

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

P.O. Box 30763, Lansing, MI 48909  
(517) 335-2484; Fax: (517) 373-4147

**IN THE MATTER OF:**

████████████████████

Appellant.

\_\_\_\_\_ /

**Docket No.** 14-015916 MSB

██████████

██████████

**DECISION AND ORDER**

This matter is before the undersigned Administrative Law Judge (ALJ) pursuant to MCL 400.9 and MCL 400.37, and upon Appellant's request for a hearing.

After due notice, a hearing was held on ██████████. Appellant appeared and testified on her own behalf. ██████████, Appeals, Review Officer, represented the Michigan Department of Community Health ("DCH" or "Department"). ██████████, Analyst, testified as a witness for the Department.

**ISSUE**

Did the Department properly deny Appellant's complaint regarding outstanding medical bills?

**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 received medical services from ██████████  
██████████") between ██████████ and ██████████  
(Exhibit 1, pages 6-7; Testimony of Appellant).
2. At the time those services began, Appellant was not enrolled in Medicaid.  
(Testimony of Appellant).
3. However, she subsequently applied for Medicaid and was enrolled in the  
program in ██████████, with an effective start date of ██████████  
(Exhibit A, page 1; Testimony of ██████████
4. After being enrolled in Medicaid, Appellant informed all of her medical  
providers of the enrollment, including ██████████ (Testimony of  
Appellant).

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5. [REDACTED] never billed Medicaid for any services provided between [REDACTED] and [REDACTED] (Testimony of Appellant; Testimony of [REDACTED]).
6. In [REDACTED] Appellant received a Summons and Complaint with respect to a civil action initiated by [REDACTED] regarding unpaid bills for services provided between [REDACTED] and [REDACTED]. (Exhibit 1, pages 4-5).
7. Appellant then contacted [REDACTED] and informed it that she was enrolled in Medicaid, but the provider refused to bill Medicaid. (Testimony of Appellant).
8. On [REDACTED] Appellant also sent in a Beneficiary Complaint with the Department's Problem Resolution Unit, in which she indicated that she is being sued for unpaid medical bills; she had Medicaid at the time the medical services were performed; the provider refused to bill Medicaid; and the provider's attorney advised her to bill Medicaid herself. (Exhibit 1, page 11; Testimony of Appellant).
9. The Department reviewed the complaint and confirmed that no claims or bills had ever been submitted to Medicaid by [REDACTED] for the applicable time period. (Testimony of [REDACTED]).
10. On [REDACTED], the Department's Problem Resolution Unit sent a letter to Appellant regarding its findings. (Exhibit 1, page 3).
11. That letter stated in part:

The provider you went to indicated that they were unaware of your Medicaid eligibility at the time the service was provided. Because the provider did not accept you as a Medicaid beneficiary at the time the service was provided you will need to resolve the bill with the provider.

Providers only have one year from the date of service to bill Medicaid. The time limitation has expired.

In the future, you must show your Medicaid card to the provider before you receive services. If you receive a bill in the mail, you should immediately contact the provider to

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make sure that they have your insurance information. If you fail to show your Medicaid card when you receive services, you may have to pay for the service yourself. Providers are unable to submit claims to Medicaid if they are unaware of your coverage.

*Exhibit 1, page 3*

12. On [REDACTED], the Michigan Administrative Hearing System (MAHS) received the request for hearing filed in this matter. (Exhibit 1, pages 1-11).

**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.

All claims must be submitted in accordance with the policies, rules, and procedures as stated in the Medicaid Provider Manual (MPM), which provides, in pertinent parts:

**SECTION 12 - BILLING REQUIREMENTS**

All claims must be submitted in accordance with the policies, rules, and procedures as stated in the manual.

**12.1 BILLING PROVIDER**

Providers must not bill MDCH for services that have not been completed at the time of the billing. For payment, MDCH requires the provider name and NPI numbers to be reported in any applicable provider loop or field (e.g., attending, billing, ordering, prescribing, referring, rendering, servicing, supervising, etc.) on the claim. It is the responsibility of the attending, ordering, prescribing, referring or supervising provider to share their name, NPI and Michigan Medicaid Program enrollment status with the provider performing the service. Refer to the Billing & Reimbursement Chapters of this manual for additional information and claim completion instructions.

Providers rendering services to residents of the Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) may not bill Medicaid directly. All covered services (e.g., laboratory, x-rays, medical surgical supplies including incontinent supplies, hospital emergency rooms, clinics, optometrists, dentists, physicians, and pharmacy) are included in the per diem rate.

## **12.2 CHARGES**

Providers cannot charge Medicaid a higher rate for a service rendered to a beneficiary than the lowest charge that would be made to others for the same or similar service. This includes advertised discounts, special promotions, or other programs to initiate reduced prices made available to the general public or a similar portion of the population. In cases where a beneficiary has private insurance and the provider is participating with the other insurance, refer to the Coordination of Benefits Chapter of this manual for additional information.

## **12.3 BILLING LIMITATION**

Each claim received by MDCH receives a unique identifier called a Transaction Control Number (TCN). This is an 18-digit number found in the Remittance Advice (RA) that indicates the date the claim was entered into the Community Health Automated Medicaid Processing System (CHAMPS). The TCN is used when determining active review of a claim. (Refer to the Billing & Reimbursement Chapters for additional information.)

A claim must be initially received and acknowledged (i.e., assigned a TCN) by MDCH within 12 months from the date of service (DOS). \* DOS has several meanings:

- For inpatient hospitals, nursing facilities, and MHPs, it is the "To" or "Through" date indicated on the claim.
- For all other providers, it is the date the service was actually rendered or delivered.

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Claims over one year old must have continuous active review to be considered for Medicaid reimbursement. A claim replacement can be resubmitted within 12 months of the latest RA date or other activity.

Active review means the claim was received and acknowledged by MDCH within 12 months from the DOS. In addition, claims with DOS over one year old must be billed within 120 days from the date of the last rejection. For most claims, MDCH reviews the claims history file for verification of active review.

Only the following types of claims require documentation of previous activity in the Remarks section of the claim:

- Claim replacements;
- Claims previously billed under a different provider NPI number;
- Claims previously billed under a different beneficiary ID number; and
- Claims previously billed using a different DOS "statement covers period" for nursing facilities and inpatient hospitals.

There are occasions when providers are not able to bill within the established time frames (e.g., awaiting notification of retroactive beneficiary eligibility). In these situations, the provider should submit a claim to Medicaid, knowing the claim will be rejected. This gives the provider a TCN to document continuous active review.

Exceptions may be made to the billing limitation policy in the following circumstances.

- Department administrative error occurred, including:
  - The provider received erroneous written instructions from MDCH staff;
  - MDCH staff failed to enter (or entered erroneous) authorization, level of care, or restriction in the system;

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- MDCH contractor issued an erroneous PA; and
- Other administrative errors by MDCH or its contractors that can be documented.

Retroactive provider enrollment is not considered an exception to the billing limitation.

- Medicaid beneficiary eligibility/authorization was established retroactively:
  - Beneficiary eligibility/authorization was established more than 12 months after the DOS; and
  - The provider submitted the initial invoice within twelve months of the establishment of beneficiary eligibility/authorization.
- Judicial Action/Mandate: A court or MAHS administrative law judge ordered payment of the claim.
- Medicare processing was delayed: The claim was submitted to Medicare within 120 days of the DOS and Medicare submitted the claim to Medicaid within 120 days of the subsequent resolution. (Refer to the Coordination of Benefits Chapter in this manual for further information.)

Providers who have claims meeting either of the first two exception criteria must contact their local DHS office to initiate the following exception process:

- The DHS caseworker completes and submits the Request for Exception to the Twelve-Month Billing Limitation for Medical Services form (MSA-1038) to MDCH.
- Providers can determine if an MSA-1038 has been approved/denied by accessing the MSA-1038 status tool or by contacting the DHS

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caseworker. (Refer to the Directory Appendix, Eligibility Verification, for contact and website information.)

- Once informed of the approval, the provider prepares claims related to the exception, indicating "MSA-1038 approval on file" in the comment section.
- The provider submits claims to MDCH through the normal CHAMPS submission process.

Refer to the Billing & Reimbursement chapters of this manual for additional information on claim submission or go to the MDCH website for additional CHAMPS-related information. Questions regarding claims submitted under this exception should be directed to MDCH Provider Inquiry. (Refer to the Directory Appendix for contact and website information.)

*MPM, January 1, 2015 version*  
*General Information for Providers Chapter, pages 36-38*  
*(Internal footnotes omitted)*

Here, the Department witness testified that Appellant submitted a Beneficiary Complaint to the Department requesting that the Department pay for medical bills incurred between [REDACTED] and [REDACTED]. The Department witness also testified that, in response to the complaint, the Department reviewed the complaint and found no evidence that the [REDACTED] had accepted Appellant as a Medicaid beneficiary at the time the service was provided and that, even if it had, no claims or bills were ever submitted to Medicaid by that provider.

In response, Appellant testified that she contacted all of her medical providers after being approved for Medicaid and that, with the exception of [REDACTED], all the providers billed and received payments through Medicaid. She also testified that, when she received notice of a civil action years later from [REDACTED], she again informed it that she was approved for Medicaid at the time of the services, but that the provider refused to bill Medicaid since the unpaid bills had been submitted to collections.

However, even accepting Appellant's testimony as true, federal regulations and state policy prohibit payment by Medicaid without a claim and, in this case, the provider has never billed Medicaid for services provided during the applicable time period. Accordingly, whatever issues remain between the Appellant and her medical provider regarding the ultimate responsibility between them for the bills, the Department's decision must be affirmed.

[REDACTED]  
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**DECISION AND ORDER**

The Administrative Law Judge, based on the above findings of fact and conclusions of law, finds that, the Department properly denied Appellant's complaint regarding outstanding medical bills.

**IT IS THEREFORE ORDERED THAT:**

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

*Steven Kibit*

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Steven Kibit  
Administrative Law Judge  
for Nick Lyon, Director  
Michigan Department of Community Health

Date Signed: [REDACTED]

Date Mailed: [REDACTED]

SK/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.