

## **SB 638**

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

#### **Senate Finance Committee**

**February 24, 2021**

#### **POSITION: FAVORABLE**

I am Sondra Tranen, Executive Vice President at Partnership Development Group, Inc. (PDG). We provide behavioral health services in Anne Arundel, Baltimore City, Howard, Montgomery, Prince George's, and Baltimore Counties. I am submitting this written testimony on SB 638 to urge your support for this bill. Our organization serves approximately 1,200 people every year, and we employ 55 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 the Maryland 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 demand 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 because of Optum. Without immediate enforcement, our agency faces the continuation of unspeakable burdens on existing staff, deteriorating employee morale stemming from systemic Optum issues beyond their control, and the inevitable need to hire additional staff in order to mitigate the mental and emotional toll on our current employees. **Additional staff hours has cost PDG over \$77,000 so far, and I estimate our company stands to lose approximately \$305,000 in earned program income due to the ineptitude of Optum as the Maryland ASO.** This number represents approximately 10% of total Optum claims submitted, and will ultimately affect the company's ability to meet cash flow requirements.

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. We estimate that 24% of our billing and management staff time is spent troubleshooting Optum's deficit system.
- **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 been denied since August. This represents \$153,000 in lost revenue just for the period of August through December 2020.
- **Reprocessed claims:** The substantial volume of erroneous claims denials, as well as a steady stream of claims paid at the wrong rate, mean that our agency has hundreds of claims reprocessed 1, 2, 3 and sometimes 10 times. What this means is that instead of managing the billing for an agency that submits 1,320 services in a month, our billing staff are managing a revenue cycle equivalent to an agency 5 times our size.
- **Estimated payment 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 than that in their claims processing system. In addition, Optum has launched three different reconciliation process attempts, none of which have provided the tools and data needed by providers to complete reconciliation. This has caused our agency, alongside hundreds of others, to pivot to the latest and greatest, at Optum's whim. Suffice to say, our staff are carrying the burden of a painstaking, mostly manual reconciliation process, whose outcome may not serve our company in the face of Optum's inaccurate data. In other words, we have significant trepidation regarding Optum holding the key to final reconciliation outcomes given their year+ long track record of instability and inaccuracy. A fair and accurate outcome to reconciliation seems unlikely, and we are trying to prepare for this probability. Further, we have spoken to an auditor and CPA about the incomplete details associated with the receipt of Optum's 2020 estimated payments and the potential tax repercussions. There is no question—this too, will present problems as we move into tax and audit season.

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 for a favorable report on SB 638.