STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
FOR THE DEPARTMENT OF COMMUNITY HEALTH
P.O. Box 30763, Lansing, MI 48909
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IN THE MATTER OF:

Docket No. 14-005324 PA
[redacted]

[redacted]

Appellant
_____/

DECISION AND ORDER

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

After due notice, a hearing was held on [redacted] the Appelant's mother appeared and testified on the Appellant's behalf. [redacted], Appeals Review Officer, represented the Department. [redacted], R.N., Medicaid Utilization Analyst with the Program Review Division appeared as a witness for the Department.

ISSUE

Did the Department properly deny the Appellant's prior authorization request for a Coloplast Peristeen Control Unit and accessory unit?

FINDINGS OF FACT

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

1. The Appellant is a [redacted]-year-old Medicaid beneficiary ([redacted]). (Testimony).

2. The Appellant has been diagnosed with neurogenic bowel and spina bifida. (Exhibit A, pp. 5, 14, 15, 16 and testimony).

3. On [redacted] 4, the Department received a Prior Approval-Request/Authorization form from [redacted] requesting a Coloplast Peristeen Control Unit and accessory unit for the Appellant. (Exhibit A, pp. 5-18).

4. On [redacted], the Department denied the prior authorization request because Medicaid generally follows Medicare guidelines and does not cover items not covered by Medicare. Furthermore, there appears to be no general acceptance that the requested device is better than traditional methods for bowel management. (Exhibit A, pp. 21-24).

5. On [redacted] MAHS received the Appellant's hearing request. (Exhibit A, p. 4).

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.

The Medical Supplier chapter of the Medicaid Provider Manual provides coverage limits for medical supplies and requires prior authorization for certain items before the may be provided to a Medicaid beneficiary. This section states in part:

> **SECTION 1 – PROGRAM OVERVIEW**
>
> This chapter applies to Medical Suppliers/Durable Medical Equipment and Orthotists/Prosthetists.
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> * * *
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> **Durable Medical Equipment (DME)**
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> DME are those items that are Food and Drug Administration (FDA) approved, can stand repeated use, are primarily and customarily used to serve a medical purpose, are not useful to a person in the absence of illness or injury, and can be used in the beneficiary's home. Examples are: hospital beds, wheelchairs, and ventilators. DME is a benefit for beneficiaries when:
>
> - It is medically and functionally necessary to meet the needs of the beneficiary.
> - It may prevent frequent hospitalization or institutionalization.
> - It is life sustaining.
>
> * * *
>
> **1.5 MEDICAL NECESSITY**
>
> Medical devices are covered if they are the most cost-effective treatment available and meet the Standards of Coverage stated in the Coverage Conditions and Requirements Section of this chapter.

The medical record must contain sufficient documentation of the beneficiary's medical condition to substantiate the necessity for the type and quantity of items ordered and for the frequency of use or replacement. The information should include the beneficiary's diagnosis, medical condition, and other pertinent information including, but not limited to, duration of the condition, clinical course, prognosis, nature and extent of functional limitations, other therapeutic interventions and results, and past experience with related items. Neither a physician's order nor a certificate of medical necessity by itself provides sufficient documentation of medical necessity, even though it is signed by the treating physician. Information in the medical record must support the item's medical necessity and substantiate that the medical device needed is the most appropriate economic alternative that meets MDCH standards of coverage.

Medical equipment may be determined to be medically necessary when all of the following apply:

- The service/device meets applicable federal and state laws, rules, regulations, and MDCH promulgated policies.

- It is medically appropriate and necessary to treat a specific medical diagnosis, medical condition, or functional need, and is an integral part of the nursing facility daily plan of care or is required for the community residential setting.

- The function of the service/device:

  - meets accepted medical standards;

  - practices guidelines related to type, frequency, and duration of treatment; and

  - is within scope of current medical practice.

- It is inappropriate to use a nonmedical item.

- It is the most cost effective treatment available.

- The service/device is ordered by the treating physician, and clinical documentation from the medical record supports the medical necessity for the request (as described above) and substantiates the physician's order.

- The service/device meets the standards of coverage published by MDCH.

- It meets the definition of Durable Medical Equipment (DME), as defined in the Program Overview section of this chapter.

- Its use meets FDA and manufacturer indications.

MDCH does not cover the service when Medicare determines that the service is not medically necessary. **(text added 4/1/14)**

Medicaid will not authorize coverage of items because the item(s) is the most recent advancement in technology when the beneficiary's current equipment can meet the beneficiary's basic medical/functional needs.

* * *

1.7 PRIOR AUTHORIZATION

Prior authorization (PA) is required for certain items before the item is provided to the beneficiary or, in the case of custom-fabricated DME or prosthetic/orthotic appliances, before the item is ordered. To determine if a specific service requires PA, refer to the Coverage Conditions and Requirements Section of this chapter and/or the MDCH Medical Supplier/DME/Prosthetics and Orthotics Database on the MDCH website. PA will be required in the following situations:

- Services that exceed quantity/frequency limits or established fee screens.
- Medical need for an item beyond MDCH's Standards of Coverage.
- Use of a Not Otherwise Classified (NOC) code.
- More costly service for which a less costly alternative may exist.
- Procedures indicating PA is required as noted on the MDCH Medical Supplier/DME/Prosthetics and Orthotics Database. [*Medicaid Provider Manual, Medical Supplier,* April 1, 2014, pp. 1, 4-5, 8].

In the present case, the Department determined that Appellant's PA request for a Coloplast Peristeen Control Unit and accessory unit should be denied because Medicaid generally follows Medicare guidelines and does not cover items not covered by Medicare. Furthermore, there appears to be no general acceptance that the requested device is better than traditional methods for treatment.

The Department analyst, [redacted], R.N., stated the Department reviewed the Appellant's PA request and denied the PA request for the Coloplast Peristeen Control Unit and accessory unit. The Department analyst stated the information submitted with the PA request demonstrated that it was not covered by Medicare and that there was no general acceptance that the requested device was better than traditional methods for

treatment. [redacted] stated the bowel management device requested was new, and she passed the matter on to their physician reviewer. [redacted] stated the physician reviewer determined the requested device was not medically necessary, it was not covered by Medicare, and there was no general acceptance that the requested device was better than traditional methods for treatment. She further stated the requested device was a costly unit, and since it was not shown to be more effective than the less costly traditional methods for bowel management, it was not the most cost effective treatment available that meets the standards of coverage for Medicaid.

The Department analyst cited the policy from the Medicaid Provider Manual and stated the information submitted with the PA request did not show medical necessity for the requested device. Furthermore, Medicaid generally follows Medicare guidelines and does not cover items not covered by Medicare.

The Appellant's mother testified that she understood the denial issued in this case, and that she could not change the rules which resulted in the denial. Appellant's mother testified that they had been using a high volume enema for the past [redacted] years that had worked well, but the company discontinued the product. She wants to find a functional option, because she believes the traditional methods for bowel management are not effective for the Appellant.

This Administrative Law Judge must uphold the Department's denial of the Appellant's request. The Medicaid policy in these circumstances is clear and unambiguous. Medicaid generally follows Medicare guidelines and does not cover items not covered by Medicare. The documentation submitted along with the PA request did not demonstrate that there was general acceptance that the requested device was better than traditional methods for treatment, that it was the most cost effective treatment available, or that the requested device was medically necessary in this case.

An administrative law judge must review the information submitted along with the prior authorization request, and determine if the Department's denial is supported by the information submitted and a proper application of the relevant policy from the Medicaid Provider Manual. Based upon the preponderance of the evidence submitted in this case, the Appellant has failed to meet his burden of showing that the Department erred when it denied his request for a Coloplast Peristeen Control Unit and accessory unit, based on the information submitted with the Appellant's PA request.

DECISION AND ORDER

The Administrative Law Judge, based on the above findings of fact and conclusions of law, decides that the Department properly denied the Appellant's request for a Coloplast Peristeen Control Unit and accessory unit.

IT IS THEREFORE ORDERED that:

The Department's decision is AFFIRMED.

William D. Bond
Administrative Law Judge
for James K. Haveman, Director
Michigan Department of Community Health

Date Signed: [redacted]

Date Mailed: [redacted]

WDB/db

cc: [redacted]

***** 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 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.