

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
Before the Director of the Department of Insurance and Financial Services

In the matter of:

Newport Care Center
Petitioner

File No. 21-1108

v

Citizens Insurance Company of the Midwest
Respondent

Issued and entered
this 7th day of October 2021
by Sarah Wohlford
Special Deputy Director

ORDER

I. PROCEDURAL BACKGROUND

On July 8, 2021, Newport Care Center (Petitioner) filed with the Department of Insurance and Financial Services (Department) a request for an appeal pursuant to Section 3157a of the Insurance Code of 1956 (Code), 1956 PA 218, MCL 500.3157a. The request for an appeal concerns the determination of Citizens Insurance Company of the Midwest (Respondent) that the Petitioner's costs of treatment, products, services, or accommodations was inappropriate under Chapter 31 of the Code, MCL 500.3101 to MCL 500.3179.

The Petitioner's appeal is based on the denial of a bill pursuant to R 500.64(3), which allows a provider to appeal to the Department from the denial of a provider's bill. The Respondent issued the Petitioner bill denials on June 28, 2021. The Petitioner now seeks reimbursement in the amount of \$2,629.20, which is the difference in payments for the date of service at issue.

The Department accepted the request for an appeal on July 21, 2021. Pursuant to R 500.65, the Department notified the Respondent and the injured person of the Petitioner's request for an appeal on July 21, 2021 and provided the Respondent with a copy of the Petitioner's submitted documents. The Respondent filed a reply to the Petitioner's appeal on August 11, 2021. Both parties were provided a written notice of extension on September 8, 2021.

The Department assigned an independent review organization (IRO) to analyze issues requiring medical knowledge or expertise relevant to this appeal. The IRO submitted its report and recommendation to the Department on September 15, 2021.

II. FACTUAL BACKGROUND

This appeal concerns the reduced reimbursement for residential behavioral health services provided to the injured person on April 1, 2021, under procedure code T2048. The procedure code is described as behavioral health, long-term care residential per diem with room and board.

With its appeal request, the Petitioner submitted a Residential Fee Schedule for its residential behavioral program. In a letter included in its appeal request, the Petitioner stated that the daily residential rate associated with the services is \$655. The Petitioner noted that its daily residential rate “includes but not limited to: room and board, 24 hour supervision, medication management, case management services, nurse assessment and moderate to maximum [activities of daily living] assistance.” The Petitioner billed the Respondent for 30 units of procedure code T2048, which totaled \$19,453.50.

On June 28, 2021, the Respondent issued the Petitioner an *Explanation of Review* letter which stated that the charge for the services “exceeds an amount which would appear reasonable when compared to the Fair Health Relative Value HCPCS Benchmark Database.” In its reply, the Respondent stated that it reduced reimbursement for the services to a rate of \$567.36 per unit, which totaled \$17,020.80. The Respondent stated that the reduced reimbursement is based on “Fair Health rates at the 80th percentile” for the services.

III. ANALYSIS

Director’s Review

Under MCL 500.3157a(5), a provider may appeal an insurer’s determination that the provider overutilized or otherwise rendered inappropriate treatment, products, services, or accommodations, or that the cost of the treatment, products, services, or accommodations was inappropriate under Chapter 31 of the Code. This appeal involves a dispute regarding inappropriate cost.

Under Chapter 31 of the Code, a provider may charge a reasonable amount for treatment, training, products, services, or accommodations; however, an insurer is only required to reimburse “reasonable charges” for services. See MCL 500.3157(1)¹, MCL 500.3107(1)(a). Under the Code, “the ‘customary charge’ limitation in § 3157 and the ‘reasonableness’ language in § 3107 constitute separate and distinct limitations on the amount health-care providers may charge and what insurers must pay with respect to victims of automobile accidents who are covered by no-fault insurance.” *Advocacy Org for Patients & Providers v Auto Club Ins Ass’n*, 257 Mich App 365 at 376, 670 NW2d 569 (2003), affd 472 Mich 91 , 693 NW2d 368 (2005).

¹ Section 3157 was amended by PA 21 of 2019; however, the relevant language in what is now Section 3157(1) was substantively unchanged and is therefore applicable to the dates of service in this appeal.

The Director assigned an IRO to review the case file. In its report, the IRO reviewer concluded that, based on the submitted documentation, the Respondent's reimbursement amount for procedure code T2048 was not in accordance with the 80th percentile of FAIR Health Relative Value HCPCS Benchmark Database for the date of service at issue.

The IRO reviewer is an American Academy of Professional Coders (AAPC) certified coder with twelve years of experience as a professional coder and auditor. The IRO reviewer relied on Fair Health Charge Benchmark Database in effect for the date of service at issue for its recommendation.

The IRO reviewer explained its process for determining the reasonableness of the Petitioner's charges and the Respondent's reimbursement as the following:

Reasonable and customary charges are determined by the time and place the services were provided, surveys of other physical medicine providers in or within the close proximity of same zip code, and Fair Health Charge Benchmark Database. Inquiries were also made to multiple physical medicine providers in and around zip code 48075 to determine reasonable and customary charges. The reasonable and customary fee for service is based on the 80th percentile of charges reported by physical medicine providers in or within the close proximity of zip code 48075.

Based on its review of the services at issue, the IRO reviewer opined that an additional reimbursement amount of \$979.20 is recommended. In its report, the IRO reviewer stated:

The reasonable and customary charges for the services reported and billed by [the Petitioner] for the HCPCS code T2048 performed on April 1, 2021, is \$600.00 per unit with total charges of \$18,000.00 for 30 units.

Date(s) of Service	Code Billed	Units	Provider Amount Billed	Amount Paid	Reasonable and Customary Fee for Service
04/01/2021	T2048	30	\$19,650.00	\$17,020.80	\$18,000.00

Based on the above, the IRO reviewer recommended that the Director reverse the Respondent's determination that the reimbursement amount issued to the Petitioner for procedure code T2048 was appropriate under Chapter 31 of the Code for the date of service at issue.

IV. ORDER

The Director reverses the Respondent's determination dated June 28, 2021.

The Petitioner is entitled to additional payment in the amount of \$979.20 and to interest on any overdue payments as set forth in Section 3142 of the Code, MCL 500.3142. R 500.65(6). The Respondent

shall, within 21 days of this order, submit proof that it has complied with this order. This order is subject to judicial review as provided in section 244(1) of the Code, MCL 500.244(1).

This order relates only to the treatment, products, services, or accommodations and dates of service discussed herein, and may not be relied upon by either party to determine the injured person's eligibility for future treatment or as a basis for action on other treatments or dates of service not addressed in this order.

This is a final decision of an administrative agency. A person aggrieved by this order may seek judicial review in a manner provided under Chapter 6 of the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.301 to 24.306. MCL 500.244(1); R 500.65(7). A copy of a petition for judicial review should be sent to the Department of Insurance and Financial Services, Office of Research, Rules, and Appeals, Post Office Box 30220, Lansing, MI 48909-7720.

Anita G. Fox
Director
For the Director:

 Recoverable Signature

X *Sarah Wohlford*

Sarah Wohlford
Special Deputy Director
Signed by: Sarah Wohlford