

**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. 2014-10165 NHE  
Case No. ██████████

Appellant

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**DECISION AND ORDER**

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

After due notice, a hearing was held on ██████████. ██████████, Appellant's daughter, appeared and testified on Appellant's behalf. Appellant also appeared and testified. ██████████, Administrative Assistant, Admissions, appeared for ██████████. ██████████, LTC Program Policy Specialist represented the Department of Community Health (Department). Her witness was ██████████, RN, Pacer Project Manager, Michigan Peer Review Organization (MPRO).

**ISSUE**

Did the Department properly determine that Appellant does not require a Medicaid reimbursable Nursing Facility (NF) Level of Care (LOC)?

**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 is a ██████-year-old Medicaid beneficiary and current resident of Ferguson Convalescent. (Exhibit B; Testimony)
2. Appellant was admitted to ██████████ in ██████████. (Exhibit B, Testimony)
3. On ██████████, Appellant was assessed by ██████████ under the Nursing Facility (NF) Level of Care Determination (LOCD) and found to be eligible to receive Medicaid reimbursed NF services under Door 1 – Activities of Daily Living. (Exhibit B, Testimony)

4. On ██████████, Appellant was again assessed under the Nursing Facility (NF) Level of Care Determination (LOCD) based on a significant change in condition and found to be ineligible to receive Medicaid reimbursed NF services. Appellant did not meet the LOCD criteria within the seven day look-back period for Doors 1, 2, 5 and 6, nor did she meet the criteria in Doors 3 and 4 within the fourteen day look-back period. The three criteria required in Door 7 were also not met. (Exhibit C; Testimony)
5. On ██████████, Appellant's daughter contacted the Michigan Peer Review Organization (MPRO) and requested a NFLOC immediate review. (Exhibit D; Testimony)
6. On ██████████, MPRO determined that Appellant did not meet the review criteria, including the exception criteria. (Exhibits D, E; Testimony)
7. Appellant was advised of the Department's action via Advance Action Notice. (Testimony)
8. Appellant's request for hearing was received by the Michigan Administrative Hearing System (MAHS) on ██████████. (Exhibit F)

### **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 Michigan Department of Community Health (MDCH) implemented functional/medical eligibility criteria for Medicaid nursing facilities. Federal regulations require that Medicaid pay for services only for those beneficiaries who meet specified level of care criteria.

There are five necessary components for determining eligibility for Medicaid nursing facility reimbursement:

- Verification of financial Medicaid eligibility
- PASARR Level I screening
- Physician-written order for nursing facility services
- A determination of medical/functional eligibility based upon a web-based version of the Michigan Medicaid Nursing Facility Level of Care Determination (LOCD) that was conducted online at the time the resident was either Medicaid eligible or Medicaid pending and conducted within the timeframes specified in the

- Michigan Medicaid Nursing Facility Level of Care Determination subsection of this chapter.
- Computer-generated Freedom of Choice (FOC) form signed and dated by the beneficiary or the beneficiary's representative.

Medicaid Provider Manual (MPM) §5 *et seq*  
Nursing Facility Eligibility and [ ], pp. 7 - 14, October 1, 2013.

The MPM, [Nursing Facility Eligibility and Admission Section] lists the policy for admission and continued eligibility processes for Medicaid-reimbursed nursing facilities. This process includes a subsequent or additional web-based LOCD upon determination of a significant change in the beneficiary's condition as noted in provider notes or minimum data sets and that these changes may affect the beneficiary's current medical/functional eligibility status. (Emphasis supplied) See MPM 5.1.D

Section 5.1.D.1 further references the use of an online Level of Care Determination (LOCD) tool.

The LOCD is required for all Medicaid-reimbursed admissions to nursing facilities. A subsequent LOCD must be completed when there has been a significant change in condition that may affect the NF resident's current medical/functional eligibility status.

The Michigan Medicaid Nursing Facility LOC Determination's medical/functional criteria include seven domains of need:

- Activities of Daily Living,
- Cognition,
- Physician Involvement,
- Treatments and Conditions,
- Skilled Rehabilitative Therapies, Behavior, and
- Service Dependency.

Individual residents or their authorized representatives are allowed to appeal either a determination of financial ineligibility to the Department of Human Services or medical/functional eligibility to the Department of Community Health:

### **APPEALS – Medical/Functional Eligibility**

A determination by the web-based Michigan Medicaid Nursing Facility LOC Determination that a Medicaid financially pending or Medicaid financially eligible beneficiary is not medically/functionally eligible for nursing facility services is an adverse action. If the Medicaid financially pending or Medicaid financially eligible beneficiary or their representative disagrees with the determination, he has the right to request an administrative hearing before an

administrative law judge. ... MPM, §5.2.A, NF Eligibility,  
page 14, October 1, 2013

The Department presented testimony and documentary evidence that the Appellant did not meet any of the criteria for Doors 1 through 7.

**Door 1**  
**Activities of Daily Living (ADLs)**

Scoring Door 1: The applicant must score at least six points to qualify under Door 1.

- (A) Bed Mobility, (B) Transfers, and (C) Toilet Use:
  - Independent or Supervision = 1
  - Limited Assistance = 3
  - Extensive Assistance or Total Dependence = 4
  - Activity Did Not Occur = 8
- (D) Eating:
  - Independent or Supervision = 1
  - Limited Assistance = 2
  - Extensive Assistance or Total Dependence = 3
  - Activity Did Not Occur = 8

The NF witness reviewers determined that Appellant was independent with bed mobility, transfers, toilet use and eating. As such, Appellant did not qualify through Door 1.

**Door 2**  
**Cognitive Performance**

Scoring Door 2: The applicant must score under one of the following three options to qualify under Door 2.

1. "Severely Impaired" in Decision Making.
2. "Yes" for Memory Problem, and Decision Making is "Moderately Impaired" or "Severely Impaired."
3. "Yes" for Memory Problem, and Making Self Understood is "Sometimes Understood" or "Rarely/ Never Understood."

The NF witness reviewers determined that Appellant's short-term memory was okay, that her cognitive skills for daily decision making were modified independent, and that she was able to make herself understood. As such, Appellant did not qualify under Door 2.

**Door 3**  
**Physican Involvement**

Scoring Door 3: The applicant must meet either of the following to qualify under Door 3:

1. At least one Physician Visit exam AND at least four Physicians Order changes in the last 14 days, OR
2. At least two Physician Visit exams AND at least two Physicians Order changes in the last 14 days.

Appellant had 0 physician exam visits and 0 physician order change within 14 days of the assessment. As such, Appellant did not qualify under Door 3.

#### **Door 4** **Treatments and Conditions**

Scoring Door 4: The applicant must score “yes” in at least one of the nine categories above and have a continuing need to qualify under Door 4.

In order to qualify under Door 4 the applicant must receive, within 14 days of the assessment date, any of the following health treatments or demonstrated any of the following health conditions:

- A. Stage 3-4 pressure sores
- B. Intravenous or parenteral feedings
- C. Intravenous medications
- D. End-stage care
- E. Daily tracheostomy care, daily respiratory care, daily suctioning
- F. Pneumonia within the last 14 days
- G. Daily oxygen therapy
- H. Daily insulin with two order changes in last 14 days
- I. Peritoneal or hemodialysis

The NF witness reviewers determined that Appellant did not meet the criteria listed for Door 4 at the time of the assessment.

#### **Door 5** **Skilled Rehabilitation Therapies**

Scoring Door 5: The Appellant must have required at least 45 minutes of active ST, OT or PT (scheduled or delivered) in the last 7-days and continues to require skilled rehabilitation therapies to qualify under Door 5.

The NF witness reviewers determined that Appellant did not meet the criteria listed for Door 5 at the time of the assessment.

**Door 6**  
**Behavior**

Scoring Door 6: The applicant must score under one of the following 2 options to qualify under Door 6.

1. A "Yes" for either delusions or hallucinations within the last 7 days.
2. The applicant must have exhibited any one of the following behaviors for at least 4 of the last 7 days (including daily): Wandering, Verbally Abusive, Physically Abusive, Socially Inappropriate/Disruptive, or Resisted Care.

The NF witness reviewers determined that Appellant did not meet the criteria set forth above to qualify under Door 6 because she exhibited none of the listed behaviors.

**Door 7**  
**Service Dependency**

Scoring Door 7: The applicant must be a current participant and demonstrate service dependency under Door 7.

The LOC Determination provides that the Appellant could qualify under Door 7 if he is currently (and has been a participant for at least one (1) year) being served by either the MI Choice Program, PACE program, or Medicaid reimbursed nursing facility, requires ongoing services to maintain current functional status, and no other community, residential, or informal services are available to meet the applicant's needs.

The NF witness reviewers determined that Appellant had not been in the NF for at least one year, so she did not qualify under Door 7.

The MPRO witness testified that Appellant did not meet any of the exceptions to the NFLOC. Specifically, the MPRO witness indicated that a review of the medical records showed that Appellant did not meet the exception criteria for frailty, behaviors, or treatments.

Appellant's daughter testified that when Appellant was on her own before her stroke she did not take her diabetes medication or eat properly, which, in addition to smoking, led to her stroke. Appellant's daughter indicated that Appellant needs supervision to ensure that she takes her medications and eats properly, which she is receiving in the NF. Appellant's daughter testified that Appellant's left arm and leg are not good either and she is afraid if Appellant leaves the NF she will fall back into her old bad habits.

Appellant testified that she needs help getting dressed as she cannot button, zip, or pull her pants on properly.

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The Department witness pointed out that dressing and grooming are not part of the NFLOC determination process.

Based on the evidence presented the Department adequately demonstrated that the Appellant did not meet LOCD eligibility on the review conducted on [REDACTED] or the immediate review completed by MPRO on [REDACTED]. Appellant also did not meet any of the exception criteria upon review by MPRO.

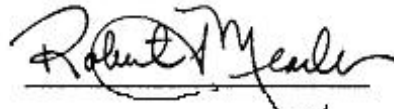
The ALJ finds that Appellant failed to prove, by a preponderance of the evidence that the Department erred in reviewing her medical/functional eligibility status. Appellant does not require Medicaid reimbursed NF level of care as demonstrated by the application of the LOCD tool.

**DECISION AND ORDER**

The Administrative Law Judge, based on the above findings of fact and conclusions of law, decides that the Department correctly determined that Appellant does not require a Medicaid Nursing Facility Level of Care.

**IT IS THEREFORE ORDERED** that:

The Department's decision is AFFIRMED.



Robert J. Meade  
Administrative Law Judge  
for James K. Haveman, Director  
Michigan Department of Community Health

[REDACTED]  
cc: [REDACTED]

Date Signed: February 6, 2014

Date Mailed: February 6, 2014

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**\*\*\* 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.