

Date Mailed: February 2, 2026

Docket No.: 25-024192

Case No.: [REDACTED]

Petitioner: [REDACTED]

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 Petitioner's request for a hearing.

After due notice, a hearing was held on January 28, 2026. [REDACTED], Petitioner's guardian, appeared on Petitioner's behalf. Mary Shafer, Customer Service Representative, Lincare, LLC, the Durable Medical Equipment (DME) provider; Melissa Sharapata, Speech Pathologist; and Laura Brouwers, Social Worker appeared as witnesses.

Emily Piggott, Appeals Review Officer, represented Respondent, Michigan Department of Health and Human Services (MDHHS or Department). Jan White, Consultant Reviewer, appeared as a witness for the Department.

ISSUE

Did the Department properly deny Petitioner's prior authorization request for a Speech Generating Device (SGD)?

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. (Exhibit A, p 9; Testimony).
1. On May 30, 2025, MDHHS received a prior authorization request from Lincare, Inc. for a speech-generating device for Petitioner. (Exhibit A, pp. 14-26).
2. Petitioner's supporting documentation included speech-language pathology evaluations and progress reports indicating severe expressive aphasia, moderate receptive aphasia, and apraxia of speech following a cerebrovascular accident. Petitioner demonstrated limited verbal intelligibility (approximately 3%) and trialed multiple AAC apps, ultimately achieving improved communication using TouchChat HWP Aphasia Grid. (Exhibit A, pp. 18-23, 34-35).

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3. On June 13, 2025, the Department issued a denial notice, stating that the required clinical documentation outlined in Medicaid policy was not received. The denial cited Medicaid Provider Manual Sections 1.6, 2.39, and 7. (Exhibit A, pp. 9-10).
 4. Respondent's denial was based on multiple deficiencies:
 - Missing occupational therapy evaluation addressing Petitioner's ability to access the device.
 - Incorrect electronic submission format.
 - Failure to include manufacturer details, part numbers, and required documentation for medical necessity.
 - Lack of compliance with prior requests for additional information dated March 24, 2025 and April 14, 2025. (Exhibit A, pp. 43–44).
 5. On July 7, 2025, the Michigan Office of Administrative Hearings and Rules (MOAHR) received Petitioner's request for hearing. (Exhibit A, pp. 7-13).

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 statutes, the Social Welfare Act, the Administrative Code, and the State Plan under Title XIX of the Social Security Act Medical Assistance Program.

Medicaid covered benefits are addressed for the practitioners and beneficiaries in the Medicaid Provider Manual (MPM). Regarding the specific request in this case, the applicable version of the MPM states in part:

SECTION 1 – PROGRAM OVERVIEW

This chapter applies to Medical Suppliers/Durable Medical Equipment and Orthotists/Prosthetists.

The primary objective of the Medicaid Program is to ensure that medically necessary services are made available to those who would not otherwise have the financial resources to purchase them.

The primary objective of the Children's Special Health Care Services (CSHCS) Program is to ensure that CSHCS beneficiaries receive medically necessary services that relate to the CSHCS qualifying diagnosis.

This chapter describes policy coverage for the Medicaid Fee-for-Service (FFS) population and the CSHCS population. Throughout the chapter, use of the terms Medicaid and Michigan Department of Health and Human Services (MDHHS) includes both the Medicaid and CSHCS Programs unless otherwise noted.

Medicaid covers the least costly alternative that meets the beneficiary's medical need for medical supplies, durable medical equipment or orthotics/prosthetics.

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1.6 MEDICAL NECESSITY

Medicaid covers medically necessary durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) for beneficiaries of all ages. DMEPOS are covered if they are the least costly alternative that meets the beneficiary's medical/functional need 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, clinical nurse specialist (CNS) nurse practitioner (NP) or physician assistant (PA) order nor a certificate of medical necessity by itself provides sufficient documentation of medical necessity, even though it is signed by the treating/ordering physician, NP or PA. 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.

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- 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, NP or PA (for CSHCS beneficiaries, the order must be from the pediatric subspecialist) and clinical documentation from the medical record supports the medical necessity for the request (as described above) and substantiates the practitioner's order.
 - The service/device meets the standards of coverage published by MDHHS.
 - 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.

MDHHS does not cover the service when Medicare determines that the service is not medically necessary.

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.

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2.38 SPEECH GENERATING DEVICES

Definition Speech generating devices (SGD) are defined as durable medical equipment (electric or nonelectric) that provide an individual with a severe speech impairment, who is unable to communicate using natural means (e.g., spoken, written, gestures, sign language), the ability to meet his or her daily communication needs.

Other terms used interchangeably with SGD include augmentative and alternative communication (AAC) device or augmentative communication device (ACD).

Standards of Coverage

To be considered for coverage, documentation must substantiate medical need for beneficiaries whose needs cannot be met using natural communication methods and demonstrate the comprehension and physical skills necessary to communicate using the requested device. An SGD will be considered medically necessary when supporting documentation demonstrates all of the following:

- The prognosis for developing and using oral speech as a primary method of communication is considered guarded;
- The requested SGD is an integral part of the communication plan of care; and
- The beneficiary will be able to use the device in all environments he/she frequents (e.g., home, school, job, etc.).

Software intended for augmentative communication purposes may be considered upon review of documentation supporting medical necessity. If the beneficiary intends to download augmentative communication software onto his/her personal laptop, computer, or iPad, it is the responsibility of the beneficiary and/or his/her legal guardian to check with the vendor of the personal device for licensing, compatibility, repair, warranty and proprietary information.

Standards of Coverage – Eye Control

An eye control is a type of mechanism that helps the beneficiary access the SGD. The eye control may or may not be integrated within the speech generating device. Eye control mechanisms will be covered when all of the following apply:

- All other methods to operate the SGD have been evaluated and ruled out and the eye control is the most appropriate method that provides a functional level of communication (speed, accuracy, etc.);
- Documentation specifies medical, functional and physical necessity that supports the need for the eye control; and
- The evaluation(s) has documented evidence of the beneficiary's ability to physically activate the system and demonstrate meaningful use of the device with minimal assistance from others.

Non-covered The following are non-covered:

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- Items that do not meet the definition of durable medical equipment and are not dedicated speech devices.
 - Software to play games, create spreadsheets or documents or is not specific to augmentative communication.
 - Environmental control units.
 - More than one SGD per beneficiary.
 - Registering the device.
 - Extended warranties.
 - SGDs used solely for education, vocational or recreational purposes. It is expected that the beneficiary will be able to use the device in all environments he/she frequents (e.g., home, school, job, etc.).
 - Replacements based on manufacturer recommended replacement schedules.
 - SGD requests for devices that do not match the beneficiary's current and reasonably foreseeable communication abilities and needs.
 - Separate billing for interfaces, cables, adapters or interconnects and switches (with the exception of accessing switches) necessary to interface with the SGD.
 - Requests for replacement due to new technology when the beneficiary's current SGD continues to meet his/her medical and functional needs.
 - Items that are not defined by the American Medical Association, the Food and Drug Administration, and the Pricing, Data Analysis, and Coding (PDAC) contractor as medical devices or dedicated durable medical equipment (e.g., personal tablets, computers, iPads, iPhones, etc.).

Evaluation Components

A speech-language pathologist, in conjunction with other disciplines such as occupational therapists, physical therapists, psychologists, and seating specialists as needed, must provide a thorough and systematic evaluation of the beneficiary's receptive and expressive communication abilities.

Ancillary professionals must possess proper credentials (certification, license and registration, etc.) as appropriate.

SGD vendors (manufacturers, distributors) may not submit assessment information or justification for any requested SGD.

An objective evaluation (using objective functional baseline measures and/or standardized testing) of the beneficiary's receptive and expressive communication abilities by a speech-language pathologist (SLP), in conjunction with other applicable disciplines (e.g., occupational therapist, physical therapist, psychologists, and seating specialists, etc.) as needed, has been performed and the SLP has documented the following:

- The beneficiary's functional ability to use the device throughout their daily activities.
- The consideration of alternative access and positioning devices, as appropriate.
- The device is appropriate to the beneficiary's current comprehension, abilities and skills.
- The beneficiary demonstrates the cognitive, physical, visual and hearing skills necessary to communicate using the requested device.
- The SGD is the least costly device that meets the beneficiary's basic communication needs (in the home and in their community). Include in the evaluation supporting documentation substantiating the requested device as the least costly alternative that meets the beneficiary's current functional needs.
- Assessment of the beneficiary on more than one device, by more than one manufacturer, and documenting why the requested device is more appropriate than the other device(s). Include the following in the evaluation:
 - Device(s) evaluated;
 - The beneficiary's performance on each device evaluated;
 - The device requested (brand, make/model and type); and
 - Reasons why other evaluated devices did not meet the beneficiary's needs.

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- A trial period using the requested device must be provided for initial device authorization requests. The trial period must be a least one month in length (the SLP may submit a prior authorization request for up to three months). The SLP must document a description of the trial period with the requested device, including length of trial, settings, outcome, and additional training needs identified.

Documentation

Documentation must be within 180 days and include:

- the physician's order with the diagnosis directly related to the beneficiary's communication deficit. The order must be based on the SLP's evaluation of the beneficiary's communication abilities and medical needs.
- the date of onset, progress made and a comprehensive summary of the beneficiary's communication goals. (Refer to criteria outlined in the Therapy Services Chapter, Speech-Language Therapy subsection.)
- the assessment by a physical therapist (PT) or occupational therapist (OT) to address functional mobility and postural control.
- the SLP's documentation of hearing and vision status.
- a copy, if available, of the hearing (audiologist) or vision (ophthalmologist or optometrist) test if the beneficiary has had a hearing or vision test within the past 12 months.
- a plan of care (POC) identifying other disciplines involved in the care and goals for therapy and training. For beneficiaries under the age of 21 attending school, the POC must include other disciplines and parents/legal guardian as appropriate (i.e., OT, PT, psychologist, school therapist, etc.).
- specifications for the SGD. (Refer to the Therapy Services Chapter).
- necessary therapy and training to allow the beneficiary to meet functional needs.
- the speech and language evaluation results.

All SGD evaluation documentation must be submitted following the established criteria stated within the Evaluations and Follow-up for Speech Generating Devices/Voice Prostheses subsection of the Therapy Services Chapter.

Documentation for modifications/upgrades must describe the changes in the beneficiary's physical, medical, cognitive, vision or hearing status that necessitates the need for the requested modifications/upgrades for the system or parts.

A video of the beneficiary using the SGD and/or eye control is a useful tool in establishing the beneficiary's ability to use either item, but is not required. The SLP may submit a video with the prior authorization request if all of the following are met:

- The beneficiary or beneficiary's legal guardian has dated and signed an authorization for the video documentation as additional documentation of the beneficiary's ability to use the device;
- The video is current (within the past 12 months); and
- The provider encrypts the video prior to sending it in with the prior authorization request (following HIPAA compliance regulations).

PA Requirements

The speech-language pathologist performs the functional communication assessment and SGD evaluation and initiates the prior authorization request with a medical supplier that has a specialty enrollment with MDHHS to provide SGDs. To improve beneficiary access to low-end devices, a medical supplier without a SGD specialty enrollment with MDHHS may provide SGDs with eight minutes or less of speech capability, basic SGD accessories such as switches, buttons, etc., or SGD wheelchair mounting systems. A SGD vendor must enroll through the MDHHS CHAMPS PE on-line system as a medical supplier with a subspecialty of Speech Generating Devices in order to provide the full range of SGDs. (Refer to the Directory Appendix for contact information.)

PA is required for all SGDs, eye control mechanisms, upgrades, modifications, accessories, repairs, replacements and device trials. Required documentation must accompany the Special Services Prior Approval—Request/Authorization (MSA-1653-B) when requesting authorization for all original and replacement/upgrade SGD requests.

A copy of the physician prescription must be submitted with the request for an SGD.

The prescription must be based on the evaluation of an individual's communication abilities and medical needs made by a speech-language pathologist and other evaluation team members (as appropriate).

Modifications/Upgrades

Indicate the procedure code that defines the modification(s) or upgrades.

Providers have six months from the prior authorization approval date to provide all approved items, including the SGD, mount and accessories. After six months, a new prior authorization request must be submitted.

Repairs - For a repair, report HCPCS code K0739 (for the labor charge) and HCPCS code E1399 (for the replacement part). PA is required for all repairs. If repair charges exceed \$150, a speech-language pathologist, occupational therapist, or physical therapist must conduct an evaluation. A statement must be included in the evaluation indicating whether the current SGD continues to meet the beneficiary's functional needs. If the beneficiary's needs are being met with the current system, PA may be granted.

Each repair must consist of a thorough assessment of the general working condition of the entire system so that frequent repairs may be avoided. If additional repairs to the system are needed, PA for those additional services must be obtained.

In some cases, it may be more costly to repair the SGD than to replace it. When requesting PA for a repair, provide the cost of the repair and the cost of the replacement so that determination can be made by MDHHS whether to repair or replace the device.

Replacements - All replacements (identical, upgrades, downgrades) of an SGD require PA.

Follow-Up Services The provision of speech therapy services for training following the purchase of an SGD is expected to occur within the 12 months following the beneficiary's receipt of the device. (Refer to the Therapy Services Chapter and the Medicaid Code and Rate Reference tool for PA and coverage parameters.) During this time, the SLP and SGD provider are required to ensure that a support team is in place to assist the beneficiary and/or their family with all follow-up SGD needs and therapy.

Frequency The program will purchase new equipment only. Only one SGD will be purchased within a three-year period for beneficiaries under age 21. Only one SGD will be purchased within five years for beneficiaries age 21 and older. Exceptions may be considered in situations where there has been a recent and significant change in the beneficiary's medical or functional status relative to the beneficiary's communication skills.

Warranty The warranty period begins at the point when the device is in the beneficiary's home and the beneficiary has received adequate training to use the system for functional communication.

Repairs Repairs for speech generating devices (SGD) are covered after the warranty expires for no more than one SGD per beneficiary. Additionally, repair of an SGD not purchased by MDHHS is covered only if the SGD is determined to be necessary to meet basic functional communication needs in accordance with the criteria for SGD coverage.

For a repair, report HCPCS code K0739 (for the labor charge) and HCPCS code E1399 (for the replacement part). PA is required for all repairs. If repair charges exceed \$150, a speech-language pathologist, occupational therapist, or physical therapist must conduct an evaluation. A statement must be included in the evaluation indicating whether the current SGD continues to meet the beneficiary's functional needs. If the beneficiary's needs are being met with the current system, PA may be granted.

Each repair must consist of a thorough assessment of the general working condition of the entire system so that frequent repairs may be avoided. If additional repairs to the system are needed, PA for those additional services must be obtained.

In some cases, it may be more costly to repair the SGD than to replace it. When requesting PA for a repair, provide the cost of the repair and the cost of the replacement so that determination can be made by MDHHS whether to repair or replace the device.

Technological improvements and upgrades are not considered repairs and must not be requested as such.

The prior authorization request for repair must include:

- Documentation from the SLP (or if not currently receiving speech services, a physician, a PT or OT, or teacher) confirming the current device is used by the beneficiary on a regular basis and continues to meet the beneficiary's needs;
- Part number(s), description(s), manufacturer name, Healthcare Common Procedure Coding System (HCPCS) codes; and
- Warranty information and catalog number(s) for the part number(s) to be used for the repair.

Repairs must extend the useful lifetime of the SGD by at least one year from the date of the repair request.

Replacements All replacements (identical, different, upgrades, downgrades) of an SGD require PA.

Replacements may be covered when there has been a significant medical/functional change in the beneficiary's ability to use the SGD, the device is no longer repairable, or the cost of repairs exceeds the cost of replacement. Limits for replacement are based on medical/functional need and the operating condition of the beneficiary's current device.

Manufacturer suggested replacement schedules are not considered a reason for replacement.

When a current SGD needs replacement and the replacement is **identical** to the SGD previously purchased by MDHHS, the documentation required to be submitted with the prior authorization request is:

- Clinical confirmation by the speech-language pathologist the device continues to be suitable for the beneficiary's needs;
- The SLP, OT or PT confirmation of the beneficiary's functional ability to use the SGD; and
- Cost to repair and cost to replace.

If an identical SGD is no longer available, a new unit that is equivalent to the original in function, utility and user adaptability will be furnished.

When a current SGD needs replacement with an SGD that is **different** than the SGD previously purchased by the program, the documentation to be submitted with the prior authorization is:

- A new speech and language evaluation; and
- A statement (to be included with the evaluation) indicating why and how the current SGD no longer meets the beneficiary's functional communication needs.

All other standards of coverage requirements must be met for coverage consideration.

Replacement requests due to loss, damage or theft must include the policy or fire marshal report, as applicable, and a plan to prevent recurrence. MDHHS does not cover replacement of SGDs due to misuse or abuse.

Payment Rules Purchase - MDHHS will purchase new equipment only. The serial number of the device purchased must be maintained on file by the vendor for audit purposes.

Shipping and handling fees relating to the SGD equipment are not separately reimbursed.

Reimbursement includes the charges for the SGD and all approved components.

The provider's charge for an SGD must be based on the usual and customary charge.

Reimbursement will be the lesser of the provider's charge and/or the Medicaid fee screen.

Rental – Equipment will not be rented for a period of less than 30 days and may be rented for a maximum period of 90 days. The monthly rental reimbursement rate will be 1/10 of the maximum purchase reimbursement. The amount reimbursed for rental will be deducted from the total purchase price.

MDHHS will apply the trial period rental to the purchase of the SGD. For an SGD device(s) approved for a trial period and ruled out (by the SLP, the beneficiary and/or legal guardian, DME provider, etc.) at some point during the trial period (first, second or third month), MDHHS will reimburse the SGD provider for the period of time the device was trialed. (Refer to the Medical Supplier Database and the Medicaid Code and Rate Reference tool for specific HCPCS codes and rental rates.)

*Medicaid Provider Manual
Medical Supplier Chapter
April 1, 2025, pp 1, 9, 102-109
Emphasis added*

The Department's Consultant testified that the Department does not evaluate whether an SGD is appropriate for a beneficiary but rather just whether the documentation received with the PA request meets policy requirements. The Department's Consultant testified that in the instant case, the Department received documentation with the PA request, but that documentation did not meet policy requirements. The Department's Consultant indicated that Petitioner and her provider can resubmit a PA request at any time with the more complete documentation. The Department's Consultant testified that she did not disagree that Petitioner needed an SGD, only that the documentation submitted did not meet policy requirements.

The Department's Consultant testified extensively about the basis for MDHHS's denial of prior authorization for a speech-generating device. She explained that her role was to review documentation for compliance with Medicaid policy, not to determine clinical appropriateness. The Department's Consultant stated that multiple submissions from Lincare were incomplete and did not meet policy requirements. Specifically, the provider listed the physician as the servicing provider instead of Lincare, omitted required details such as device model, description, and HCPCS code, and failed to upload these details in the electronic submission.

She emphasized that Medicaid policy requires an occupational or physical therapy evaluation to assess access and positioning, which was not provided. The Department's Consultant also noted discrepancies in dates, missing physician signatures within the required 180-day timeframe, and lack of evidence that the requested device was the least costly alternative meeting the beneficiary's needs. While acknowledging that the petitioner likely needs a device, the Department's Consultant stressed that MDHHS must have documentation substantiating medical necessity and compliance with policy standards, including multidisciplinary evaluation and justification for the cost of the requested device. She concluded by stating that the provider may resubmit at any time with all required documentation.

After the Department's Consultant testimony, the DME provider asked clarifying questions about the missing information and acknowledged the requirements outlined. Neither the guardian nor the supplier offered additional testimony beyond confirming understanding.

Based on the evidence presented, the undersigned Administrative Law Judge finds that Petitioner has failed to prove, by a preponderance of the evidence, that the Department erred in denying the requested SGD.

Under MCL 400.9, 42 CFR 440.230(d), and Michigan Medicaid policy, coverage of durable medical equipment, including SGDs, requires compliance with published standards of coverage and submission of all required documentation.

Medicaid Provider Manual Sections 1.6, 2.39, and 7 require:

- Documentation substantiating medical necessity.
- Physician's order based on SLP evaluation.
- OT/PT evaluation for access and positioning.
- Complete prior authorization form entries, including manufacturer details and part numbers.
- Evidence that the requested device is the least costly alternative meeting functional needs. (Exhibit A, pp. 56-64).

While Petitioner's clinical evidence demonstrates medical necessity and functional benefit from SGD use, the administrative record confirms that the prior authorization request was incomplete and noncompliant with Medicaid policy requirements. Respondent provided multiple opportunities for correction (March 24 and April 14, 2025), but deficiencies persisted. (Exhibit A, pp. 43-44).

Petitioner's argument regarding medical necessity does not overcome the procedural and documentation deficiencies that formed the basis of Respondent's denial. Medicaid policy places the burden on the provider to submit all required documentation with each request. (Exhibit A, pp. 56-64).

Accordingly, Respondent's action was consistent with law and policy and must be affirmed. Petitioner can submit a new prior authorization using the instructions provided at the hearing at any time.

DECISION AND ORDER

The Administrative Law Judge, based on the above findings of fact and conclusions of law, finds that the Department properly denied Petitioner's prior authorization request for a Speech Generating Device (SGD).

IT IS THEREFORE ORDERED THAT:

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



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://rs.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.

