STATE OF MICHIGAN

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Specialized Homecare Advent
Petitioner **File No. 21-1288**

v

Auto Club Group Insurance Company
Respondent

Issued and entered
this 7th day of January 2022
by Sarah Wohlford
Special Deputy Director

ORDER

I. PROCEDURAL BACKGROUND

On August 16, 2021, Specialized Homecare Advent (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 cost of treatment, products, services, or accommodations that the Petitioner rendered 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 a bill denial on August 3, 2021. The Petitioner seeks reimbursement in the full amount it billed for date of service at issue.

The Department accepted the request for an appeal on September 7, 2021 Pursuant to R 500.65, the Department notified the Respondent and the injured person of the Petitioner's request for an appeal on September 7, 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 September 24, 2021 and December 1, 2021. The Department issued a Notice of Extension to both parties on October 26, 2021.

II. FACTUAL BACKGROUND

This appeal concerns the appropriate reimbursement amount for Durable Medical Equipment/Supplies (DME) rendered on July 18, 2021 under Healthcare Common Procedure Coding System (HCPCS) Level II code E0600[1], which is described as a "respiratory suction pump, home model, portable or stationary, electric."

With its appeal request, the Petitioner submitted documentation that included an *Explanation of Benefits* letter, a 2019 Charge Description Master (CDM), and its reason for appeal. The Petitioner stated in its reason for appeal:

> [The denial reason] is not [an] accurate denial as patient has lifetime trach with lifetime auto. E0600 suction is required for trach patient. E0600 should continue to be billable and payable monthly. Item is not subject to capped rental, as patient continues to benefit and require daily suctioning.

In its denial, the Respondent denied payment for the HCPCS code at issue and noted that the "monthly rental basis for capped rental items is not to exceed a period of continuous use of 15 months." However, in its December 1, 2021 written reply to this appeal, the Respondent stated that "Code E0600 remains priced at $0 due to it being subject to the fee schedule." In an updated *Explanation of Benefits* letter, the Respondent noted that it denied the HCPCS code at issue based on the "recommended allowance" that had been "calculated according to the Medicare durable medical equipment, prosthetic, orthotic and supply using the non-rural fee schedule."

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 cost.

For dates of service after July 1, 2021, MCL 500.3157 governs the appropriate cost of treatment and training. Under that section, a provider may charge a reasonable amount, which must not exceed the amount the provider customarily charges for like treatment or training in cases that do not involve insurance. Further, a provider is not eligible for payment or reimbursement for more than specified amounts. For treatment or training that has an amount payable to the person under Medicare, the specified amount is based on the amount payable to the person under Medicare. If Medicare does not provide an

[1] Initially, the Petitioner's appeal request included additional procedure codes and dates of service. However, with its written reply to the Department, the Respondent provided additional reimbursement to the Petitioner. The Respondent noted that "[the Petitioner's] Charge Description Master (CDM) had not been provided" when its initial determination was made.

amount payable for a treatment or rehabilitative occupational training under MCL 500.3157(2) through (6), the provider is not eligible for payment or reimbursement of more than a specified percentage of the provider's charge description master in effect on January 1, 2019 or, if the provider did not have a charge description master on that date, an applicable percentage of the average amount the provider charged for the treatment on January 1, 2019. Reimbursement amounts under MCL 500.3157(2), (3), (5), or (6) may not exceed the average amount charged by the provider for the treatment or training on January 1, 2019. See MCL 500.3157(8); MAC R 500.203.

HCPCS code Level II E0600 is payable under Medicare. Accordingly, to calculate the appropriate reimbursement amount, the Department relied on the Durable Medical Equipment, Prosthetics/Orthotics, and Supplies (DMEPOS) Fee Schedule, the Centers for Medicare and Medicaid Services (CMS) DME rural map classification, information contained in a database maintained by the American Academy of Professional Coders (AAPC), and the Petitioner's submitted CDM as of January 1, 2019 for E0600. Pursuant to MCL 500.3157(2)(a), the amount payable under Medicare for the HCPCS codes and date of service at issue are as follows:

HCPCS code	Medicare amount payable	200% of Medicare amount payable	4.11% CPI adjustment	Amount payable for the date of service at issue
E0600	$45.31	$90.62	$3.72	$94.34

The Department concludes that the Petitioner is due additional reimbursement for the date of service at issue.

IV. ORDER

The Director reverses the Respondent's determinations dated August 3 and December 1, 2021, that the cost of the treatment on the dates of service at issue in this appeal was inappropriate under Chapter 31 of the Code, MCL 500.3101 to MCL 500.3179.

The Petitioner is entitled to reimbursement in the amount payable under MCL 500.3157 for the treatment on the dates of service discussed herein, 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 applies only to the treatment 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 treatment 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:

X Sarah Wohlford

Sarah Wohlford
Special Deputy Director
Signed by: Sarah Wohlford