Maryland
DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

September 16, 2025

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 West Miller Senate Office Bldg.
Annapolis, MD 21401-1991

The Honorable Ben Barnes
Chair, House Appropriations Committee
121 House Office Bldg.
Annapolis, MD 21401-1991

RE: 2025 Joint Chairmen's Report (p. 149) – Update on the Behavioral Health Administrative Services Organization (BHASO) Transition

Dear Chairs Guzzone and Barnes:

Pursuant to the requirements of the 2025 Joint Chairmen's Report (p. 149), the Maryland Department of Health (the Department) respectfully submits this report on the transition to the new behavioral health administrative service organization (ASO), Carelon, which began processing provider reimbursement claims on January 1, 2025. This report provides an update on the transition with data as of June 30, 2025.

If you have any questions or concerns, please contact Sarah Case-Herron, Director, Office of Governmental Affairs, at sarah.case-herron@maryland.gov.

Sincerely,

Meena Seshamani, M.D., Ph.D.
Secretary of Health

cc: Perrie Briskine, Deputy Secretary, Health Care Financing and Medicaid Director
Alyssa Brown, Director of Innovation, Research, and Development
Rebecca Frechard, Deputy Director, Medicaid Behavioral Health Division
Sarah Case-Herron, Director, Office of Governmental Affairs
Sarah Albert, Department of Legislative Services (5 copies)

Update on the Behavioral Health Administrative Services Organization (BHASO) Transition

2025 Joint Chairmen's Report (p. 149)

Maryland Department of Health

August 2025

On August 1, 2024, the Joint Chairman's Report provided an overview of the ASO transition and process to the legislature. As outlined in the previous report, the Maryland Department of Health (MDH) conveyed a Request for Proposal (RFP) on January 10, 2023, to award a five-year contract with an option for a two-year renewal for a Behavioral Health Administrative Services Organization (BHASO). The BHASO is responsible for managing various aspects of the public behavioral health system, including authorizations, utilization, claims processing, provider management, auditing, and provider compliance. It reimburses for a range of behavioral health services and ensures data-driven improvements in service quality. On February 14, 2024, the Board of Public Works unanimously approved Carelon Behavioral Health, Inc. (Carelon) as the next BHASO. Carelon was selected based on its strong technical expertise and experience managing similar contracts in other states. A comprehensive overview of the transition plan was shared at the time of the last report. Carelon assumed BHASO responsibilities from Optum whose contract was in place between January 1, 2020 and December 31, 2024.

In the fall of 2024, Carelon Behavioral Health ASO and Optum ASO agreed on a transition for provider claims to occur on December 21, 2024. Providers began submitting claims to Carelon for processing as of December 22, 2024. Optum administered their last check run on December 29, 2024. On January 1, 2025, Optum customer service phone lines were successfully transitioned to Carelon without incident. Calls and inquiries were directed to the appropriate resources, including but not limited to the Help Desk, Provider Relations, Clinical Management, and Claims Management liaisons. Carelon's Provider Digital Front Door and website—serving both providers and participants—went live on December 21, 2024. Carelon administered its first check run on January 6, 2025. As of June 30, 2025, Carelon has paid $1.5 billion to behavioral health providers.

Within the Joint Chairman's Report, the committees request that the Behavioral Health Administration (BHA) submit a report with an update on the transition with data as of June 30, 2025, including:

1. The number of providers enrolled in the new ASO;
2. The number of enrolled providers who have successfully logged in and submitted claims;
3. A description and outcome of outreach efforts to providers who have not logged in or submitted claims;
4. The number of claims processed between January 1 and June 30, 2025, by month and the average number of days from claim submission to process claims;
5. The total number of outstanding claims to be processed and the average number of days for which claims have been outstanding;
6. The amount of reimbursements issued to providers between January 1 and June 30, 2025, by month;
7. The total amount of outstanding reimbursements from processed claims to be issued to providers and the average number of days from the date of processing that the reimbursements have been outstanding; and
8. A list of issues that have arisen in the first six months of operation and the steps taken to address them.

Note: All data below are as of 7/31/2025:

1. **The number of providers enrolled in the new ASO:**

Maryland has a Specialty Behavioral Health carve out determining which providers who enroll with Medicaid and providers who fall under the specialty behavioral health services would be required to register with the ASO. There are a total of 18,795 providers registered with the ASO. 241 are non-Medicaid provider types that are included under the Public Behavioral Health System.

2. **The number of enrolled providers who have successfully logged in and submitted claims:**

The number of unique providers who have logged into Carelon is 13,845. This would include providers obtaining authorizations for services as well as those submitting claims. The number of unique providers submitting claims is 6,651. These numbers are consistent with prior years under the prior ASO when considering providers with multiple locations who use a single billing entity.

3. **A description and outcome of outreach efforts to providers who have not logged in or submitted claims**

During the implementation and onboarding of providers, Carelon used the provider file information received from the state to perform outreach and engagement. Carelon assigned each provider an identifying number (ID) and distributed information to those 7,500 IDs via email, regular mail and fax to identified providers. Prior to going live with the system, Carelon completed over 28 provider trainings with over 4000 unique participating providers in attendance virtually. In January 2025, Carelon offered an additional 23 live session training sessions and 12 open office hours sessions to assist providers with onboarding. Since January, Carelon offered additional 105 Training sessions and 35 office hours sessions. Finally, in January, Carelon received and responded to over 5,000 provider emails and 10,000 phone calls related to system access and system inquiries and assisted providers in registering in the Carelon system. In addition to direct outreach, Carelon meets with stakeholder groups and local behavioral health authorities (LBHAs) which further extends their reach to share information to new or returning providers. Providers were also auto enrolled to receive provider alerts using the email addresses transferred from the prior ASO and all alerts, communications and information are posted on the Carelon website.

4. **The number of claims processed between January 1 and June 30, 2025, by month and the average number of days from claim submission to process claims:**

The data table below indicates Carelon has processed a total of 6,073,170 provider claims from 1/1/25 through 6/30/25. Claims that have been reversed/denied or reprocessed are excluded from this data.

Metric	January	February	March	April	May	June
# Claims Processed Between January 1 and June 30, 2025	782,459	949,753	964,859	1,102,612	1,281,534	991,953
Average Number of Days from Claims Submission to Adjudication	8.2	17.6	9.66	11.80	11.46	8.88

5. **The total number of outstanding claims to be processed and the average number of days for which claims have been outstanding;**

As of July 31, 2025 there were 216,466 claims still to be processed in the Carelon system. The average number of days that these claims have been outstanding is 51.01 days. Claims that have been reversed or reprocessed are excluded from this data.

Total Number of Claims Awaiting Processing	Average Number of Days Claims are Outstanding
216,466	51.01

Break out of the number of unadjudicated claims, by age :

	Number of Days				
	0-30	**31-60**	**61-90**	**91-120**	**121+**
Total Claims	115,139	55,284	23,021	12,072	10,950

6. **The amount of reimbursements issued to providers between January 1 and June 30, 2025, by month:**

From January 1, 2025 through June 30, 2025, Carelon has reimbursed Maryland providers in the amount of $1.5B. The data table below indicates the provider payments by month.

Metric	January	February	March	April	May	June
Dollar Amount of Reimbursements Issued to Providers Between January 1 and June 30, 2025	$121M	$216M	$307M	$269M	$271M	$323M

7. **The total amount of outstanding reimbursements from processed claims to be issued to providers and the average number of days from the date of processing that the reimbursements have been outstanding:**

Total Number of Unadjudicated Claims	Average Number of Days Outstanding	Total Dollars
216,466	51.01	$274,101,890

All claims begin as unadjudicated (Open Status) and move through review until they are completely processed.. Until the claim is fully adjudicated, the payable amount is not known - it could be zero if denied or paid in full, or paid to the payable amount, but not necessarily equal to the charged amount. As such, we note that the table above represents the total number of unadjudicated claims and total claimed amount, but the total dollars associated with these unadjudicated claims may change as each is fully processed.

For clarification, adjudication means “pay” or “deny,” and the contractual requirement for Carelon is to pay clean claims within 14 days of submission and adjudicate (pay or deny) all claims within 30 days of submission. A clean claim is one that is submitted without errors or omissions and can be processed without the need for additional information.

8. **A list of issues that have arisen in the first six months of operation and the steps taken to address them.**

In the first six months of operation, Carelon has worked to address the following issues or concerns since the launch of the new ASO.

- An unanticipated volume of provider outreach during the transition left the call center understaffed and unable to adequately respond to provider concerns.
    - Carelon added 36 additional staff to the call center on March 17 who, following

two weeks of training, began to take calls on March 31;
    - New staff were rotated through claims training to handle more complex calls; and
    - The call center performance has improved significantly from wait times exceeding one hour to now being less than 30 seconds (see chart, below).

Measure	Metric	January	February	March	April	May	June
Speed of Answer	Exceeds 30 seconds for 10% (Goal > 90%)	5.57%	7.54%	3.33%	32.57%	55.77%	85.08%

- Issues related to the approved and denied authorizations and approved and denied claims data import from Optum continued through April 2025. These issues included data having missing fields, incorrect data or fields, and delays due to misunderstanding the data sent. Optum did not initially provide necessary supplemental files for Carelon to manage data as needed. Data had to be repeatedly deleted and reloaded due to errors of these file omissions. Challenges continued through April 2025. As a result of missing Optum data, there were numerous processes that were impacted, resulting in a negative Contact Center experience, unpaid claims, and provider abrasion.
    - Carelon team continued to remediate the effects of poor and delayed data transmissions from Optum.
    - Carelon data teams continued to scrub the files for errors and once corrected, uploaded to production systems.

- Similarly to the above, repeated updates to Non-Medicaid and Uninsured eligibility span data files continued to be received from Optum through April 2025 which created a constant overwriting of previously shared files as the ASO requires all changes to a file, but most importantly, the final adjudication of that file. Receiving these files multiple times slowed the data transfer and the ability to use the data and obtain final adjudication.
    - Carelon data teams continued to clean up the eligibility files and have now completed the full upload into production.

The following technical issues were identified and have been addressed since the ASO's launch.

Impacted Time Period	Issue	Resolution	Final Outcome
January - February	Maryland RecoveryNet (MDRN) providers serving Medicaid and dually eligible recipients were unable to submit authorizations	Carelon has updated the fund codes in the configuration to reflect the availability of MDRN	Providers can now enter their authorizations including any necessary backdating. MDRN providers can also now submit claims for eligible services rendered
January-March	Residential Crisis (RCS) Provider denials	Conflict of the business rules for combination of services where lower levels of care were paid when priority should be Residential Crisis (bed days)	Carelon reprocessed these claims to pay RCS and deny levels of care in conflict with bed days
January - March	LBHA were not set up for access at point of go live necessary for approvals and oversight for certain services	Access credentials provided and specialized training on the Carelon system	LBHA can access the system and established meeting cadence for ongoing support
January - March	Psychiatric Rehabilitation Programs (PRP) could not enter clinical criteria into the authorization workflow.	Temporary fix to bypass criteria in February, followed by permanent fix March 10, 2025	PRP providers can enter authorizations
January - May	Groups missing Rendering provider association hindered providers from proper claims processing	System deep dive to pull all rendering providers and perform systemic associations to the groups	Carelon processed all pended claims impacted by this issue without provider effort
January - March	Provider File Data: A provider match logic error resulted in incorrect billing rates	Carelon has revised our provider selection logic to ensure precise claim payments	Carelon identified affected facilities and reprocessed those claims

Impacted Time Period	Issue	Resolution	Final Outcome
January - May	Health Home providers experienced a technical issue that affected authorization entry for this newly launched service	First time for a system import from eMedicaid data to an ASO required additional configuration from Carelon to recognize these imported authorizations	Health Home providers can now enroll all eligible participants
January-February and a second instance in May	Substance Use Disorder (SUD) Residential Providers: Certain billing codes were missing from the payer space within Availity, impacting claim submissions	Availity was missing specific SUD residential codes which were remediated in February. But when adding a separate update to Availity, the residential codes were inadvertently deleted and restored in May	Carelon implemented a quality improvement process for Availity updates to prevent future recurrence.

MDH is continuing to closely monitor, engage and respond regarding concerns from this complex transition. Carelon is committed to improvements in their provider relations and claims processing. MDH and Carelon are committed to bringing behavioral health providers a positive experience with the BHASO including:

MDH Executive Oversight

MDH has engaged in direct oversight of Carelon from the outset, with standing leadership meetings focused on claims processing trends, issue remediation, and contractual compliance. In addition to these standing sessions, MDH and Carelon convene ad hoc risk reviews to address emerging issues.

Provider Engagement and Billing Support

MDH and Carelon continue robust outreach to providers through:

- Monthly Provider Council meetings and regional forums (>1,700 provider attendees)
- Targeted billing guidance and FAQs based on provider feedback
- Establishing virtual meetings with providers for troubleshooting authorization and claims issues

Carelon has also published multiple provider alerts clarifying billing procedures, addressing specific issues (e.g., missing eligibility spans, legacy Optum billing formats, claims submission guidance), and extended the authorization grace period through August 2025 to support providers during the transition.

Coordination with the Maryland Insurance Administration (MIA)

MDH is also coordinating with the MIA to ensure claims payment concerns are addressed through contractual and regulatory channels. MDH regularly coordinates with MIA to ensure provider payment concerns received through regulatory channels are addressed, and MDH has shared performance data and resolution strategies to ensure that MIA has accurate context when responding to inquiries. This collaboration reinforces the State's united front in ensuring prompt provider reimbursement.

Commitment to Continuous Improvement

MDH remains fully committed to ensuring timely, accurate payments for all behavioral health providers. Oversight mechanisms, such as SLA enforcement, weekly executive engagement, interagency coordination, and provider technical support, are not new initiatives, but long standing safeguards that continue to deliver measurable improvements.