

**Family Service Foundation
5301 76th Avenue
Landover Hills, MD 20784**

SB 638

Maryland Insurance Commissioner – Specialty Mental Health Services and Payment of Claims –
Enforcement
Senate Finance Committee
February 24, 2021

POSITION: FAVORABLE

I am Donald Webster, and I am Chief Financial Officer at Family Service Foundation. We provide behavioral health services in Prince George’s County and Frederick County. I am submitting this written testimony on SB 638 to urge your support for this bill. Our organization serves approximately 350 clients every year, and we employ 29 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 public behavioral health system. The bill is 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 to ensure claims are paid accurately and on time. 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 significant cash flow shortages.*

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

- **Basic business revenue tools don’t exist:** The ability to run reports, reconcile payments, and research claims, are not available in Optum’s Incedo system. Incedo also displays insufficient claims data. For instance, the system identifies one level of denial, where more denial reasons could exist, which often leads to resubmissions that deny a second time. Incedo also does not include check numbers in claims data, creating significant additional work on providers to link the claim to their remittance advice.
- **Erroneous claims denials:** The limitations and errors in Optum's system cause denied claims for diverse and unresolved reasons. For instance, our agency’s claims for clients with multiple insurances deny incorrectly because their system cannot index multiple insurances. This is a known and unresolved issue. Incedo is also unable to retroactively apply client eligibility so all claims deny despite our clients having had active coverage for the dates of service for which we billed.

Additionally, claims consistently pay at the wrong rate. Optum often applies prior fee schedules rather than current rates and claims take weeks or months to reprocess at the correct rate.

- **Customer Service:** Our agency recently found out that our Landover location's billing was submitted with an incorrect NPI# back in March 2020. Optum provided us no notification of this, and all of our claims from March through August 2020 denied without us understanding why. This required the resubmission of thousands of claims in short order as we had not been being paid for the vast majority of our 2020 billing.

Optum customer service responses are slow, if they come at all. Customer service reps also often provide incorrect answers that cost agencies significant staff time and resources. Typically, an ASO will identify problems communicated to them with an issue ID, but Optum rarely offers them even when asked. Even when they do, the representative we speak to when we follow up on an inquiry can rarely locate the issue ID. Optum reps have told our staff that they are "unable to tell you how to bill," despite the fact that their errors and poor and untimely communication have left agencies confused and uncertain how to proceed. Billing for the public behavioral health system should be a partnership between providers, the ASO, and the State of Maryland. This has been far from the case under Optum's tenure.

- **Reconciliation:** Optum has delivered numerous versions of reports intended to guide providers through the reconciliation process, but all of these have incomplete information. Reconciling claims requires a laborious cross-referencing process between remittance advice, reconciliation reports, the Incedo portal and Payspan.

This ASO has created an untenable situation that puts the stability of the public behavioral health system at risk. 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.