control over what and when to eat, what and when to watch television, when and how to bathe, or when to go to bed and arise. For children under 18 years old, independence may mean the support given by parents and others to help children achieve the skills they need to be successful in school, enter adulthood and live independently.

Productivity

Engaged in activities that result in or lead to maintenance of or increased self sufficiency. Those activities are typically going to school and work. The operational definition of productivity for an individual may be influenced by age-appropriateness.

For example, a person who is 76 years old may choose to volunteer or participate in other community or senior center activities rather than have any productivity goals. For children under the age of five years, productivity may be successful participation in home, pre-school, or child care activities. Children under 18 would be expected to attend school, but may choose to work in addition. In order to use B3 supports and services, individuals would be expected to prepare for, or go to, school or work in the same places that the typical citizen uses.

17.2 CRITERIA FOR AUTHORIZING B3 SUPPORTS AND SERVICES

The authorization and use of Medicaid funds for any of the B3 supports and services, as well as their amount, scope and duration, are dependent upon:

- The Medicaid beneficiary's eligibility for specialty services and supports as defined in this Chapter; and
- The service(s) having been identified during person-centered planning; and
- The service(s) being medically necessary as defined in the Medical Necessity Criteria subsection of this chapter; and

- The service(s) being expected to achieve one or more of the above-listed goals as identified in the beneficiary's plan of service; and
- Additional criteria indicated in certain B3 service definitions, as applicable.

Decisions regarding the authorization of a B3 service (including the amount, scope and duration) must take into account the PIHP's documented capacity to reasonably and equitably serve other Medicaid beneficiaries who also have needs for these services. The B3 supports and services are not intended to meet all the individual's needs and preferences, as some needs may be better met by community and other natural supports. Natural supports mean unpaid assistance provided to the beneficiary by people in his/her network (family, friends, neighbors, community volunteers) who are willing and able to provide such assistance. It is reasonable to expect that parents of minor children with disabilities will provide the same level of care they would provide to their children without disabilities. MDCH encourages the use of natural supports to assist in meeting an individual's needs to the extent that the family or friends who provide the natural supports are willing and able to provide this assistance. PIHPs may not require a beneficiary's natural support network to provide such assistance as a condition for receiving specialty mental health supports and services. The use of natural supports must be documented in the beneficiary's individual plan of service.

Provider qualifications and service locations that are not otherwise identified in this section must meet the requirements identified in the General Information and Program Requirement sections of this chapter.

17.3 B3 SUPPORTS AND SERVICES

The B3 supports and services defined below are the supports and services that PIHPs are to provide from their Medicaid capitation.

* * *

17.3.C. ENHANCED PHARMACY

Enhanced pharmacy items are physician-ordered, nonprescription "medicine chest" items as specified in the individual's plan of service. There must be documented evidence that the item is not available through Medicaid or other insurances, and is the most cost effective alternative to meet the beneficiary's need.

The following items are covered only for adult beneficiaries living in independent settings (i.e., own home, apartment where deed or lease is signed by the beneficiary):

- Cough, cold, pain, headache, allergy, and/or gastrointestinal distress remedies
- First aid supplies (e.g., band-aids, iodine, rubbing alcohol, cotton swabs, gauze, antiseptic cleansing pads)

The following items are covered for beneficiaries living in independent settings, with family, or in licensed dependent care settings:

- Special oral care products to treat specific oral conditions beyond routine mouth care (e.g., special toothpaste, tooth brushes, anti-plaque rinses, antiseptic mouthwashes)
- Vitamins and minerals
- Special dietary juices and foods that augment, but do not replace, a regular diet
- Thickening agents for safe swallowing when the beneficiary has a diagnosis of dysphagia and either:
 - A history of aspiration pneumonia, or
 - Documentation that the beneficiary is at risk of insertion of a feeding tube without

the thickening agents for safe swallowing.

Coverage excludes:

- Routine cosmetic products (e.g., make-up base, aftershave, mascara, and similar products) [pp. 110-115].

At all times relevant to this matter, Appellant has been a Medicaid beneficiary who is receiving Medicaid covered services through ██████████ as a developmentally disabled adult. Appellant's mother has requested that Appellant's specially compounded vitamins and minerals continue to be a covered benefit under the B3 support section for enhanced pharmacy items.

██████████, the ██████████ CMH Medicaid Utilization Manager, testified that the CMH determined that Appellant was no longer eligible for the enhanced pharmacy benefit because the items for which reimbursement is being requested does not meet the aforementioned criteria for enhanced pharmacy items. ██████████ testified that the ██████████ CMH Medical Director determined that the compounded vitamins and minerals ordered by Appellant's physician require a prescription. According to ██████████ testimony, the compounds contain ingredients, including an antioxidant, which are not available over the counter at a local pharmacy.

Appellant's mother testified that it is medically necessary for Appellant to have the specially compounded vitamins and mineral prescribed by Appellant's physician. Documentation from ██████████ was submitted to provide detailed information about Appellant's medical condition, which include a diagnosis of: Pyrrole Disorder, High Histamine, Elevated Copper, and Zinc Deficiency. (Appellant Exhibit 1) Appellant's mother testified that Appellant does not make neurotransmitters, and the vitamin-mineral compound that has been prescribed for Appellant consists of vitamins, minerals, and amino acids and is the most cost effective alternative to meet Appellant's unique medical needs.

The preponderance of evidence establishes that ██████████ CMH properly determined that Appellant does not meet the criteria to be reimbursed for enhanced pharmacy items. Based on the evidence on the record, the ingredients in the compounded vitamins and minerals ordered by Appellant's physician require a prescription and cannot be purchased over the counter at a local pharmacy. The enhanced pharmacy policy, cited above, specifically requires that enhanced pharmacy items are physician-ordered, **nonprescription "medicine chest"** items. In this case, Appellant failed to establish that she is entitled to enhanced pharmacy benefit coverage for specially compounded

[REDACTED]
Docket No. 2013-60520 CMH
Decision and Order

vitamins and minerals that are simply “medicine chest” items which do not require a prescription.

Administrative Law Judges have no authority to make exceptions or overrule the applicable Medicaid Provider Manual policy. Therefore, the [REDACTED] CMH decision regarding Appellant’s enhanced pharmacy benefit must be upheld.

DECISION AND ORDER

The Administrative Law Judge, based on the above findings of fact and conclusions of law, finds that the CMH properly determined that Appellant was no longer eligible to receive an enhanced pharmacy benefit for a prescription of compounded vitamins and minerals.

IT IS THEREFORE ORDERED that:

The CMH’s decision is **AFFIRMED**.

/s/
Marya A. Nelson-Davis
Administrative Law Judge
for James K. Haveman, Director
Michigan Department of Community Health

Date Signed: [REDACTED]

Date Mailed: [REDACTED]

MAND/db

cc: [REDACTED]

***** 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.