THE SOCIAL WELFARE ACT (EXCERPT)
Act 280 of 1939

400.111j Prior authorization for medical services or equipment; request by provider; approval or rejection; request for additional information; time period limitations; exception; certain claims not subject to prior authorization; rules; reimbursement system; automated payment system; vendor payments; waiver of requirement for prior authorization; automated records; limitation of authorization; definitions.

Sec. 111j. (1) If the director requires prior authorization for any medical services or equipment, a request by a provider for prior authorization shall be approved or rejected within 15 working days after the request is received by the director. If additional information is needed in support of the prior authorization request, the director shall request additional information either verbally or in writing not later than 15 working days after receiving the prior authorization request. Upon receiving the additional information from the provider, the director shall approve or deny the completed prior authorization request not later than 10 working days after receiving the additional information. The time period limitations specified in this subsection shall not apply to prior authorization requests for transplantation and other extraordinary services.

(2) Claims for routine, ordinary medical services or equipment shall not be subject to prior authorization, and claims for medical supplies shall not be subject to prior authorization.

(3) The director, by rule, shall do both of the following:

(a) Prescribe, by category, what information is required from a provider to support a request for prior authorization.

(b) Prescribe which medical services or equipment are subject to prior authorization and list, by category, those medical services or equipment.

(4) The director shall establish a reimbursement system for medical services or equipment receiving prior authorization based upon reasonable cost up to a maximum reimbursement screen of acquiring the medical service or equipment, and shall develop an automated payment system, including at least fee screens and necessary edits. The state department shall make vendor payments through the automated payment system.

(5) The director shall waive the requirement for prior authorization if both of the following conditions exist:

(a) Processing a request for prior authorization will cause an inpatient hospital stay to be prolonged.

(b) The cost of the medical services or equipment is less than the estimated cost of the additional inpatient hospital stay.

(6) The director, not later than 180 days after the effective date of this section, shall maintain and implement automated records of all approved prior authorization requests according to each medical services recipient involved.

(7) This section does not authorize the provision of any medical services, supplies, or equipment that are not otherwise designated to be covered services, supplies, or equipment under this act.

(8) As used in this section, "prior authorization" means a requirement imposed by the director, by which any claim for a particular covered medical service or equipment is payable only if the director's approval for the provision of that service or equipment is given before the service or equipment is furnished.

(9) As used in this section, "by category" means using a categorization system containing at least each of the following categories:

(a) Communication aids.

(b) Hearing aids.

(c) Incontinence supplies.

(d) Orthotic devices.

(e) Ostomy supplies.

(f) Prosthetic devices.

(g) Respiratory equipment.

(h) Seating systems.

(i) Visual aids.

(j) Wheelchairs and mobility aids.

History: Add. 1988, Act 445, Eff. Mar. 30, 1989.

Popular name: Act 280