



Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Acting Secretary

**The Maryland Department of Health's
Responses to the DLS FY 2022 Budget Analyses
March 1, 2021**

Maryland Department of Health - Behavioral Health Administration

The Department thanks the Governor, the Department of Budget and Management, and the Budget Committees for their support in 2020 and in 2021 with COVID-19 response efforts. We thank the Department of Legislative Services for its insightful budget analysis.

Performance Analysis: Managing for Results

Unavailable Data Due to Administrative Services Organization

The department should comment on the timeline for implementing and evaluating performance measures systemwide in PBHS as well as opportunities to determine individual provider quality (p. 7).

Due to the ongoing COVID-19 pandemic, the Department has been focused on working with stakeholders to ensure individuals have access to behavioral health services during the pandemic. As a result of ongoing COVID-19 pandemic response efforts, implementing and evaluating performance measures will likely become a focused effort in FY2022.

Budget Reductions

1. Given the availability of the enhanced FMAP for six months of fiscal 2022, DLS is recommending reducing the general funds in the Medicaid Behavioral Health Provider Reimbursements by \$35,000,000. (p. 15)

The Department concurs with the recommendation.

2. DLS recommends an additional contingent general fund reduction of \$700,000 to BHA Community Services to correspond to the prior DLS recommendation of a fiscal 2022 fund balance transfer from the State Board of Examiners of Psychologists. (p. 16)

As previously presented at the Health Occupation Boards' budget hearing on January 28, 2021, please see the Board of Examiners of Psychologists' response to the DLS recommendation to use \$700,000 in fund balance from the Board to support community mental health services:

- The Board currently has cases at the Office of the Attorney General to be processed – they will be expensive.
- Renewal fees may be waived or reduced this fiscal year and next because of COVID-19 while expenditures continue to be incurred.
- The Board has unbudgeted IT needs that will require drawing down on its fund balance.
- The Board is currently fully staffed, and expected to remain so, while the FY 2021 and FY 2022 budgets include turnover at 4% for both years.

The Board respectfully asks that this information be seriously considered and that the General Assembly not act on the DLS recommendation to repurpose the Board’s fund balance. Thank you for your consideration.

Issues

Estimated Payments Reconciliation and Ongoing Challenges with the New ASO (Administrative Services Organization)

While the \$163 million in the JCR Report was a net value of overpayments offset by underpayments, they are being handled on two entirely separate tracks by the department: underpayments added back to providers and for fiscal 2020 services, booked against the accrual, and overpayments (which are now estimated by MDH at \$300 million) ultimately being addressed through the reconciliation process (p. 18).

The Department concurs with this analysis, but respectfully requests the opportunity for clarification. At this point in the reconciliation process, approximately \$280 million in estimated payments are not supported by claims that may still be submitted. The JCR was an estimate of the potential remainder after reconciliation, listed as \$225 million exclusive of the underpayments. Under normal circumstances, providers have one year from the date of service to submit claims in addition to the system issues during estimated payments. Once these claims are resolved, then the remainder becomes an overpayment to be addressed through recoupment.

If a provider either did not have an estimated payment or submitted valid claims beyond the estimated payment, the Department and Optum processed those payments the same way as payments post-Estimated Payments period. Procedurally speaking, there was no “negative balance” to justify withholding the approved claims payment from providers as there is with an outstanding balance. This also allowed providers who provided more services than their Calendar Year 2019 averages to be paid in a timely manner for those services.

Distribution of Overpayments by Provider Type

Considering PRPs’ prevalence in amounts owed and the still outstanding previously requested report on PRP expenditures, DLS recommends adding language restricting funding pending a report on PRPs, including any steps that have already been taken by the department or the new ASO to address pre existing concerns (p. 23).

The Department concurs with this recommendation. MDH established a workgroup to address

the ongoing issues with both PRP expansion and quality. Strategies and ongoing efforts adopted include:

- Providing a more defined Medical Necessity Criteria to guide service clarification and enhance screening
- Enhanced pro-active screening processes by Optum using medical necessity criteria rather than relying only on post-service audits as was previously done.
- Enhancement of authorization processes through reviews, redesigns of forms, the update of protocols
- Review of COMAR 10.63 regulations to improve quality requirements and ensure that basic standards of care are enforceable in PRP programs
- Development of standards, processes, procedures, policies, and a framework to guide service implementation and delivery
- Implementation of a quality system for management of PRP programs to support quality outcomes
- Development of lower-cost alternatives and adjustments to the payment structure

Initially, challenges were experienced in implementing the ASO authorization process for PRP services, which led to a significant number of administrative denials; a “drill down” approach with a small group of well-established providers led to identifying systemic problems in the ASO configuration with a resulting modification of the authorization process and a 83% week over week drop-in administrative denials from Dec 11, 2020, to of Jan 25, 2021.

Reconciliation

Considering the moving target on total overpayments and the various factors that contribute to overpayments, DLS is recommending budget bill language restricting \$1,000,000 in general funds from the MDH Secretary’s Budget until a report is submitted detailing the accounting processes used by the department in the assisted reconciliation process. This report should include a detailed list of reports furnished to providers to assist reconciliation, the processes used to verify that rejected claims were done so accurately, and any additional accounting assistance the department has used, or offered to providers (p. 24).

The Department concurs with this recommendation. For more information on Assisted Reconciliation, please see the slides attached as [Appendix A](#).

Ongoing Challenges with the Functionality of ASO

Given reported ongoing problems with the new ASO since the end of estimated payments, DLS is recommending committee narrative on the progress of the new ASO’s functionality. This report should be a series of reports, the first of which, in consultation with the providers in PBHS identifies which reports and features are required for a fully functional ASO. Subsequent reports should identify progress made on each of these features, identify what is not fully functional, the steps needed to reach functionality, and the estimated completion date. The first of these reports should be submitted by July 1, 2021, and subsequent reports shall be submitted quarterly through fiscal 2022, or until full

functionality is achieved if earlier (p. 25).

The Department concurs with this recommendation.

Operating Budget Recommended Actions

The Maryland Department of Health concurs with seven (7) of the eight (8) operating budget recommendations proposed by the Department of Legislative Services.

- 1. Add language withholding funds from the Maryland Department of Health Office of the Secretary pending a report on the assisted reconciliation process.**

The Department concurs with the recommendation.

- 2. Add language withholding funds pending a report on psychiatric rehabilitation utilization and provider growth in the Public Behavioral Health System and factors contributing to the disproportionate amount of overpayments made.**

The Department concurs with the recommendation.

- 3. Add language restricting the appropriation for M00L01.02 to be expended only in M00L01.02, M00L01.03, or M00Q01.10.**

The Department concurs with the recommendation.

- 4. Contingent language for general fund reduction for corresponding fund balance transfer from the State Board of Examiners of Psychologists.**

As previously mentioned, the State Board of Examiners of Psychologists respectfully disagrees with the recommendation.

- 5. Add language restricting the appropriation in M00L01.03 to be expended only in M00L01.02, M00L01.03, or M00Q01.10.**

The Department concurs with the recommendation.

- 6. Add language restricting the appropriation in M00Q01.10 to be expended only in M00L01.02, M00L01.03, or M00Q01.10.**

The Department concurs with the recommendation.

- 7. Reduce general funds by \$35,000,000 to account for enhanced federal fund match in the Medicaid program.**

The Department concurs with the recommendation.

- 8. Ongoing reporting of the functionality of the Administrative Services Organization.**

The Department concurs with the recommendation.

Budget Reconciliation and Financing Act Recommended Actions

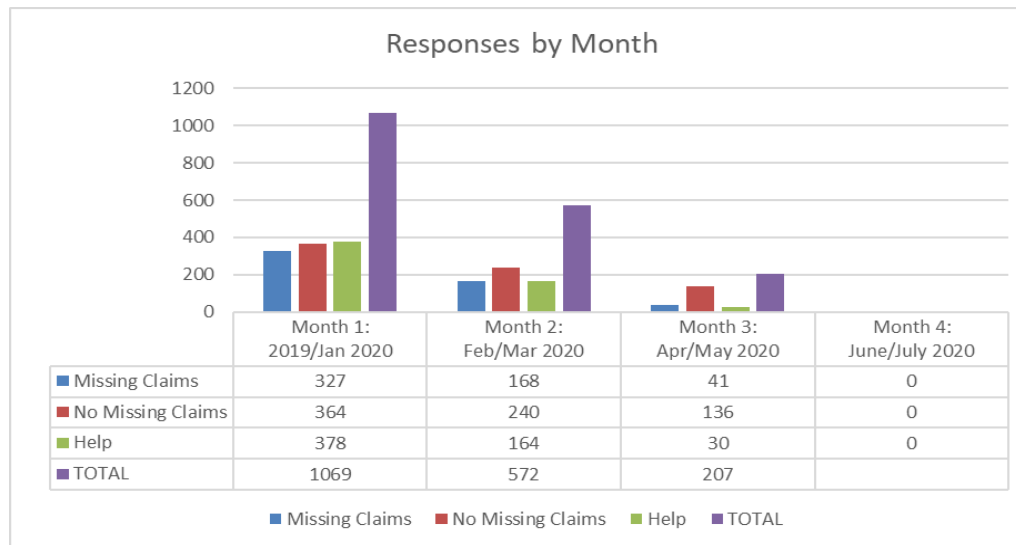
1. Recognize reversion of \$5.0 million in fiscal 2020 general funds from the behavioral health provider reimbursement accrual (p. 7).

The Department respectfully disagrees with the recommendation. The behavioral health provider reimbursement accrual was recorded to set aside general funds for outstanding claims and for claims submitted but not yet processed by the Administrative Services Organization. It would not be fiscally prudent to recognize a reversion when, in DLS' words, "Given the ongoing claims resolution process, this is not a normal year." If there is indeed a surplus in the FY 2020 general fund accrual, the surplus would revert to the State General Fund even in the absence of BRFA language.

Assisted Reconciliation Support

Assisted Reconciliation Support Activities

- Review estimated payment balances, current offset amount, and remaining balance
- Meet with providers as requested
- Explain/review Assisted Reconciliation (ARE) Reports
- Engage additional areas for cross functional support as needed (including claims, clinical, provider data maintenance, finance, IT, and EDI).
- Outreach to non-responsive providers (email/phone/letter) to drive engagement with assisted reconciliation



Reconciliation Metrics

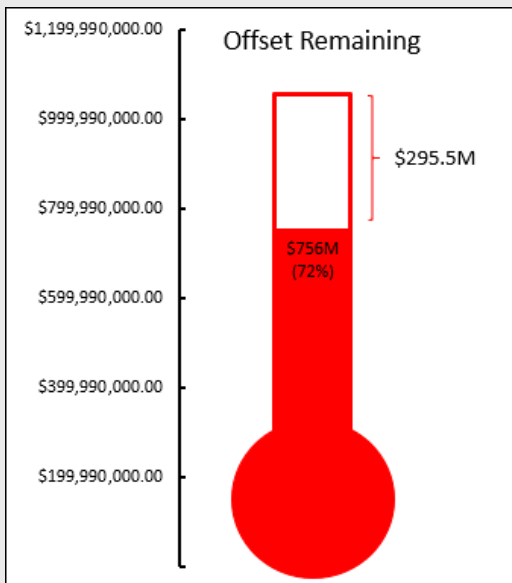
Offsets vs Estimated Payments Issued

Estimated Payments Issued:

- \$1,051,186,567

Offset to Date:

- \$755,933,699



Engagement

- Reconciliation Managers have held over 130 meetings with providers through December and January.
- Average 32 providers per reconciliation manager
 - *These numbers do not include providers with issues resolved via email only, or providers who were engaged with the previous reconciliation process and remained engaged with their reconciliation manager*
- Average emails per week: 400-500
- Currently, 405 providers have not submitted claims against the estimated payments that were issued.
 - Optum is developing a targeted plan to engaging these providers

Top 25 with Highest Estimated Payment Balance

Engagement

- 100% of the top 25 providers are engaged with the Reconciliation Team

Estimated Payment Balance

- 22 of 25 providers submitted or had claims processed equaling \$2.34M between 1/14 and 2/18

Estimated Payment Balances-Top 25

Total estimated payment balance as of 1/14/2021	\$85,301,558.73
Total estimated payment balance as of 2/18/2021	\$82,964,234.31
Difference	\$2,337,324.42