

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

In the matter of:

**Onward Therapy Services**  
**Petitioner**

**File No. 21-1205**

v

**Auto Club Group Insurance Company**  
**Respondent**

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**Issued and entered**  
**this 20<sup>th</sup> day of September 2021**  
**by Sarah Wohlford**  
**Special Deputy Director**

**ORDER**

**I. PROCEDURAL BACKGROUND**

On August 3, 2021, Onward Therapy Services (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 Auto Club Group Insurance Company (Respondent) that the Petitioner overutilized or otherwise rendered or ordered inappropriate treatment 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 determinations to the Petitioner on July 14 and 22, 2021. The Petitioner now seeks reimbursement in the full amount it billed for the dates of service at issue.

The Department accepted the request for an appeal on August 5, 2021. Pursuant to R 500.65, the Department notified the Respondent and the injured person of the Petitioner's request for an appeal on August 5, 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 25, 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 7, 2021.

## II. FACTUAL BACKGROUND

This appeal concerns the denial of payment for physical therapy treatments rendered on June 23, 24, and 28, 2021. The Current Procedural Terminology (CPT) codes at issue are 97110, 97140 and 97164, which are described as therapeutic exercise, manual therapy, and physical therapy re-evaluation, respectively.

With its appeal request, the Petitioner submitted a statement explaining that the injured person's diagnoses included a traumatic brain injury, partial spinal cord injury, bilateral shoulder pain, and left knee pain in relation to a 1997 motor vehicle accident. The Petitioner stated that the injured person received skilled therapy treatments on the dates of service at issue and has shown significant improvement in active range of motion of the left knee and in strengthening of the shoulders and lower extremities. The Petitioner cited the American Physical Therapy Association practice guidelines in support of its appeal.

The Petitioner's request for an appeal stated:

Rehabilitative therapy is required for [the injured person's] diagnosis and state of recovery to continue to facilitate potential improvement and response to therapy; maximum improvement is yet to be attained; and there is an expectation that anticipated improvement is still attainable. The skilled therapy provided cannot be safely and effectively carried out by the beneficiary personally, or with the assistance of non-therapists, including unskilled caregivers due to lack of advanced collegiate education/skill sets. ... [The Petitioner] provided reasonable and necessary skilled physical therapy services to [the injured person].

In its reply, the Respondent reaffirmed its denial issued July 14, 2021 in an "Explanation of Benefits" (EOB). The Respondent relied on Official Disability Guidelines (ODG) in support of its denial and noted that 9 therapy sessions are allowed for knee pain, while 10 sessions are allowed for shoulder pain. The Respondent stated that "the number of sessions completed by the [injured person] exceeds the guideline recommendations" and that the injured person completed 21 therapy visits as of June 28, 2021 for pain in the left knee and both shoulders.

The Respondent did not submit a reply to the appeal regarding its July 22, 2021 EOB and the corresponding June 28, 2021 date of service.

## 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 treatment.

The Director assigned an IRO to review the case file. In its report, the IRO reviewer concluded that, based on the submitted documentation, medical necessity was not supported on the dates of service at issue based on medically accepted standards.

The IRO reviewer is board-certified in physical medicine, rehabilitation, and pain medicine. In its report, the IRO reviewer referenced R 500.61(i), which defines “medically accepted standards” as the most appropriate practice guidelines for the treatment provided. These may include generally accepted practice guidelines, evidence-based practice guidelines, or any other practice guidelines developed by the federal government or national or professional medical societies, board, and associations. The IRO reviewer relied on the Official Disability Guidelines (ODG).

The IRO reviewer opined:

Physical therapy is a service that has proven to be beneficial and to improve health outcomes but the continuation of such a service must be supported by documented functional gains...Using the above definition, therapy services were not medically necessary or appropriate.

The IRO reviewer noted that, based on the supporting documentation, the injured person had met 50 percent of her long-term goals for being able to stand at a sink for 5 minutes with the use of upper extremities for stabilization, and that she had met 75 percent of her goals for increasing active range of motion (AROM) of the left knee and increasing strength in both shoulders and the left lower extremity. However, the IRO noted that the Petitioner did not provide any information about the degree of progress made from previous therapy visits. Specifically, the IRO stated:

Therefore, without clear documentation that continued progress had actually been made during these additional therapy visits, the visits themselves cannot be proved to be effective and improving health outcome – therefore these visits are not medically necessary.


Based on the above, the IRO reviewer recommended that the Director uphold the Respondent’s determination that the treatments provided to the injured person on June 23, 24, and 28, 2021 were not medically necessary in accordance with medically accepted standards, as defined by R 500.61(i).

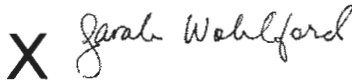
#### **IV. ORDER**

The Director upholds the Respondent’s determinations dated July 14 and 22, 2021.

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

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Sarah Wohlford  
Special Deputy Director  
Signed by: Sarah Wohlford