

**BEFORE THE ALASKA OFFICE OF ADMINISTRATIVE HEARINGS
ON REFERRAL BY THE COMMISSIONER OF HEALTH AND SOCIAL SERVICES**

In the Matter of:)	
)	
K C)	OAH No. 13-0177-MDS
)	HCS Case No.
_____)	Medicaid ID No.

DECISION

I. Introduction

The issue in this case is whether the Division of Health Care Services (Division) was correct to deny payment to a hospital, under the Chronic and Acute Medical Assistance (CAMA) program, for certain blood work performed by the hospital on an outpatient basis for K C. The Division denied payment for the blood work based on the assertion that CAMA covers blood work if it is performed in a doctor’s office, but does not cover such blood work if it is performed in a hospital on an outpatient basis. This decision concludes that blood work performed on an outpatient basis is covered under CAMA pursuant to A.S. § 47.08.150(c)(2), A.S. § 47.08.150(c)(4), and 7 AAC 48.550(d)(3). Accordingly, the Division’s decision denying coverage for the blood work at issue is reversed.

II. Facts

The relevant facts in this case are not in dispute. Mr. C is 23 years old and suffers from diabetes mellitus and hyperlipidemia.¹ He was approved for CAMA coverage² effective October 1, 2012.³

On November 19, 2012 Mr. C underwent certain blood tests (*i.e.* a blood draw and subsequent lab tests) at No Name Regional Medical Center (No Name).⁴ Mr. C had not been admitted to No Name at the time the blood work was performed; in other words, the blood work was performed on an outpatient basis.⁵

¹ Exs. D2, D3, E2.

² The Chronic and Acute Medical Assistance (CAMA) program is designed to pay health care providers who provide covered medical services to eligible chronically ill, needy persons who suffer from certain specific chronic or acute medical conditions and who are not eligible for Medicaid under AS 47.07. *See* 7 AAC 48.500.

³ Ex. E4.

⁴ Ex. D1, Sherri LaRue hearing testimony.

⁵ K C and Sherri LaRue hearing testimony.

Because Mr. C is a CAMA program participant, No Name billed the blood work (*i.e.* submitted a claim) to the Division's contractor, Xerox State Healthcare, LLC (Xerox).⁶ Xerox subsequently denied the claim.⁷

On February 8, 2013 Mr. C requested a hearing to contest the Division's decision.⁸ Mr. C's hearing was held on April 10, 2013. Mr. C was represented by his father, K C, who participated by phone and testified on his son's behalf. Medical Assistance Administrator Gerry Johnson participated by phone and represented the Division. Medical Assistance Administrator Sherri LaRue participated by phone and testified for the Division. The record closed at the end of the hearing.

III. Discussion

The Division appears to have initially denied payment for the blood work at issue based on its assertion that Mr. C did not obtain prior authorization for those blood tests.⁹ However, at hearing the Division relied solely on the argument that CAMA covers blood tests like those at issue only if performed in a doctor's office or clinic.¹⁰ Accordingly, only the latter basis for denial need be addressed in this decision.

The Division's interpretation of the relevant CAMA statute and regulations is that lab services such as blood work are only covered by CAMA if they are directly related to the recipient's CAMA-qualifying diagnosis, *and are performed in a doctor's office or clinic.*¹¹ The Division does not dispute that the blood work performed was directly related to Mr. C's diabetes (*i.e.* one of his CAMA-qualifying medical conditions). Accordingly, the only real issue is the purely legal issue of whether, under CAMA, blood work can be covered only if performed in a doctor's office or clinic.¹²

The statute which sets forth the scope of CAMA's coverage is A.S. § 47.08.150. Pursuant to this statute, the Division is to pay (among other things) for "physician services" which are "provided in either an outpatient or an inpatient setting to a recipient with a [CAMA-qualifying]

⁶ Ex. D. Xerox reviews prior authorization requests and payment requests under a contract with the Department of Health and Social Services (DHSS).

⁷ Neither Xerox nor the Division sent a written denial notice to Mr. C. However, there is no dispute that payment for the blood work was denied by Xerox and/or the Division.

⁸ Ex. C.

⁹ Exs. E1, E3.

¹⁰ Gerry Johnson hearing statement; Ex. E6, Ms. LaRue testimony.

¹¹ A.S. § 47.08.150(c)(2)(D).

¹² A.S. § 47.08.150(c)(2)(D).

diagnosis...."¹³ Under this statute, the Division is also to pay for "laboratory services" for CAMA recipients as long as those services relate to a CAMA-qualifying diagnosis.¹⁴

Ms. LaRue testified at hearing that, under CAMA, blood work is classified under the category of "physician services."¹⁵ Ms. LaRue also testified that, when performed by a hospital (such as No Name), such blood tests are considered a hospital outpatient service.¹⁶ Because Mr. C's blood work is a physician service performed on an outpatient basis, the blood work is a covered service under A.S. § 47.08.150(c)(2)(D).

Similarly, under CAMA regulation 7 AAC 48.550(d)(3), the department is to pay for "physician services furnished in a clinic, physician's office, *or an outpatient setting* if those services are directly related to the medical condition that makes the recipient eligible...." [emphasis added].¹⁷ The Division does not dispute that the blood work performed was directly related to Mr. C's diabetes (i.e. one of his CAMA-qualifying medical conditions). Because Mr. C's blood work is a physician service related to his diabetes, and was performed in an outpatient setting, the blood work is also a covered service under 7 AAC 48.550(d)(3).

IV. Conclusion

The outpatient blood work for which Mr. C sought payment is a covered service under CAMA statute A.S. § 47.08.150(c)(2)(D) and CAMA regulation 7 AAC 48.550(d)(3). Accordingly, the Division erred in denying payment for those services, and the Division's decision is therefore reversed.

Dated this 2nd day of May, 2013.

Signed

Jay Durych
Administrative Law Judge

¹³ A.S. § 47.08.150(c)(2)(D).

¹⁴ A.S. § 47.08.150(c)(4).

¹⁵ Sherri LaRue hearing testimony at 27:20 - 27:30.

¹⁶ Sherri LaRue hearing testimony at 11:45 - 11:55; *see also* McGraw-Hill Concise Dictionary of Modern Medicine (2002) (outpatient services are "hospital-based services . . . and other services provided to a non-admitted Patient by a hospital or other qualified facility . . .") (source accessed online on May 1, 2013 at <http://medical-dictionary.thefreedictionary.com/outpatient+services>).

¹⁷ It should be noted that CAMA regulation 7 AAC 48.550 is inconsistent with CAMA statute A.S. § 47.08.150, in that the regulation limits coverage to outpatient services, whereas the statute extends coverage to inpatient services. However, because the blood work at issue in this case was performed on an outpatient basis, it is not necessary to resolve this inconsistency in the decision.

Adoption

The undersigned, by delegation from of the Commissioner of Health and Social Services, adopts this Decision, under the authority of AS 44.64.060(e)(1), as the final administrative determination in this matter.

Judicial review of this decision may be obtained by filing an appeal in the Alaska Superior Court in accordance with Alaska R. App. P. 602(a)(2) within 30 days after the date of this decision.

DATED this 20th day of May, 2013.

By: Signed _____
Name: Jay D. Durych
Title: Administrative Law Judge, DOA/OAH

[This document has been modified to conform to the technical standards for publication.]