



DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

January 13, 2024

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: 2024 Joint Chairmen's Report (p. 115-116) - Report on Recoupment, Forgiveness and ASO Transition

Dear Chairs Guzzone and Barnes:

Pursuant to the 2024 Joint Chairmen's Report (p. 115-116), the Maryland Department of Health (MDH) respectfully submits this report on the recoupment and forgiveness of overpayments to providers, and the behavioral health ASO transition.

MDH requests that the withheld funds, pending the submission of this report, be released. If you have questions or need more information, please contact Sarah Case-Herron, Director, Office of Governmental Affairs at sarah.case-herron@maryland.gov.

Sincerely,

Laura Herrera Scott, M.D., M.P.H.
Secretary

cc: Ryan Moran, Deputy Secretary Health Care Financing and Medicaid Director
Alyssa Lord, Deputy Secretary, Behavioral Health Administration
Sarah Case-Herron, Director, Office of Governmental Affairs
Sarah Albert, Department of Legislative Services (5 copies)



Maryland

DEPARTMENT OF HEALTH

2024 Joint Chairmen's Report (p. 115-116)

Second Report on Report on recoupment, forgiveness, and ASO transition

Pursuant to the 2024 Joint Chairmen’s Report (p. 115-116), the Maryland Department of Health (MDH) respectfully submits this report on the recoupment and forgiveness of overpayments to providers, and the behavioral health ASO transition.

I. Report on Recoupment and Forgiveness of Overpayments to Providers

On January 1, 2020, the Maryland Department of Health (MDH) transitioned to Optum Maryland as its Behavioral Health Administrative Services Organization (BHASO). At its launch, Optum had technical and system failures that gravely impacted behavioral health providers. MDH was forced to deliver advanced payments to providers across the state to buoy their operations while also navigating a pandemic and responding to the state’s behavioral health crisis.

Optum paid out \$1.06 billion in estimated payments to providers between January 1, 2020 and August 3, 2020. The outstanding balance of these overpayments by October 2020 was approximately \$359,610,797 across both federal Medicaid and state-only programs. That balance was down to \$162,352,061 as of August 4, 2022.

In July 2022, providers who had either paid down or had remaining balances of less than or equal to \$25,000 were forgiven the balance of that debt. 1,266 providers received forgiveness amounting to \$14,355,121. No additional forgiveness opportunities have been offered since 2022.

In October 2023, MDH announced a payment extension opportunity for active providers who were scheduled to have “balloon” payments due on December 31, 2023. Providers were afforded the opportunity to extend the time to pay their balances due through June 30, 2024.

Providers were required to sign a new payment plan by January 31, 2024. For providers that did not create a payment plan, or for those that did not pay their “balloon” payment/debt by December 31, 2023, MDH instituted claims clipping to recoup funds with any remaining balance due on June 30, 2024. In addition to weekly reminders in the provider bulletins, Optum sent providers communications with reminders of payments to ensure providers were given every opportunity to avoid being sent to CCU.

- Attachment 1 - April 2024 Memorandum Regarding Estimated Payments
- Attachment 2 - May 2024 Memorandum Regarding Estimated Payments
- Attachment 3 - June 2024 Memorandum Regarding Estimated Payments

In March 2024, 167 non-active and non-responsive providers were referred to the CCU totaling \$7,680,604. In August 2024, a total of 260 active providers, totaling \$29,819,206 were referred to the CCU. **Therefore, as of this report, MDH has referred all estimated payment debt owed by all providers to the CCU.** MDH continues to partner with CCU on their efforts to collect these debts.

Update on Negative Balance Recoupment

Estimated payments are not the only claims that need to be recouped. A separate subset of claims, known as “negative balances,” have occurred for a variety of reasons. Negative balances occur naturally in any insurance claims cycle. For example, retro-eligibility claims arise when Medicaid patients are billed initially as uninsured and later found to be eligible; such claims are reprocessed and approved. As a result, there is always some level of negative balance. These increased balances built up and accrued over time, primarily due to duplicate or overpayments that occurred when Optum was unable to properly transfer funds between the State and Medicaid accounts and, as a result, duplicate payments were made.

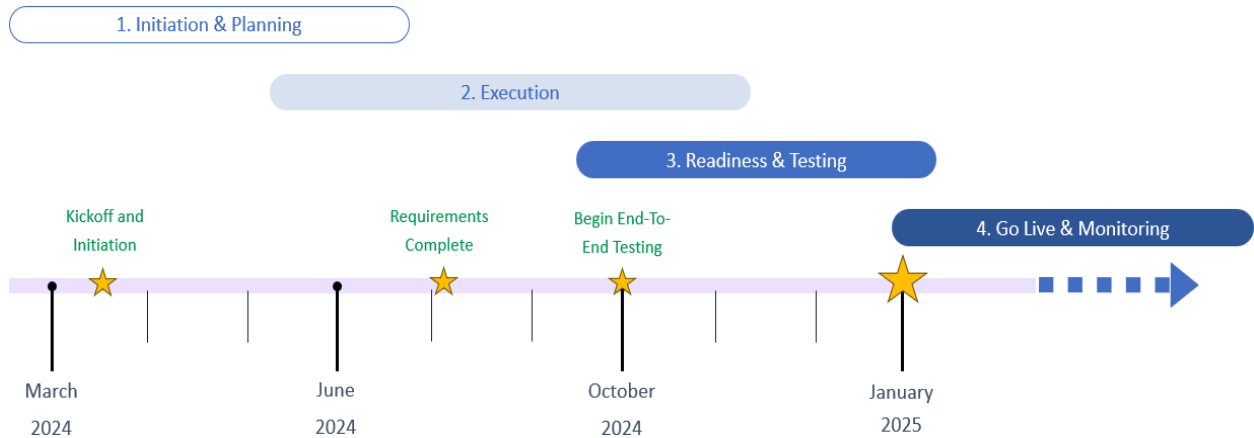
Recoupment has been under way for these overpayments since early 2022, and significant progress has been made. The total amount of overpayments due for negative balances that were created from Optum’s processing error is currently \$3,115,124 down from \$81.5M at the end of calendar year 2021. Non-active providers who previously received notice of balances, will be additionally referred to the CCU. Actively billing providers present some challenges with recoupment and plans are being developed to determine the best route of collection. Negative balances will be transferred to the next BHASO for continued management until those debts are resolved.

II. Report on Behavioral Health Administrative Services Organization (BHASO) Transition

On August 1, 2024, the Joint Chairman’s Report included an introduction to the ASO transition process. In summary, 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 will be responsible for managing various aspects of the public behavioral health system, including authorizations, utilization, claims processing, provider management, auditing, and provider compliance. It will also provide reimbursement for a range of behavioral health services and ensure 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.

The transition plan has four distinct phases – Initiation and Planning, Execution, Readiness and Testing, and Go-Live and Monitoring. **Table 1** provides a summary view of the effective dates in which activities within each phase are set to start and be completed.

Table 1: Overview of BHASO Transition Phases



The previous report provided a detailed review of activities in the Initiation and Planning stage. For the purposes of this report, the update will cover activities within the phases of “Execution” and “Readiness & Testing” noted in **Table 1**.

Updates are provided in the following categories:

1. Decommissioning & Cutover
2. Human Resources & Staffing
3. Stakeholder Engagement
4. System & Benefits Configuration
5. Data Analytics
6. End-to-End Testing
7. Provider and End User Training
8. Risks and Mitigation
9. Facilities

1. Decommissioning & Cutover

In order to ensure Carelon is able to load all data needed to transition the ASO contract, transmission, receipt and load dates have been jointly agreed upon by Optum (current ASO) and Carelon. MDH has approved this plan. Optum and Carelon are jointly continuing to work on transitioning the necessary data needed for system and provider testing. Carelon and Optum have agreed on a hard cutover for providers as of midnight on December 21, 2024. Providers would begin submitting claims, both new and adjustments, to Carelon for processing as of December 22, 2024.

Optum will continue to run the normal check run cycle through December 22, 2024. They will run a final check run on December 29, 2024. MDH will have access to Optum’s Incedo system for 90 days post-termination of their contract with read-only access to track claims status. Optum will leave its public-facing website up for 90 days post-termination for public access. These strategies should assist in mitigating risk to provider authorization and payment.

MDH released a communication to providers on November 18, 2024 outlining key transition dates and information for providers to know to prepare for the January 1, 2025 transition. See attachment [here](#).

2. Human Resources & Staffing

One of the core elements of the transition is to ensure that Carelon hires key personnel and all related staff as required to support go-live and day-to-day operations throughout the life of the contract. As of October 31st, 14 of the 15 key positions required by the contract have been filled. The remaining position, Compliance Director, is currently being recruited.

The Carelon team and their staffing vendors are currently sourcing for 208 roles, with 76 roles being actively interviewed. As of November 25th, Carelon has filled 132 roles. The goal is to have 95% of staff in seats by January 1, 2025. Carelon is currently on target to meet this goal. Carelon can rely on their extensive national resources, as/if needed, to support the local team on a short-term basis to temporarily fill essential roles still in recruitment on 1/1/2025.

3. Stakeholder Engagement

Since June 2024, Medicaid and Carelon have been laying the groundwork for a vigorous and proactive provider engagement strategy. Introducing providers across the public behavioral health system to the new ASO began with three virtual provider town halls in June 2024. Over 1,200 providers participated in the town halls. Providers received an overview of Carelon Leadership, implementation and timeframes, support and consultation resources available to the provider community, as well as an introduction to a provider survey established to gather additional information from the provider community regarding training needs.

In addition to the provider townhalls, Medicaid, the Behavioral Health Administration (BHA), and Carelon collaborated on a more focused outreach and engagement with key stakeholders across the state. Meetings were held with the Local Behavioral Health Authorities, Medicaid Advisory Committee, Community Behavioral Health Association of Maryland, the Managed Care Organization Liaison Meeting, Managed Care Association Medical Directors Meeting, NAMI, On Our Own, and more.

Starting in August 2024, 16 Regional Provider Forums were held across the state with over 2,100 providers in attendance. Carelon invited all Maryland behavioral health providers to register and attend at least one session, either in-person or virtually. The geographic regions included: Southern Maryland, Central Maryland, Eastern Shore and North/Western Maryland. These forums provided an opportunity to learn more about the upcoming BHASO transition. Each session offered a chance to all in attendance to connect with the Carelon leadership team, receive updates on transition and implementation timelines, receive a short demo of the proposed Provider Portal, and to join the Carelon team in breakout sessions covering topics such as clinical programs and criteria, testing and training. The forums resulted in follow-up questions and the development of a formal FAQ. The robust plan demonstrates the commitment of MDH and Carelon to create a provider/payor relationship that is engaged and

responsive.

4. System & Benefits Configuration

To build a system that will meet the contractual specifications of the ASO program, a strong foundation must be built. System and Benefit configuration is the foundation for success. Carelon and MDH have developed multiple workstreams to develop, test and monitor the customized processes necessary to launch a successful program January 1, 2025. Critical milestones completed to date include:

- Clinical and authorization letters
- Appeal letters
- Full audit of benefits in production
- End to end testing and operational readiness between MDH and providers
- File connectivity between Carelon and MDH systems
- System security plan
- Programming for core file exchanges, such as eligibility and authorizations
- Full audit of service and diagnosis codes
- Finalize scope of Optum file exchanges and file requirements

5. Data Analytics

Carelon's Data Analytics and Reporting (DAR) organization has identified approximately 200 reports to address contractually mandated reporting needs, culled from MDH requests, Optum reports, and Carelon internal business needs. These reports have been divided into three phases, roughly corresponding to daily and weekly reports needed immediately at go-live, monthly reports which will be needed by mid-February, and reports not needed early in the effort (quarterly, annual, and generally lower-priority reports). Mockups have been provided for MDH review to ensure requirements are met and what is ultimately developed meets MDH needs. The reports being developed will assist the state in monitoring and managing high utilizer claims, rates of claim denials and other important data helping provide valuable insights into Total System of Care expenditures, provider performance and Participant outcomes.

6. End-to-End Testing

Developing a complex, statewide system requires rigorous levels of testing to ensure a successful launch and a positive user experience. In preparation for Go-Live, Carelon utilizes a well-established End-to-End testing methodology.

173 testers were identified and registered for the pre-testing kick off and training. System testing began on October 21, 2024. A broad array of providers volunteered to work with Carelon on testing the system prior to go-live. All provider types and specialties were invited to participate to ensure all elements of the system are evaluated. Close to 300 testing scenarios were identified. Three days of Provider and User Training were conducted between October 8-10. This training included an introduction to core admin systems, web portals and other applications. A walkthrough of the key system functionality and testing areas as well as a demo of common

workflows and user roles occurred. **Table 2** reviews the number of testers identified by provider type to further demonstrate the robust and vast nature of testing activities.

Table 2: BHASO Testers of Carelon System by Provider Type

Audience	Testers
Higher Levels of Care (HLOC)	53
Psych. Rehab. Program (PRP)	46
Outpatient (OP)	62
Health Homes (HH)	33
Supported Employment Program (SEP)	36
Maryland State Testers (MDH)	36

As MDH and External stakeholders begin to execute test cases and steps across various functionalities, testers will document issues and share them with Carelon test leads. Carelon Development & testing teams will review data and assign any anomalies to the appropriate team for triage to validate defects, user actions and to define a path to resolution. Finally, Carelon development team conducts defect fixes, retests fixes to verify resolution, and deploys validated fixes. Weekly updates are provided to the Department to monitor progress and to evaluate any potential risk in real time.

7. Provider and End User Training

Per the Department’s expectation and to support the success of the provider community under the new ASO arrangement, Carelon System Training for all Providers and end users will occur in November and December 2024. Training will be available to new and existing providers.

Topics covered in the provider orientation webinars include, but are not limited to:

- Provider registration and enrollment (Navigating the Provider Portal)
- Covered services delivery based on Provider Type
- Authorization/Medical Necessity review and combination of service limitations
- Claims submission process and billing the PBHS for both professional and institutional billing
- How the Provider can assist individuals in accessing the System and how to make referrals for care
- Accessing and using the Provider Manual

Additionally, all MDH and BHA providers will be required to complete compliance training. Carelon BH will educate and assist Providers regarding their responsibility to develop and adhere to state regulations (Code of Maryland Regulations or COMAR) and Carelon corporate policies, which includes prevention and reporting of Fraud, Waste and

Abuse (FWA). Upon go-live on January 1, 2025, Carelon will continue to host weekly webinars to answer questions in real time in order to support network providers. Post go-live webinars will occur on a monthly basis for a minimum of 3-4 months. Carelon has hired a dedicated Maryland based team whose sole function is to support the provider network. This will ensure that every interaction with the Provider Relations team is an opportunity to provide education and assistance to providers. All webinars are recorded and available and will be posted on our website.

Carelon is also making available its full suite of clinical training to the MD provider community. This allows clinicians to stay abreast of the latest research in the field of behavioral health. Trainings include, but are not limited to:

- Behavioral Health 101, common disorders, symptoms, and treatment
- Behavioral Health 101 for Child and Adolescents (youth), includes childhood development, risk, and protection factors
- Referring participants between the MCO’s and ASO to ensure whole person care
- Managing cardiovascular and metabolic risk for people with serious mental illness Screening, Brief Intervention and Referral to Treatment SBIRT: an evidence-based approach to substance use disorder
- Overdose prevention in Opioid use disorder
- Development, risk, and protection factors
- Referring participants between the MCO’s and ASO to ensure whole person care
- Managing cardiovascular and metabolic risk for people with serious mental illness Screening, Brief Intervention and Referral to Treatment SBIRT: an evidence-based approach to substance use disorder

8. Risks and Mitigation

Given the magnitude of the transition, along with the challenges with implementation in January 2020 by the incumbent vendor, Optum, MDH is closely monitoring areas where implementation may be at risk for success. The following chart outlines risks that MDH is monitoring as it navigates through the implementation plan with Carelon. The report in October 2024 included four highest areas of risk including receiving quality data and documentation from Optum. The risk level has been updated for each.

Risk	Description	Risk as of Oct. 2024	Risk as of Dec 2024	Mitigation
Optum Data Availability and Reliability	Less than optimal quality of Optum data may prohibit use for pre and post go-live needs, particularly in the	High	Medium	MDH and Carelon have worked to mitigate through close coordination and testing. MDH continues to

	area of claims history.			monitor progress.
Provider Engagement	Providers may find it challenging to have an ASO in place to enforce standards, policies, and procedures	Medium	Low	Training, communications and outreach have begun and will include outreach through MDH partners. Ongoing focus on provider communication, regional forum, and stakeholder outreach.
Benefits and Program Design	Concern over complexity and number of specialty programs and benefits – and timeframe to ensure completion	Medium	Low	MDH and Carelon working through final details of Benefit and program design with testing underway.
Project Plan	MDH requested a more rigorous and detailed project plan from Carelon to ensure documentation of detailed steps and milestones through the life of the implementation and post-go-live.	High	Fully Mitigated	MDH and Carelon agreed on a project plan to ensure documentation and steps and milestones through implementation and post go-live.

Conclusion and Next Steps

At present, MDH, stakeholders and Carelon are jointly working to make sure a smooth ASO transition occurs on January 1, 2025. Daily meetings between MDH and Carelon allow for ongoing and close monitoring of the implementation, assuring accountability and transparency as the implementation date rapidly approaches. For risks that have been identified, there are active mitigation plans and associated activity that are reviewed daily or weekly to positively impact findings. MDH looks forward to a successful transition beginning on January 1, 2025.