

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

In the matter of:

**Electrostim Medical Services**  
**Petitioner**

**File No. 21-1439**

**v**

**Citizens Insurance Company of the Midwest**  
**Respondent**

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**Issued and entered**  
**this 11<sup>th</sup> day of January 2022**  
**by Sarah Wohlford**  
**Special Deputy Director**

**ORDER**

**I. PROCEDURAL BACKGROUND**

On September 15, 2021, Electrostim Medical Services I (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 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 bill denials on August 6 and 27, 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 September 28, 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 28, 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 October 19, 2021. The Department issued a written notice of extension to both parties on November 19, 2021.

## II. FACTUAL BACKGROUND

This appeal concerns the appropriate reimbursement amount for durable medical equipment (DME) and related supplies rendered on July 8, 2021 and August 8, 2021 under Healthcare Common Procedure Coding System (HCPCS) Level II Codes E1399, A4557, A4630, A4556, A4362, and A4245. These codes are described as: DME miscellaneous; lead wires (pair), batteries; electrodes (pair); solid skin barrier; and alcohol wipes, respectively. The Petitioner used HCPCS procedure code E1399 to describe a combo stimulator device and an AC power adapter for the device..

With its appeal request, the Petitioner submitted its 2019 Charge Description Master (CDM), a copy of the *Explanation of Review* letters issued by the Respondent, a physician's letter of medical necessity, the injured person's medical records in support of medical necessity, and informational documents regarding the DME at issue.

In its initial *Explanation of Review* letters, the Respondent denied the DME and related supplies billed by the Petitioner pending receipt of additional documentation. In its reply, the Respondent included an updated *Explanation of Review* for the dates of service at issue, dated October 4, 2021, and explained:

After re-consideration was made an additional payment in the amount of \$ [REDACTED] for date of service 7/8/21 was made. This reduction was based on PPOM agreement. As to date of service 8/8/21 in the amount of \$ [REDACTED] a request for the [Petitioner's] charge [description] master was made.

On November 29, 2021, the Department requested that the Petitioner submit its CDM. See MCL 500.3157(7). The Petitioner responded and submitted its CDM to the Department on November 30, 2021.

## 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 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.

The Department determined that HCPCS Level II codes A4557, 4362, A4360, and A4556 have an amount payable under Medicare. Accordingly, to calculate the appropriate reimbursement amount the Department relied on a database maintained by the American Academy of Professional Coders (AAPC) and the Petitioner's 2019 CDM for A4557, 4362, A4360, and A4556. Pursuant to MCL 500.3157(2)(a), the amounts payable for those codes on the dates 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 dates of service at issue <sup>1</sup>
A4557	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
A4362	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
A4360	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
A4556	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

Additionally, the Department determined that HCPCS codes Level II E1399 and A4245 are not payable under Medicare. Pursuant to MCL 500.3157(7), to calculate the appropriate reimbursement amount for the codes that are not payable under Medicare, the Department relied on information contained in the Petitioner's CDM for January 1, 2019. The amounts payable for the HCPCS Level II codes E1399 and A4245 on the dates of service at issue are as follows:

HCPCS code	Petitioner's 2019 CDM	55% of Petitioner's 2019 CDM	4.11% CPI adjustment	Amount payable for the dates of service at issue
E1399	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
E1399	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
A4245	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

<sup>1</sup> For procedure codes A4557, A4630, and A4556, the amounts payable under Medicare, plus the applicable CPI adjustment, are \$ [REDACTED], \$ [REDACTED], and \$ [REDACTED]. However, under MCL 500.3157(8), the reimbursement amount cannot exceed the average amount charged by the Petitioner on January 1, 2019. Therefore, the reimbursement amounts in this case are \$ [REDACTED], \$ [REDACTED], and \$ [REDACTED], respectively.

The Department concludes that the Petitioner is due additional reimbursement for HCPCS level II codes A4557, A4362, A4360, A4556, and E1399 for the dates of service at issue. Further, the Department concludes that the Petitioner is due additional reimbursement for HCPCS level II code A4245 for the August 8, 2021 date of service only.

#### IV. ORDER


The Director reverses, in part, the Respondent's determinations dated August 6, 2021 and August 27, 2021.

The Petitioner is entitled to additional reimbursement in the amount payable under MCL 500.3157 for HCPCS level II codes A4557, A4362, A4360, A4556, and E1399 for dates of service July 8 and August 8, 2021, and HCPCS level II code A4245 for date of service August 8, 2021, 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:

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Sarah Wohlford  
Special Deputy Director  
Signed by: Sarah Wohlford