



Maryland  
Hospital Association

November 20, 2020

Dennis Schrader  
Chief Operating Officer  
Deputy Secretary, Health Care Financing  
Maryland Department of Health  
201 West Preston Street  
Baltimore, MD 21201

Dr. Aliya Jones  
Deputy Secretary, Behavioral Health  
Maryland Department of Health  
201 West Preston Street  
Baltimore, MD 21201

**Re: Optum Administrative Service Organization (ASO) Impact on Hospitals**

Dear Mr. Schrader and Dr. Jones:

On behalf of the Maryland Hospital Association's (MHA) 61 member hospitals and health systems, we write to you regarding concerns with the public behavioral health system (PBHS) vendor, Optum Maryland. Maryland hospitals are on the front lines of the state's behavioral health challenges. Hospitals and their partners improved access to the most appropriate level of care for Marylanders overall, but for the one in five with a mental health or substance use disorder, the emergency department often remains the only door to access treatment. These challenges with Optum place immense resource constraints on the hospitals delivering those vital services. **We appreciate the opportunity to present our member hospitals' experience, which has been uniquely compounded by the ongoing fight against the COVID-19 pandemic.**

Through the Maryland Department of Health (MDH), MHA engaged Optum Maryland last fall after the vendor award was announced. We held a "meet and greet" between our hospital members and Optum representatives in our offices in November and maintained communications with the MDH transition team through the ramp-up period. When it became apparent in January that the transition from Beacon to Optum would require additional work, MHA was at the table to discuss alternatives and identify areas of targeted attention. Throughout this year—even during the spring peak of COVID-19 and during this latest surge—MHA engaged weekly with Optum via Operations Improvement Committee meetings. MHA appreciates the efforts Optum and MDH took to connect with advocacy groups. However, we remain concerned that despite consistent engagement, Maryland PBHS providers still experience significant challenges with Optum's performance. MDH authorized estimated provider payments quickly after it became clear Incedo was unable to perform as needed, yet our members remain unable to post a tremendous portion of payments because they lack the corresponding provider remittance advice (PRAs and 835s). **Some Maryland hospitals report they are unable to post tens of millions of dollars due to system inoperability. These aged accounts receivable date back nearly a year.** This is unsustainable for hospitals, which already face financial struggles due to the COVID-19 pandemic.

Optum missed multiple deadlines to release the much-needed PRAs and 835s, as well as critical reports to reconcile the estimated payment amounts against submitted claims. The final tranche of backlogged claims was due to be released in August. It is now mid-November and providers have no confirmation that all documentation has been delivered. Moreover, while MHA understands the need for flexibility in response to feedback, the constant revision of processes and timelines causes confusion and anxiety among PBHS providers. MHA regularly pushed to robustly test new processes—and participated in every testing opportunity offered to hospitals by Optum—but the resulting tests were often rushed with limited opportunity for direct feedback to and responses from Optum subject matter experts.

As it stands now, our members are devoting valuable resources on dual fronts to resolve issues with Optum and Incedo. Their finance and revenue cycle teams are attempting to reconcile estimated provider payments against the mismatched data that has been released—often resorting to time-consuming manual corrections while their billing teams still struggle with claims authorizations and submissions. Therefore, **MHA is asking for greater oversight and accountability for Optum’s delivery of mission-critical items and to ensure that all processes for reconciliation and appeals appropriately account for the issues providers have faced during the prolonged transition period, as well as the enduring impacts of the COVID-19 pandemic.**

MHA looks forward to continuing its work within the PBHS for the benefit of our most vulnerable Marylanders. If you would like additional information about the issues experienced by Maryland hospitals, please let us know.

Sincerely,

A handwritten signature in black ink that reads "Brian Frazee". The signature is written in a cursive, flowing style.

Brian Frazee  
Vice President, Government Affairs