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March 31, 2022

Steve Schuh
Deputy Secretary for Health Care Financing
Maryland Department of Health

Re: Accountability Sought for Correcting & Finding Optum Claims

Dear Deputy Secretary Schuh:

I am writing to request your assistance in creating an effective process between providers, Optum, and the Department for the identification and correction of missing or erroneously denied claims.

The ASO contract makes Optum responsible for unclaimed federal dollars and it is our understanding the unpaid claims during the estimated payment period may no longer be eligible for federal match.¹ As a result, we are concerned that the lack of progress our members are reporting may arise from Optum's financial disincentive to correct the \$80 million in denied claims and up to \$60 million in potentially missing claims.

Because the Department is poised to begin recoupment of \$80 million in denied claims and up to \$60 million that may include missing claims, it is of paramount importance that missing claims be found and erroneous denials be corrected. Providers cannot bear the costs of Optum's failure to process claims.

1. Correct Denials Known To Be Applied Erroneously

In many reported cases, our members submit claims to Optum for research and correction, and Optum responds that the claim has been denied correctly. In examples brought to our attention, Optum's response is not correct.

To our knowledge, at least 14 of the 32 active CARC denial codes have been subject to previous corrective actions by Optum. These past actions are an acknowledgement that the codes resulted from Optum's processing errors. Although our members have previously reported that Optum's corrective sweeps failed to capture all denied claims, members are now struggling to get Optum to apply corrections to inappropriate denials.

¹ States have eight fiscal quarters in which to claim federal matching dollars for Medicaid claims. The window to claim federal match for unpaid claims during the estimated payment period is now closed, and the ASO contract states, "The Contractor shall be responsible for uncollected FFP [federal financial participation] under the Contract where the failure to collect those funds is within its control" (page 39).

We ask MDH to intervene in this process to ensure that Optum fulfills its obligation to ensure claims are correctly adjudicated – including the claims it processed when its systems and coding were known to be dysfunctional.

It would be helpful to have the \$80 million in denied claims during the estimated payment period broken down by denial code in order to better identify the extent to which denials correspond to codes already acknowledged by Optum to have applied in error (including, but not limited to, CARC denial codes 4, 16, 22, 26, 27, 29, 45, 96, 150, 170, 171, 197, 234, and 237). We thus renew our request for your assistance in bringing transparency and accountability to this process so we can ensure that our members are not required to repay funds for services that they delivered.

2. Locate Missing Claims

We are also concerned about securing adequate research and communication from Optum related to the identification of missing claims. Because providers were required to submit claims to Optum without adequate reporting capabilities in place, providers did not receive the reports (such as 999s and 277s) that would have allowed them to identify and correct submission barriers on their end. As a result, providers need research and communication from Optum in order to identify whether a claim failed to process because of problems on their end, or whether the claim was received by Optum and then failed to process on Optum's end.

Our members report that poor communication with Optum has been a barrier to resolution of these missing claim issues. These claims may make up a portion of the funds slated to be recouped, and they represent claims for services actually delivered. We ask for your help in creating a transparent and accountable process for Optum to communicate with reporting providers about missing claims at a claim-by-claim level.

Thank you for your consideration of these requests. Please don't hesitate to reach out if you have any questions.

Sincerely,



Shannon Hall
Executive Director

cc: Senator Melony Griffith
Senator Guy Guzzone
Senator Delores Kelley
Senator Brian Feldman

Delegate Maggie McIntosh
Delegate Kirill Reznik
Delegate Shane Pendergrass
Delegate Joseline Pena-Melnyk

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