

Senate Bill 549
Administrative Services Organizations –
Requirements for Retraction, Repayment, or Mitigation of Claims
Finance Committee
February 16, 2022

Favorable

Catholic Charities of Baltimore strongly supports Senate Bill 549, which would require the Administrative Service Organization to provide basic documentation establishing an overpayment before recouping funds or adjusting/denying claims for services provided

Inspired by the gospel mandates to love, serve and teach, Catholic Charities provides care and services to improve the lives of Marylanders in need. We offer 80 different programs at over 300 sites, with services focused on poverty alleviation, behavioral health, developmental disabilities, long term care of low income seniors, and housing. As one of the largest private providers of behavioral health care in the state, we serve children, youth and families in our six clinics, 120 public schools, a residential treatment center, and now via telehealth.

Catholic Charities is accustomed to complying with the regulations, policies, billing practices, and other intricacies of our numerous local, state and federal funders. We thought we had seen it all, but never in the almost 100-year history of our organization have we experienced a complete failure of operations comparable to the Optum launch, which began on January 1, 2020.

All of our behavioral health encounters are billed through Optum. During the first seven months of operations, Optum was not able to properly process any claims for us or for any other provider. Providers instead received estimated payments arbitrarily based on the prior year's volume. This is despite the fact that the pandemic forced us into a completely different model of service delivery. In addition to the estimated payments, Optum sent us a live check for \$1.4 million in claims billed during that same period; in essence a duplicate payment. They have been unresponsive to our request to return the \$1.4 million to the State.

Optum has not been able to give providers the tools necessary to identify claims that have been paid or not paid, claims that were denied for legitimate reasons that need to be reprocessed, how much money we might owe the state, or how much the state may owe us. These are basic functions of any billing system, and functions past ASO's were able to deliver. Unfortunately, the failure of Optum has resulted in a 26-months long diversion of significant Catholic Charities' resources and created a significant lack of clarity in our financial records, the latter causing difficulties completing our annual external audit for the past two years and now again for the current fiscal year. Furthermore, the magnitude of this situation has now become part of the regular conversation with our Board of Trustees, and our leadership is greatly concerned. Routine accounting processes should never have to rise to such a level of oversight within any organization.

Catholic Charities is prepared to return any overpayments. However, our calculated overpayment amount is different from Optum's calculation. Optum cannot back up their calculation with documentation, so we are left in a stalemate.

It has been over two years since Optum took over as the ASO. Optum should be accountable for providing the appropriate documentation for overpaid claims. SB 549 would require Optum to provide that documentation before recouping and purported overpayments. **Catholic Charities of Baltimore appreciates your consideration and urges the committee to issue a favorable report for Senate Bill 529.**

Submitted By: Scott Becker, former Chief Financial Officer (retired February 2022)