

Pathways, Inc.

SB 638

Maryland Insurance Commissioner – Specialty Mental Health Services and Payment of Claims –
Enforcement

Senate Finance Committee

February 24, 2021

POSITION: FAVORABLE

I am Gerard McGloin, and I am the Executive Director at Pathways, Inc. We provide mental health and substance use services in Calvert, Charles, Prince Georges, and St. Mary's counties. I am submitting this written testimony on SB 638 to urge your support for this bill. Our organization serves approximately 2,000 persons every year, and we employ 125 individuals. A majority of the patients we serve are publicly funded Medicaid patients.

SB 638 authorizes the Maryland Insurance Commissioner to enforce minimum performance standards for the Administrative Service Organization (ASO) that is responsible for managing care and paying claims for Maryland's public behavioral health system. The bill is an emergency because immediate action is needed to prevent continued harm that reduces our capacity to treat Maryland residents at a time when the pandemic is driving need higher than ever.

We have been working under the current ASO vendor for over a year. Fixes have not been delivered in the timeframes promised, and critical functions remain absent. The system is not stable and not functioning at the level needed. Optum's current dysfunction is reducing our revenue and increasing our costs. We have already been forced to redirect resources away from treatment in response to persistent problems with Optum. Without immediate enforcement, our agency faces continued inefficiencies in the use of already tight resources primarily due to significant wasted time spent by personnel in our multiple programs needlessly attempting to respond to and counter Optum's incompetent efforts to provide service authorizations and pay valid claims. I have first-hand experience with all 4 of the ASOs that have preceded Optum – this has, by far, been an unprecedented terrible experience.

Our experience with Optum to date is illustrated by the examples below:

- **Basic business revenue tools don't exist:** The ability to run reports, research claims, and reconcile payments—all basic revenue cycle management functions-- are not available in Optum's system. Billing operations which used to be done electronically now require an enormous manual lift for our agency. This burden of manual reconciliation has resulted in 227 hours of overtime for billing staff to keep up.
- **Erroneous claims denials:** The limitations and errors in Optum's system mean claims are denied in error constantly. For instance, Optum's system cannot accurately process multiple insurances or changes in client eligibility. All of these claims have denied since August. Additionally, the Supported Employment billing configuration is STILL not set up properly in Optum's system. Most of these claims do not pay.
- **Customer Service:** Erroneous denials often do not have accurate or actionable denial reasons, requiring our staff to call to Optum customer service for each of these. Optum staff

are poorly trained and consistently remit incorrect information, so each phone call lasts about 45-60 minutes and fixes only a handful of claims, if any. Optum's phone lines are also notorious for disconnecting calls, and not reliably giving issue #s to complaints so they can be tracked or escalated. Claims are not reviewed in a timely manner after 14 business days from the initial call. Also, our staff is not receiving 835s Claims Payment Advice on denied claims in Optum's Incedo system. In spite of continuous attempts by our billing staff to educate Optum regarding the erroneous denial responses we receive, we still experience frequent inconsistency in responses from Optum staff during attempts to resolve a problem. In addition to Optum's apparent inadequate staff training, their internal communications are terribly inadequate.

- **Reconciliation:** The absence of basic revenue cycle management tools has rendered the reconciliation of 7 months of estimated payments (from the period when Optum's claims system was entirely non-functional) nearly impossible. Our staff are manually reconciling claims from reports remitted by Optum which do not match the receipts we have received which still yet display different information that their claims processing system. This has impacted our current financial audit, and we've been forced to spend an excessive amount of time manually tracking cashflow due to an inability to run an accurate balance sheet since Optum had to issue estimated payments over a number of months to compensate for their inability to adequately process claims.

As a provider on the front lines of behavioral health care in Maryland, we urge you to act now to preserve Maryland's treatment capacity and vote a favorable report on SB 638.