Providers, and state, take Optum to task for poor performance

By **TRIP JENNINGS** 11/11/09 9:10 AM

In September, Katrina Lujan thought her days were numbered at Santa Fe's Equest Counseling Center.

Her firm had gone two months without payment for services provided with the mentally ill, a lag that put a severe crunch on her bottom line. But more than that, it contradicted what New Mexico's new overseer of behavioral health – **Optum Health** — told her in July.

"They told us we'd be paid in three days," Lujan told a state panel Tuesday. "September came by. And I realized we were in big trouble."

Equest is one of hundreds of nonprofits and businesses that serve New Mexico's mentally ill and those struggling with substance abuse that found themselves cash strapped recently as they awaited long-overdue payments from Optum. The firm took over managing and distributing the money paid to providers July 1.

Optum's missed payments are the latest trouble New Mexico has encountered since farming out the management of behavioral health services to the private sector 2005. State officials maintain the privatization model is worth the effort and is attracting attention nationally.

They also are holding out hope that the state has rounded the corner of Optum's failure to pay up for services already rendered on time.

These days Lujan and her counseling firm are awash in money. OptumHealth has released $15 million in the last two weeks to New Mexico's financially strapped providers, an action that came on heels of state sanctions against the firm.

New Mexico fined Optum **more than $1 million** in late October and threatened terminating its four-year $1 billion for not paying millions of dollars to hundreds of providers like Lujan for already-completed services. In some cases, the claims were several months old.

"Now we're suddenly getting paid. It's not our money. So now they have to hire another specialist to clean up this mess," Lujan told the **New Mexico Behavioral Health Collaborative,** which hired Optum earlier this year.

In order to get the money out fast, Optum is paying the providers without the usual quality-control measures in place, state and Optum officials said. But company ar state officials also said they planned to do an extensive review to ensure providers aren't paid twice for the same service.

Optum, for its part, says it is correcting as quickly as possible the problems that caused this situation in the first place.

"We're trying to get it all done by January," Optum's chief executive officer, Sandra Forquer, said Tuesday. The company has added 65 temporary employees in rec weeks to help process claims sent to the firm from behavioral health providers across New Mexico.

As of Tuesday, the firm had about 13,000 unprocessed claims, a representative said Tuesday. That's down from a high of more than 50,000 claims, according to a state power point presentation handed out Tuesday at a meeting of the Collaborative.

To ensure similar backlogs and other problems don't arise, New Mexico hopes to hire a monitor this month to oversee Optum's performance, said Katie Falls, acting secretary of the state's **Human Services Department**, a Collaborative member.

If Optum is found lacking, New Mexico could be forced to make a tough decision, such as terminating the firm's four-year $1 billion contract. That potential scenario surfaced Tuesday, even if tentatively, in a goal the Collaborative adopted. It simply said "develop Plan B."

"If this can't work out, if over the next few weeks and months it looks like we're not making progress, it's not getting better, we cannot be held hostage," the collaborative's director, Linda Roebuck Homer, said.

State lawmakers are aware of the state's problems with Optum and are demanding the Collaborative firm up its plans with or without Optum before the January regu legislative session, Rep. **Luciano "Lucky" Varela**, D-Santa Fe, and chairman of the Legislative Finance Committee, said Tuesday.

Bad times going forward?

But on Tuesday there were immediate concerns raised by state officials.

"My biggest concern is that folks are turned away for services," said Rick Rodriguez, deputy cabinet secretary for the **Department of Finance and Administration**, who also feared a drag on the state's economy with layoffs at providers. "It has a huge impact on rural New Mexico."

In addition to not being paid by Optum for months, some providers said Tuesday that they had had to take workers away from patient care and instead have them h enroll clients in Optum's system, a task they said was both time-consuming and burdensome. Under the current system, patients must be enrolled in the system bef Optum will consider paying the claim.

The state hopes to have solved that problem by separating out the enrollment process from the payment process, Roebuck Homer said, a decision that hopefully wi cut down on the time workers are spending on administrative tasks rather than delivering health care, officials said.

Beyond the more immediate problems, New Mexico's run-in with Optum could create recruitment problems, said Albert Dugan, M.D., of the **National Alliance on Mental Illness**.

Dugan said he was appalled by Optum's performance so far and speculated that New Mexico might have trouble recruiting psychiatrists and other medical professionals to work in behavioral health.

"Maybe next year we won't have enough money," Dugan said later in an interview. "But this year we have enough money but we're not distributing it, our accounting bad, our books are bad, our information system is bad."

What went before

New Mexico has had other problems since privatizing behavioral health services.

The state contracted its behavioral health care services to a separate firm — Value Options — in 2005, in the hopes of streamlining delivering services. ValueOptior took over management of those services from more than a dozen state agencies.

Easter Seals Goodwill Northern Rocky Mountain, Inc.
P.O. Box 411/9 Placer, Ste. 129
Helena, MT 59624
(406) 457-8359
Fax: (866) 579-3767

November 16, 2010

Rep. Llew Jones, Chair
Legislative Finance Committee
State Capitol Room 110
1301 E. Sixth Avenue
Helena, MT 59620

Re: Medicaid Managed Care Pilot Proposal

Dear Rep. Jones:

The Montana Department of Public Health and Human Services (DPHHS) has considered for nearly 18 months a five-county Medicaid managed care pilot which includes both Cascade and Lewis & Clark Counties. To move all Medicaid services to one managed care company could profoundly impact the access to and the quality of services for some of our most vulnerable citizens.

My company, Easter Seals-Goodwill Northern Rocky Mountain and based in Great Falls, has considerable concern about this proposal. In Cascade County, our company is the seventh largest employer, with more than 250 employees. We also have outlying services to eligible citizens in Choteau and Teton Counties. In the fiscal year which ended August 31st, we provided services to 1,500 people in programs which could potentially be significantly impacted by the state's proposed privatization of Medicaid.

Given the numbers of consumers and employees potentially impacted in Cascade County, our organization is concerned at how quickly this managed care proposal appears to be advancing. At the Governor's managed care press conference last week, DPHHS Director Anna Whiting-Sorrell indicated a possible pilot start date of July 2011. This is decidedly ambitious given the complexities of service requirements mandated by the federal Medicare and Medicaid agency.

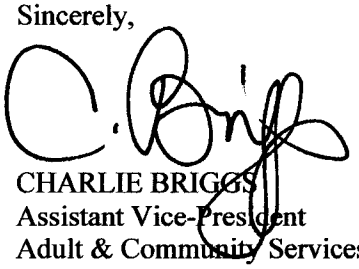
We provide life skills support and community integration for **adults with developmental disabilities** (*nearly 200* individuals in Cascade County alone), as well as supported living services and supported employment funded partially by the Developmental Disabilities Medicaid Home & Community-Based Services (HCBS) waiver. We provide services to **older adults** funded partially by Medicaid through Medallion Medical Care – both skilled nursing and professional home health services – and personal, in-home care to older adults. We also have adult day services for older adults, many of whose fees are paid through Medicaid. Further, we provide case management for older adults, people of all ages with **physical disabilities**, and a pilot site for those with a **severe and disabling mental illness** (SDMI), as well as hospice services provided through the HCBS Medicaid waiver slots. In all, we administer by contract

with the department HCBS Medicaid waivers from three divisions: the Addictive and Mental Disorders Division, the Disability Services Division, and the Senior and Long-Term Care Division.

We have to ask why the department has not established any working advisory group that includes consumer representatives and providers, contrary to a well-established process used by the agency in the past. It is important that the department carefully review the experience of other states utilizing managed care models with Medicaid. It should be noted that, for one, Missouri has chosen to exclude people with disabilities and older adults – their most vulnerable and fragile participants – from being enrolled in a managed care plan.

Easter Seals-Goodwill would welcome the opportunity to participate on any study group or advisory body, state or local. We respectfully request the opportunity to study the preliminary proposal in order to analyze how it is anticipated to save the state money without adversely impacting the recipients of Medicaid services. We want to know in specific how the department will both improve care and save money – without reducing payments to care providers and services to recipients.

Sincerely,



CHARLIE BRIGGS
Assistant Vice-President
Adult & Community Services

Shirley, Gayle (LEG)

From: Shyla Patera [ncils.patera@bresnan.net]
Sent: Tuesday, November 16, 2010 6:52 AM
To: Legislative Information Office
Subject: Please Contact LFC regarding Managed Care Testimony

Importance: High

Chair Jones and Members of the Legislative Finance Committee:

My name is Shyla Patera. I am an Independent Living Specialist for North Central Independent Living Services in Black Eagle, Montana. North Central Independent Living Services advocates on behalf of Montanans with Disabilities who live in North Central Montana. In case I am not present due to weather to learn about and testify regarding the managed care proposal and 5 county pilot, I wanted to ask some questions.

How much is this proposal really projected to save Montana? For the upcoming Biennium, Medicaid users and providers are already facing cuts to optional services and potential provider rate cuts of2percent or more. If Montana providers are required to alter how they provide LONG TERM CARE services in Montana this limits consumer choices .Furthermore, Centene is a for profit corporation.

There appear to be no safeguards or benchmarks to follow in regards to managed care. There is no proposal and very little information. Director Sorrell and Division Chief Williams and the proposal supporters will probably outline how the Request For Proposal should look as this pilot is let in January 2011. According to colleagues that have been advocating for disability concerns in Montana far longer than I, Managed care has been tried in the mental health arena. The company, Magellan left Montana and cost us financially .Over the last few sessions Montanans with disabilities and the independent living community have advocated for programs that would benefit us -increased home and community based waiver slots. We have also advocated for Money Follows The Person nationally and for Montana to apply locally. Why are we not exploring these options as well?

I guess my question is why this proposal and why now?

Shyla Patera

North Central Independent Living Services

1120 25th Avenue NE

Black Eagle, Montana59414

ncils.patera@bresnan.net

11-16-10

Chairman and members of the committee my name is Theresa Gardner, I live here in Helena. I'm here to tell you my thoughts on having managed Care in Montana, I think managed Care, is not needed here in Montana.

I use Personal Care attendents to help me live as independent as possible in my own apartment I am currently using the Self Directed program through Montana Independent Living and enjoy it very much. I dont want managed Care to effect this program or any other programs that help the disabled. I would not want managed Care in montana I think how the programs are ran now is fine.

Thank-you

Theresa Gardner

Helena Montana