



Sheppard Pratt

Written Testimony

Senate Finance Committee House Health and Government Operations Committee

SB549 / HB715 Administrative Services Organizations – Requirements for Retraction, Repayment, or Mitigation of Claims

February 9, 2022

Position: Support

Sheppard Pratt thanks the Maryland General Assembly for your longstanding leadership and support of mental and behavioral health providers in Maryland. This testimony outlines the Sheppard Pratt **support for SB549 / HB715 Administrative Services Organizations – Requirements for Retraction, Repayment, or Mitigation of Claims**. It is our hope that the Maryland General Assembly vote a favorable report on this legislation.

Sheppard Pratt commends the Maryland General Assembly for the continued oversight of the Administrative Service Organization (ASO) and debate of the legislation before you today. We acknowledge and appreciate the efforts of the Maryland Department of Health and especially the leadership at the Department who have tried to make the ASO transition seamless through estimated payments and participation in meetings.

However, challenges continue to persist with a transition that has become a two year plus process. Given the size and scope of the services Sheppard Pratt provides throughout the State, this ASO transition is an extraordinary challenge especially as we also try to keep our doors open during a pandemic that continues to persist. The Sheppard Pratt mission is to improve the quality of life of individuals and families by compassionately serving their mental health, addiction, special education, and community support needs. This mission is severely compromised by our experience with Optum.

This legislation is about bringing accuracy and transparency to a process caused entirely by Optum's dysfunction. On January 1, 2020, Optum's authorization and claims payment system went live. It was unable to perform critical functions, and the Maryland Department of Health (MDH) was forced to make advance – or estimated – payments to providers to keep them afloat. These estimated payments were based on historic 2019 billing data and did not anticipate the impacts of COVID on service delivery and utilization. Providers were urged to keep serving individuals in need and to submit claims for services, even though estimated payments would replace fee-for-service reimbursement until such time as Optum's system was functional enough to go live again.

Now, Sheppard Pratt and all providers face the prospect of paying back the difference between estimated payments and the amount of claims submitted during the estimated payment period. This process is complicated not only due to the downturn in service volumes caused by COVID but also because Optum's



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system continued to malfunction. Individual claims were reprocessed multiple times, many were erroneously denied, some were lost in Optum's system, and others still sit unprocessed after all this time.

With that said, there is no way for Sheppard Pratt to check Optum's math in terms of what they owe unless all claims submitted during the estimated payment period are correctly processed and Optum provides a report detailing each claims' full history of processing and reprocessing.

This bill requires Optum to meet industry standards for processing claims and providing transparency before they can recoup money from providers. If Optum is unable to meet these standards they are required to hire – at their own expense and without using State funds – an independent auditor to determine actual amounts owed. The bill also allows providers to request an independent auditor – paid for by Optum – if they can't reach agreement with Optum on the amount owed, after reasonable efforts to do so.

The final provision of the bill is a requirement that MDH report back to the policy and budget committees on the amounts providers owe back due to the impact of COVID, and any plans to forgive that debt. Unlike other human service providers that received retainer payments to shield them from the financial impact of COVID, behavioral health providers received no such assistance. Through no fault of our own we now face repayment of significant amounts of money at a time when demand for services is at an unprecedented high.

Sheppard Pratt stresses to the Committees that this legislation is about keeping doors to providers open when the State is looking at an upward trajectory of need for mental and behavioral health services.

Sheppard Pratt urges you to act now to preserve Maryland's treatment capacity and vote a favorable report on **SB549 / HB715 Administrative Services Organizations – Requirements for Retraction, Repayment, or Mitigation of Claims.**

About Sheppard Pratt

Sheppard Pratt is the nation's largest private, nonprofit provider of mental health, substance use, developmental disability, special education, and social services in the country. A nationwide resource, Sheppard Pratt provides services across a comprehensive continuum of care, spanning both hospital- and community-based resources. Since its founding in 1853, Sheppard Pratt has been innovating the field through research, best practice implementation, and a focus on improving the quality of mental health care on a global level. Sheppard Pratt has been consistently ranked as a top national psychiatric hospital by *U.S. News & World Report* for nearly 30 years.