



SB 549

Administrative Services Organizations – Requirements for Retraction, Repayment, or Mitigation  
of Claims

Senate Finance Committee

February 16, 2022

POSITION: FAVORABLE

Good Afternoon Chairwoman Kelley, Vice Chair Feldman and members of the committee. My name is Cari Guthrie Cho and I am the President and CEO of Cornerstone Montgomery. We have been meeting the behavioral health needs of Montgomery County for over 50 years, and with a staff of 350 and the capacity to serve up to 3,000 individuals each year, Cornerstone Montgomery is the largest service provider in Montgomery County. We have remained committed to serving our community's mental health and substance use needs throughout the COVID19 pandemic and disastrous Optum rollout and we need your help to ensure that we are able to continue to do so.

Let me start by saying that Cornerstone Montgomery is not opposed to paying back money that was erroneously paid. However, we can not in good conscience and with fiscal responsibility pay something that we are unable to verify and ensure is accurate. We can not, and will not pay back any amount without accurate and reliable supporting documentation that ties claims to data. We do not have the resources to dedicate staff to reviewing reports and verifying data - we need to continue to work on agency operations that keep us financially afloat as well as provide the necessary services to our clients.

Optum is intent on steamrolling forward with recoupment when they have not accurately supported the overpayments and have demonstrated an irresponsible pattern of repeated errors and misstatements - errors and misstatements that CONTINUE and run the very real risk of clouding the claims status with even more new claims that are not properly vetted, further muddying the waters.

To give a recent example. In December 2021, Optum denied 2.2% of our claims - a number much higher than we ever experienced under the previous ASO. Specifics of these denials include a 76% denial rate for Residential Crisis Psychiatrist services, all of which we believe to be erroneous denials as they are being denied for "no authorization" when there is no authorization required for this service. We have repeatedly been told that this error has been fixed, however we continue to get denials. This is disruptive to our cash flow and takes additional time to follow and correct. Extended authorizations in our vocational programs were denied at a rate of 3.5% -most due to "other payor" when the client has private insurance, but

private insurance does not, and has never covered Vocational services so this denial should never happen, and our Outpatient Mental Health Clinic experienced a 10% denial rate, about 50% of which we believe are also erroneous. This equates to HUNDREDS of claims and thousands of dollars to research and follow up on - often requiring 2-3 calls with Optum to resolve each denied claim. It is extremely difficult to resolve any of these current denials and we are still sorting through denials and Optum errors from 2019 while maintaining our current operations with the same number of billing staff.

Cornerstone Montgomery has a small billing department that has already spent countless hours managing this fiasco. To quantify the amount of staff time to address this, it would be close to \$75,000-100,000/per year for the last two years. This does not account for the cost of shifting staff time from regular operations in our billing department including managing other insurance payors, and managing our EHR which has a direct impact on all of our program staff. All of this during a global pandemic when many of our staff were stretched thin and wearing multiple hats to help navigate the complexities and uncertainties of COVID-19. It has had a tremendous negative impact on Cornerstone Montgomery and it is not unreasonable to expect some remedy for this.

This entire situation has crippled our ability to manage and project cash flow with any confidence which in turn inhibits our ability to ensure services are in place to meet the growing demand for mental health and substance use services. This results in lasting negative impacts on our state's most vulnerable citizens who rely on us for behavioral health services.

Also threatening service continuity is the fact that our FY20 audit received a qualified opinion because of this issue and we are currently looking at the same outcome for FY21. This could negatively affect our relationships with funders and impact our ability to successfully apply for grants that are critical to sustaining programs and expanding services.

Cornerstone Montgomery simply does not have the cash reserves to just pay back potentially over a million dollars on the say-so of a system that has been ineffective since its inception. I am confident that you would agree that these unpaid or erroneously denied claims should be deducted from any amount we are asked to repay, yet they are included in Optum's current recoupment plan.

SB 549 is aimed at giving providers like Cornerstone Montgomery the accuracy and transparency they need in order to check Optum's math and ensure that what we owe is accurate so that we can continue to provide services to some of the most vulnerable in our community. We urge you to give SB549 a favorable report.