



SB 549

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

Senate Finance Committee

February 16, 2022

**POSITION: FAVORABLE**

I'm the Executive Vice President of Partnership Development Group (PDG), a community based behavioral health provider in your jurisdiction for over 21 years. Our staff of 65 currently serve 420 of your constituents who have serious mental health issues.

As you are aware, Optum has been operating as the ASO for the Public Mental Health System since January 2020. From the start of their contract, we have experienced a myriad of problems in all aspects of authorizations for services, claims processing, and claims payments. While some issues have been corrected, we are still dealing with major system inadequacies. The authorization process continues to be problematic with some authorizations being denied for not having complete information when, in fact, the information is present. Some authorizations are approved for the incorrect date spans which causes claims to subsequently deny, and others are not approved within the required time period causing service delays for clients. Additionally, some claims are still processed manually by Optum, leading to a consistent volume of human errors and lengthens the time from claim submission to payment.

Finally, providers cannot run any reports on the claims data in Optum's system to verify that claims were denied or paid correctly. The result is that providers have no way of knowing if the reconciliation reports generated by Optum (showing what providers owe back to Optum for estimated payments made or what Optum owes the providers for underpayments during the period of estimated payments) are accurate. We need transparency in this process. We have been asking for this information for two years.

In the midst of this ongoing turmoil and uncertainty, Optum and MDH have sent letters demanding repayment for a specific set of claims they have identified as duplicate payments to providers. Optum has, to date, not provided any documentation showing which claims constituted these supposed duplicate payments, and the volume of claims reprocessed again and again makes it incredibly challenging for providers to identify these claims. Providers have been told that a report on the claims comprising the overpayment will be out sometime in February. Given Optum's track record of never once hitting their own deadlines and remitting reports rife with errors, it is doubtful that such a report will be available in February, and it is likely that this report will again be a dense, illegible compilation of data in formats that require

substantial manual analysis by providers. It is unconscionable that we are being presented with a bill without itemization, and still worse, without a planned appeals process for claims flagged for recoupment in error!

In short, the administrative burden of continuing to stay on top of our current authorizations, claims, and payments compounded by our circular attempts to verify Optum's reconciliation math has not abated and, with the passage of time, grows exponentially. We estimate that the disruption from Optum's dysfunction has cost not only invaluable staff time and energy amidst a workforce crisis, but easily \$100,000 in 2021, all of which could have been spent on direct care staff and outreach to consumers in need of mental health services.

I am asking you for a favorable report on SB549 in order to address the negative impact that Optum has had on our ability to provide services by supporting debt relief and legislation to require transparency and accountability in the recoupment process.

Thank you for your time and consideration.