**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:**

[redacted],

Docket No. 2014-35172 PHR
Case No. [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 Appellant's request for a hearing.

After due notice, a hearing was held on [redacted]. Appellant appeared on her own behalf. The Department was represented by [redacted], PHR, Manager.

## ISSUE

Did the Department properly deny Appellant's request for prior authorization (PA) of Adderall XR?

## 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 [redacted]-year-old Medicaid beneficiary, born [redacted]. (Exhibit 1; Testimony)

2. Appellant is afflicted with ADHD. (Exhibit A, p 5; Testimony)

3. On [redacted], Appellant's physician, a family practice practitioner, submitted a PA for Adderall XR for a diagnosis of ADHD for Appellant. (Exhibit A, p 8)

4. Appellant reported that she needs Adderall to be able to concentrate, stay focused, and comprehend what she is reading. Appellant indicated that since taking the medication, she has gone back to school and it has helped her tremendously concentrate and stay focused on her studies, as well as her every day activities. (Exhibit 1; Testimony)

5. Owing to contractual requirements between Magellan Medicaid Administration (MMA) and the Michigan Department of Community Health the request for Adderall XR was reviewed for clinical compliance by MSA Medical Reviewer, [redacted] – who denied the request for lack of an adult mental health evaluation. (Exhibit A, p 14; Testimony)

6. Appellant and the prescriber were notified of the denial. (Exhibit A, pp 13-14)

7. Appellant was notified in writing of her further appeal rights via adequate action/denial of service on [redacted]. (Exhibit A, p 15)

8. The instant request for hearing was received by the Michigan Administrative Hearing System on [redacted]. (Exhibit 1)

## 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.

Social Security Act § 1927(d), [42 USC 1396r-8(d)]

LIMITATIONS ON COVERAGE OF DRUGS --

(1) PERMISSIBLE RESTRICTIONS –

(A) A state may subject to prior authorization any covered outpatient drug. Any such prior authorization program shall comply with the requirements of paragraph (5).

A state may exclude or otherwise restrict coverage of a covered outpatient drug if –

(i) the prescribed use is not for a medically accepted indication (as defined in subsection (k)(6);
(ii) the drug is contained in the list referred to in paragraph (2);

(iii) the drug is subject to such restriction pursuant to an agreement between a manufacturer and a State authorized by the

Secretary under subsection (a)(1) or in effect pursuant to subsection (a)(4); or

(iv) the State has excluded coverage of the drug from its formulary in accordance with paragraph 4.

(4) REQUIREMENTS FOR FORMULARIES - A State may establish a formulary if the formulary meets the following requirements:

(A) The formulary is developed by a committee consisting of physicians, pharmacists, and other appropriate individuals appointed by the Governor of the State (or, at the option of the State, the State's drug use review board established under subsection (g)(3)).

(B) Except as provided in subparagraph (C), the formulary includes the covered outpatient drugs of any manufacturer, which has entered into and complies with an agreement under subsection (a) (other than any drug excluded from coverage or otherwise restricted under paragraph (2)).

(C) A covered outpatient drug may be excluded with respect to the treatment of a specific disease or condition for an identified population (if any) only if, based on the drug's labeling (or, in the case of a drug the prescribed use of which is not approved under the Federal Food, Drug, and Cosmetic Act but is a medically accepted indication, based on information from appropriate compendia described in subsection (k)(6)), the excluded drug does not have a significant, clinically meaningful therapeutic advantage in terms of safety, effectiveness, or clinical outcome of such treatment for such population over other drugs included in the formulary and there is a written explanation (available to the public) of the basis for the exclusion.

(D) The state plan permits coverage of a drug excluded from the formulary (other than any drug excluded from coverage or otherwise restricted under paragraph (2)) pursuant to a prior authorization program that is consistent with paragraph (5),

(E) The formulary meets such other requirements as the Secretary may impose in order to achieve program savings consistent with protecting the health of program

beneficiaries.

A prior authorization program established by a State under paragraph (5) is not a formulary subject to the requirements of this paragraph.

(5) REQUIREMENTS OF PRIOR AUTHORIZATION PROGRAMS. — A State plan under this title may require, as a condition of coverage or payment for a covered outpatient drug for which Federal financial participation is available in accordance with this section, with respect to drugs dispensed on or after July 1, 1991, the approval of the drug before its dispensing for any medically accepted indication (as defined in subsection (k)(6)) only if the system providing for such approval –

(A) Provides response by telephone or other telecommunication device within 24 hours of a request for prior authorization; and
(B) Except with respect to the drugs referred to in paragraph (2) provides for the dispensing of at least 72-hour supply of a covered outpatient prescription drug in an emergency situation (as defined by the Secretary).

(6) OTHER PERMISSIBLE RESTRICTIONS – A State may impose limitations, with respect to all such drugs in a therapeutic class, on the minimum or maximum quantities per prescription or on the number of refills, if such limitations are necessary to discourage waste, and may address instances or fraud or abuse by individuals in any manner authorized under this Act.

Furthermore, the Medicaid Provider Manual (MPM) sets forth significant criteria for documentation of unusual off-label uses and prior authorization requests:

**DOCUMENTATION REQUIREMENTS**

For all requests for PA, the following documentation is required:

- Pharmacy name and phone number;
- Beneficiary diagnosis and medical reason(s) why another covered drug cannot be used;
- Drug name, strength, and form;
- Other pharmaceutical products prescribed;
- Results of therapeutic alternative medications tried; and
- MedWatch Form or other clinical information may be required.

**PRIOR AUTHORIZATION DENIALS**

PA denials are conveyed to the requester. PA is denied if:

- The medical necessity is not established.
- Alternative medications are not ruled out.
- Evidence-based research and compendia do not support it.
- It is contraindicated, inappropriate standard of care.
- It does not fall within MDCH clinical review criteria**.**
- Documentation required was not provided.

(Emphasis supplied)

MPM, Pharmacy §§8.4, 8.6, pages 15 and 16, April 1, 2014.[1]

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The Department witness testified that the requested drug was designed to help treat ADD/ADHD. She added that a request for treatment when the patient is over 18-years of age requires additional documentation and clinical evaluation from a psychiatrist, a clinical psychologist or a clinical social worker. She said that additional information was requested of the prescriber – but no information was received prior to hearing. She testified that owing to contractual requirements the request was forwarded to MDCH MSA physician reviewer, Dr. [redacted] who conducted his review and concluded that the PA would be denied for lack of supporting documentation and proof of evaluation from a psychiatrist, clinical psychologist or clinical social worker that supports the diagnosis of ADHD for an adult.

With her hearing request, Appellant submitted a report from [redacted], PhD, who conducted a psychological evaluation and testing of Appellant back in [redacted]. At that time, Appellant was diagnosed with ADHD, but this information and report were not provided to the Department or MMA prior to the time the decision was made in this matter. Recently, Appellant submitted documentation that she had continuously been taking medication for ADHD since her diagnosis in [redacted], but again, this information was not provided to the Department or MMA prior to the time the decision was made in this matter.

Appellant was advised that, in making a decision, the undersigned administrative law judge could only consider whether the Department's action was proper at the time it was made and based on the evidence the Department had on hand at the time the decision was made. Appellant was further advised by the Department witness that if she had her physician submit a new PA request, and include the above-referenced documentation, it is likely her request would be approved.

Appellant acknowledged an understanding of the situation and indicated that she would

[1] This edition of the MPM is identical to the version in place at the time of the Appellant's appeal.

have her physician submit a new PA request with the required information, i.e. the report from the PhD psychologist and the pharmacy records showing that Appellant has been taking medications for ADHD since [redacted].

The Department's evidence clearly showed that the Appellant had not satisfied the Medicaid criteria for renewed approval of Adderall XR – owing to the lack of a current [post 18-years of age] evaluation from one of the aforementioned medical professionals.

In review, based on the clinical judgment of the state reviewing physician and the credible testimony of the Department's witness, I find that Appellant has failed to prove, by a preponderance of the evidence, that the Department's denial was improper. The necessary evaluation has not been performed and supporting evidence was not received by MDCH prior to the time a decision was made.

The Department's decision to deny PA, based on this record was supported with sufficient evidence and the credible testimony of pharmacist [redacted].

## DECISION AND ORDER

The Administrative Law Judge, based on the above findings of fact and conclusions of law, decides that the Department properly denied Appellant's request for PA of Adderall XR.

**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

cc: [redacted]

RJM/[redacted]

Date Signed: [redacted]

Date Mailed: [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.