Michigan Office of Administrative Hearings and Rules
P.O. BOX 30763
LANSING, MI 48909

Date Mailed: March 11, 2025
Docket No.: 25-003124
Case No.: [redacted]
Petitioner: [redacted]

[redacted]
MI [redacted]

This is an important legal document. Please have someone translate the document.
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এটি একটি গুরুত্বপূর্ণ আইনি ডকুমেন্ট। দয়া করে কেউ দস্তাবেজ অনুবাদ করুন।
Este es un documento legal importante. Por favor, que alguien traduzca el documento.
这是一份重要的法律文件，请让别人翻译文件。
Ky është një dokument ligjor i rëndësishëm. Ju lutem, kini dikë ta përktheni dokumentin.

DECISION AND ORDER

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9, 42 CFR 431.200 *et seq*. and 42 CFR 438.400 *et seq*. upon Petitioner's request for a hearing.

After due notice, a hearing was held on March 5, 2025. [redacted], Petitioner's parents, appeared and testified on Petitioner's behalf. [redacted], Petitioner, also appeared.

Erin Fletcher, Clinical Director, appeared on behalf of Respondent, Northeast MI Community Mental Health (Respondent of CMH). Mary Crittenden, Chief Operations Officer, and Nena Sork, Executive Director, appeared as witnesses for Respondent.

The following Exhibits were admitted at the hearing:

Petitioner's Exhibit 1, pp 1-3

Respondent's Exhibit A, pp 1-47

Respondent's Exhibit B[2], pp 1-121

ISSUE

Did Respondent properly terminate Petitioner's services because he no longer met Medicaid eligibility criteria as a person with a serious mental illness (SMI)?

[2] Consists of documents from Petitioner's records that CMH provided after the hearing.

FINDINGS OF FACT

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

1. Petitioner is a Medicaid beneficiary who was initially screened for and approved for CMH services on January 31, 2024. (Exhibit B, p 1; Testimony.)

2. Petitioner's current diagnoses include: adjustment disorder with mixed disturbance of emotions and conduct; alcohol use disorder, severe; other (or unknown) substance-induced anxiety disorder, with moderate or severe use disorder; other (or unknown) substance-induced depressive disorder, with moderate or severe use disorder; other (or unknown) substance-induced sleep disorder, with moderate or severe use disorder; and cannabis use disorder. (Exhibit B, p 51; Testimony.)

3. Petitioner had been prescribed Adderall, Klonopin, and Gabapentin consistently through 2023, or right up to Petitioner's initial intake with CMH in January 2024. (Exhibit A, p 52; Testimony.)

4. Following a psychiatric evaluation on February 29, 2024, the following prior diagnoses for Petitioner were ruled out: bi-polar I disorder, current or most recent episode depressed; generalized anxiety disorder, and unspecified alcohol related disorder. (Exhibit B, p 51; Testimony.)

5. The doctor who completed the psychiatric evaluation concluded, in relevant part:

> 1. He does not meet criteria for treatment at CMH because he does not have a Severe Mental Illness. He would benefit from Alcohol and substance use disorder treatment and he was recommended to follow up with Catholic Human Services or to consider a residential alcohol treatment center. Case manager will be notified to discuss Alcohol and Substance use disorder treatment options with him to see if he is willing to undergo treatment of his disorders at this time.
>
> 2. Although he has a history of ADHD per his mother, his current symptoms of irritability, difficulty maintaining attention and concentration are likely due to his ongoing severe use of alcohol and other substances. He would benefit from abstinence from substance use in order to more accurately evaluate mood, anxiety and cognitive symptoms.

3. He was educated on the deleterious effect that alcohol can have on brain functioning, as well as medical health. Patient was informed that alcohol can worsen depression, increase anxiety, and worsen sleep. Patient was advised that alcohol can be disinhibiting and could increase the likelihood of acting on impulsive urges, including suicidal or violent urges. Patient was advised to abstain from drinking and obtain treatment for their alcohol use disorder.

4. Patient was advised that marijuana use may cause or worsen psychiatric symptoms, including psychosis, anxiety, and decrease motivation as well as withdrawal symptoms including irritability with abrupt discontinuation after persistent use. Patient was advised to abstain from marijuana use.

5. Patient was advised to abstain from use of other substances such as psychedelic mushrooms and other illegal substances.

6. Patient was encouraged to have routine follow up with a primary care physician for the screening and management of health conditions.

7. Patient was encouraged to engage in healthy behaviors including exercise as tolerated, healthy diet and good sleep hygiene. Patient was advised to avoid anxiogenic substances such as caffeine, energy drinks and other over the counter stimulants which may interfere with sleep and increase anxiety.

(Exhibit B, pp 52-53.)

6. On April 17, 2024, Respondent sent Petitioner a Notice of Adverse Benefit Determination (NABD) informing Petitioner that his services would be terminated because he no longer met Medicaid eligibility criteria as a person with a serious mental illness. (Exhibit B, pp 15-21; Testimony) The Notice did indicate that supported employment services and case management services would be continued for three months to assist Petitioner with locating employment and finding stability. (Exhibit B, p 15.) The Notice also indicated that Petitioner was receiving his medications through MMM of Alpena. (*Id*.)

7. Because Petitioner made limited progress transitioning out of CMH services, an additional three months of service was authorized after the first three months expired. (Exhibit B, p 22; Testimony.)

8. On October 16, 2024, Respondent sent Petitioner another NABD, again indicating that his services would be terminated because he no longer met Medicaid eligibility criteria as a person with a serious mental illness effective October 27, 2024. (Exhibit B, pp 1-7; Testimony.)

9. On November 19, 2024, Respondent sent Petitioner another NABD because Petitioner's case manager had been ill when the October 16, 2024, NABD was sent, which Respondent believed did not allow Petitioner to respond properly to the NABD. (Exhibit B, pp 8-14; Testimony.)

10. On December 9, 2024, Petitioner requested an Internal Appeal. (Exhibit B; Testimony)

11. On January 8, 2025, after reviewing Petitioner's appeal, Respondent sent Petitioner a Notice of Appeal Denial, which upheld the original findings. (Exhibit 1, p 2; Testimony).

12. On January 23, 2025, Petitioner's request for hearing was received by the Michigan Office of Administrative Hearings and Rules. (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.

> 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 Michigan Department of Health and Human Services (MDHHS) operates a section 1915(b) Medicaid Managed Specialty Services waiver. Respondent contracts with MDHHS to provide specialty mental health services. Services are provided by Respondent pursuant to its contract obligations with the Department and in accordance with the federal waiver.

Medicaid beneficiaries are only entitled to medically necessary Medicaid covered services for which they are eligible. Services must be provided in the appropriate scope, duration, and intensity to reasonably achieve the purpose of the covered service.

Medicaid policy in Michigan is found in the Medicaid Provider Manual (MPM), which provides in relevant part:

> **1.6 BENEFICIARY ELIGIBILITY**
>
> A Medicaid beneficiary with mental illness, serious emotional disturbance or developmental disability who is enrolled in a Medicaid Health Plan (MHP) is eligible for specialty mental health services and supports when their needs exceed the MHP benefits. (Refer to the Medicaid Health Plans Chapter of this manual for additional information.) Such need must be documented in the individual's clinical record.
>
> The following table has been developed to assist health plans and PIHPs in making coverage determination decisions related to outpatient care for MHP beneficiaries. Generally, as the beneficiary's psychiatric signs, symptoms and degree/extent of functional impairment increase in severity, complexity and/or duration, the more likely it becomes that the beneficiary will require specialized services and supports available through the

PIHP/CMHSP. For all coverage determination decisions, it is presumed that the beneficiary has a diagnosable mental illness or emotional disorder as defined in the most recent Diagnostic and Statistical Manual of the Mental Disorders published by the American Psychiatric Association.

In general, MHPs are responsible for outpatient mental health in the following situations:	**In general, PIHPs/CMHSPs are responsible for outpatient mental health in the following situations:**
▪ The beneficiary is experiencing or demonstrating mild or moderate psychiatric symptoms or signs of sufficient intensity to cause subjective distress or mildly disordered behavior, with minor or temporary functional limitations or impairments (self-care/ daily living skills, social/interpersonal relations, educational/vocational role performance, etc.) and minimal clinical (self/other harm risk) instability. ▪ The beneficiary was formerly significantly or seriously mentally ill at some point in the past. Signs and symptoms of the former serious disorder have substantially moderated or remitted and prominent functional disabilities or impairments related to the condition have largely subsided (there has been no serious exacerbation of the condition within the last 12 months). The beneficiary currently needs ongoing routine medication management without further specialized services and	▪ The beneficiary is currently or has recently been (within the last 12 months) seriously mentally ill or seriously emotionally disturbed as indicated by diagnosis, intensity of current signs and symptoms, and substantial impairment in ability to perform daily living activities (or for minors, substantial interference in achievement or maintenance of developmentally appropriate social, behavioral, cognitive, communicative or adaptive skills). ▪ The beneficiary does not have a current or recent (within the last 12 months) serious condition but was formerly seriously impaired in the past. Clinically significant residual symptoms and impairments exist and the beneficiary requires specialized services and supports to address residual symptomatology and/or functional impairments, promote recovery and/or prevent relapse.

supports.	

The "mental health conditions" listed in the table above are descriptions and are intended only as a general guide for PIHPs and MHPs in coverage determination decisions. These categories do not constitute unconditional boundaries and hence cannot provide an absolute demarcation between health plan and PIHP responsibilities for each individual beneficiary. Cases will occur which will require collaboration and negotiated understanding between the medical directors from the MHP and the PIHP. The critical clinical decision-making processes should be based on the written local agreement, common sense and the best treatment path for the beneficiary.

Medicaid beneficiaries who are not enrolled in a MHP, and whose needs do not render them eligible for specialty services and supports, receive their outpatient mental health services through the fee-for-service (FFS) Medicaid Program when experiencing or demonstrating mild or moderate psychiatric symptoms or signs of sufficient intensity to cause subjective distress or mildly disordered behavior, with minor or temporary functional limitations or impairments (self-care/daily living skills, social/interpersonal relations, educational/vocational role performance, etc.) and minimal clinical (self/other harm risk) instability. Refer to the Practitioner Chapter of this manual for coverages and limitations of the FFS mental health benefit.

Medicaid beneficiaries are eligible for substance abuse services if they meet the medical eligibility criteria for one or more services listed in the Substance Abuse Services Section of this chapter.

Medicaid-covered services and supports selected jointly by the beneficiary, clinician, and others during the person-centered planning process and identified in the plan of service must meet the medical necessity criteria contained in this chapter, be appropriate to the individual’s needs, and meet the standards herein. A person-centered planning process that meets the standards of the Person-centered Planning Practice Guideline attached to the MDHHS/PIHP contract must be used in selecting services and supports with mental health program beneficiaries who have mental illness, serious emotional disturbance, or developmental disabilities.

Respondent's Clinical Director (CD) testified that Petitioner initially had an intake appointment on January 31, 2024, and had no prior treatment history at this CMH. Respondent's CD noted that Petitioner did have a history of case management at the CMH in Wyandotte, Michigan. Respondent's CD testified that Petitioner had prior diagnoses of ADHD, ODD, anxiety disorder, and bi-polar 1 disorder. Respondent's CD indicated that based on this, Petitioner was approved for services, including substance abuse treatment to address Petitioner's substance use diagnoses. Respondent's CD testified that at the time of intake Petitioner was out of medications, but had a history of being prescribed Klonopin, Gabapentin, Lexapro, and Vraylar. Respondent's CD indicated that Petitioner's initial IPOS, dated February 16, 2024, authorized adult case management, physician services, and supported employment.

Respondent's CD testified that on February 24, 2024, Petitioner underwent a psychiatric evaluation. (See Exhibit B, pp 45-53.) After the psychiatric evaluation, Petitioner was diagnosed with adjustment disorder with mixed disturbance of emotions and conduct; alcohol use disorder, severe; other (or unknown) substance-induced anxiety disorder, with moderate or severe use disorder; other (or unknown) substance-induced depressive disorder, with moderate or severe use disorder; other (or unknown) substance-induced sleep disorder, with moderate or severe use disorder; and cannabis use disorder.

Respondent's CD testified that CMH also then received outside medical records from Pure Psychiatry of Michigan in Wyandotte, Michigan. These records noted a primary diagnosis of alcohol dependence. These records also indicated substance use to include alcohol and marijuana along with a history of psychedelic mushrooms and cocaine.

Respondent's CD testified that because Petitioner no longer had a qualifying diagnosis of SMI, on April 17, 2024, Respondent sent Petitioner a NABD informing Petitioner that his services would be terminated. Respondent's CD noted that supported employment services and case management services were continued for three months to assist Petitioner with locating employment and finding stability. Respondent's CD testified that because Petitioner made limited progress transitioning out of CMH services, an additional three months of service was authorized after the first three months expired.

Respondent's CD indicated that Petitioner continued to make limited progress transitioning out of CMH services, so on October 16, 2024, Respondent sent Petitioner another NABD, again indicating that his services would be terminated because he no longer met Medicaid eligibility criteria as a person with a serious mental illness effective October 27, 2024. Respondent's CD testified that on November 19, 2024, Respondent sent Petitioner another NABD because Petitioner's case manager had been ill when the October 16, 2024, NABD was sent, which Respondent believed did not allow Petitioner to respond properly to the NABD. Respondent's CD indicated that on December 9, 2024, Petitioner requested an Internal Appeal and on January 8, 2025, after reviewing Petitioner's appeal, Respondent sent Petitioner a Notice of Appeal Denial, which upheld the original findings.

Petitioner's parents testified that Petitioner was diagnosed in first grade and has had multiple diagnoses throughout the years. Petitioner's parents indicated that Petitioner lost his job down in Wyandotte so they brought him up to their home in northern Michigan. Petitioner's parents testified that the doctor who performed the psychiatric evaluation only saw Petitioner for 45 minutes, which is not enough time to understand Petitioner. Petitioner's parents indicated that while Petitioner is very smart, he did not answer accurately during the psychiatric evaluation. Petitioner's parents noted that Petitioner has been able to get his medications locally and he has a lawyer who is trying to get Petitioner approved for Social Security benefits. Petitioner's parents indicated that they are trying to find a rehabilitation place that accepts patients with dual diagnoses, *i.e.*, mental health and substance use, like Petitioner. Petitioner's parents testified that Petitioner has held a number of jobs since he moved up there but he cannot keep a job with his conditions.

Because Petitioner is seeking a Medicaid covered service, he must prove, by a preponderance of the evidence, that he is eligible for that service and that Respondent's decision was improper.

Based on the evidence presented, Petitioner has failed to prove, by a preponderance of the evidence, that Respondent improperly denied Petitioner's request for CMH services at the time the decision was made.

As indicated above, Medicaid policy provides that SMI means "[t]he beneficiary is currently or has recently been (within the last 12 months) seriously mentally ill or seriously emotionally disturbed as indicated by diagnosis, intensity of current signs and symptoms, and substantial impairment in ability to perform daily living activities . . ." (Emphasis added.)

In addition, the Michigan Mental Health Code defines serious mental illness as ". . . a diagnosable mental, behavioral, or emotional disorder affecting an adult that exists or has existed within the past year for a period of time sufficient to meet diagnostic criteria specified in the most recent Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association and approved by the department and that has resulted in functional impairment that substantially interferes with or limits 1 or more major life activities . . ." (MCL 330.1100d(4); Emphasis added.)

Policy also provides that MHP's are responsible for mental health treatment if "[t]he beneficiary is experiencing or demonstrating mild or moderate psychiatric symptoms or signs of sufficient intensity to cause subjective distress or mildly disordered behavior, with minor or temporary functional limitations or impairments . . ." (Emphasis added.)

Here, Petitioner no longer has a qualifying medical diagnosis of a SMI. As indicated above , the diagnoses that had qualified Petitioner for CMH services in the past were removed following Petitioner's most recent psychiatric evaluation. Reviewing that evaluation, as well as the other evidence provided, supports the conclusion that Petitioner does not currently have a SMI.

It appears that most of Petitioner's issues arise out of his substance use diagnoses and Petitioner was encouraged to seek treatment for those issues. As indicated above, Petitioner should be able to receive all the help he needs, including substance abuse treatment, through his Medicaid Health Plan, or Medicaid Fee for Service if he does not have a Medicaid Health Plan.

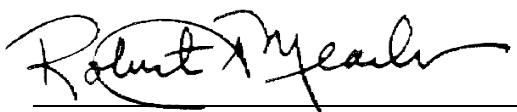
Therefore, based on the evidence presented, Petitioner has failed to meet his burden of proof and the Respondent's decision should be affirmed.

DECISION AND ORDER

The Administrative Law Judge, based on the above findings of fact and conclusions of law, decides that the Respondent properly terminated Petitioner's services because he no longer met Medicaid eligibility criteria as a person with a serious mental illness.

IT IS THEREFORE ORDERED that:

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



RM/sj

ROBERT J. MEADE
ADMINISTRATIVE LAW JUDGE

APPEAL RIGHTS: Petitioner may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at courts.michigan.gov. The Michigan Office of Administrative Hearings and Rules (MOAHR) cannot provide legal advice, but assistance may be available through the State Bar of Michigan at https://lrs.michbar.org or Michigan Legal Help at https://michiganlegalhelp.org. A copy of the circuit court appeal should be sent to MOAHR. A circuit court appeal may result in a reversal of the Hearing Decision.

Either party who disagrees with this Hearing Decision may also send a written request for a rehearing and/or reconsideration to MOAHR within 30 days of the mailing date of this Hearing Decision. The request should include Petitioner's name, the docket number from page 1 of this Hearing Decision, an explanation of the specific reasons for the request, and any documents supporting the request. The request should be sent to MOAHR

- by email to LARA-MOAHR-DCH@michigan.gov, **OR**
- by fax at (517) 763-0155, **OR**
- by mail addressed to
  Michigan Office of Administrative Hearings and Rules
  Rehearing/Reconsideration Request
  P.O. Box 30639
  Lansing Michigan 48909-8139

Documents sent via email are not secure and can be faxed or mailed to avoid any potential risks. Requests MOAHR receives more than 30 days from the mailing date of this Hearing Decision may be considered untimely and dismissed.

PROOF OF SERVICE

I certify that I served a copy of the foregoing document upon all parties, to their last known addresses in the manner specified below, this 11th day of March 2025.

S. James
Michigan Office of Administrative Hearings and Rules

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