



Update on OptumHealth NM

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Acting Secretary Katie Falls, HSD
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Presentation to the Legislative Finance Committee
November 18, 2009



Overview of Today's Discussion

- Timeline of actions taken since July 1, 2009
- Contract requirements of OptumHealth NM
- A sanction letter sent October 29, 2009 to address the following:
 - OptumHealth NM Contract Violations
 - Sanctions Imposed
 - Actual Damages
 - Appointment of a State Monitor
- OptumHealth NM's response to sanction letter
- Emergency Collaborative meeting decisions – Next steps
- FY10 operating budget and FY11 budget request



October 14th LHHS Meeting and Actions Taken (As of 11/16/09)

■ Timeline of events since June 2009

- June – Readiness Review Team established
- June – Letter to all legislators detailing transition to OptumHealth NM
- July – Update Legislative Finance (LFC) and Health and Human Services (LHHS) Committee on Transition to OptumHealth NM
- July – October – Daily calls (July – September, twice weekly in October) with Readiness Review Team and OptumHealth NM
- July – November – Joint provider association meetings (monthly) and calls with Collaborative and OptumHealth NM staff to address systemic concerns
- September – Letter to LFC and LHHS to detail complaints from consumers and providers received by the Collaborative and OptumHealth NM
- Mid-September – Technical Assistance (TAC) Consultants contacted by Linda Roebuck to run a diagnostic assessment of OptumHealth system issues
- September 24th – Collaborative decided external review of identified problems would occur
- September 28th – October 9th – Onsite and telephonic work
- October 9th – Exit conference with OptumHealth NM to discuss concerns
- October 15 – Conference calls with OptumHealth NM and with United Corporate office
- October 19th – Governor’s Staff, Collaborative Executive Committee, OptumHealth NM and United corporate meeting
 - OptumHealth NM agreed to relax edits and agreed to an off-cycle payment
- October 26th – Received data on OptumHealth NM payments; only small amount of payments had been made
- October 28th – Met with Governor’s Staff about data received on 26th
- October 29th – Sanction letter delivered to OptumHealth NM
- November 5th – Presented update on OptumHealth NM to LHHS
- November 10th – Emergency Collaborative meeting held to discuss problems with OptumHealth NM



Contract Requirements of OptumHealth NM

- Required to maintain a working electronic claims management system
- Required to promptly pay claims
- Required to make every effort to reduce administrative burdens on providers
- Required to develop and use consistent and user-friendly forms and procedures



OptumHealth NM Contract Violations

- Reasons for sanctions

- OptumHealth NM does not have a fully functioning claims management system
 - Has resulted in excessively denied, pended, lost and/or reversed provider claims
 - Lack of payment for claims has put providers in financial strain or crisis
 - Lack of payment has put consumers at risk of losing services



Sanctions Imposed

- Direct Corrective Action Plan (DCAP)
 - OptumHealth NM is directed to remediate its non-compliance by taking actions in the areas of:
 - Claims
 - Service Registration
 - Authorizations
 - Funds Mapping
 - Provider File Audit
 - Financial Reporting



Sanctions Imposed

□ Civil Monetary Penalty

- Lump sum fee of 1 percent of the total contract amount for the period July 1, 2009 – October 30, 2009 (\$1,200.0)
- Daily, pro-rated fee equaling 1 percent of the total contract amount beginning November 1, 2009 and until OptumHealth NM demonstrates and the Collaborative accepts OptumHealth NM's provider payment system is paying providers timely and accurately (~\$10 thousand per day over a 30 day month)
- Sum of penalty to be ***allocated to providers and practitioners in network***
 - Non-Medicaid funding sources: 1% of the state fiscal year contract allocation
 - Medicaid annual allocations, pro-rated by a percentage of all Medicaid claims from July 1, 2008 through October 31, 2008



Sanctions Imposed

- Actual damages

- OptumHealth NM to pay providers 1 ½ percent interest on all unpaid claims from the date the claims were submitted by providers
- OptumHealth NM is responsible for all costs incurred by the Collaborative to remedy noncompliance, e.g. independent consultants hired by the Collaborative



Sanctions Imposed

- Appointment of a State Monitor
 - State Monitor is:
 - Selected by the Collaborative
 - Reports to the Collaborative
 - Paid for by OptumHealth NM
 - State Monitor will supervise statewide entity contract until:
 - OptumHealth NM has a fully functioning provider payment system
 - OptumHealth NM is making every effort to reduce administrative burdens on providers



OptumHealth NM Response to Sanction Letter

- OptumHealth NM notified Collaborative on November 13, 2009 they are disputing sanctions
- OptumHealth NM working with Collaborative on issues identified in the DCAP and reserving the right to dispute it
- OptumHealth NM states it has a fully functioning claims management system but recognizes problems with provider claims
- OptumHealth NM opposes civil monetary penalty and actual damages



Actions Taken Since October 21st (As of 11/16/09)

- Since October 21st
 - \$23,900.0 paid on 72,290 claims
 - 20,353 claims still pending (5.60% of total claims received)
 - Extra payment runs have occurred to get money to providers
 - 131 providers received expedited payments for \$21,343.638
- Since July 1, 2009 out of \$122,000.0 received by OptumHealth NM, \$98,100.0 has been expended
 - \$61,100.0 paid on claims
 - \$21,000.0 paid in expedited payments
 - \$11,000.0 paid in pharmacy claims
 - \$5,000.0 in invoices and vouchers
- Collaborative conducting weekly sampling of providers to ensure payment



Emergency Collaborative Meeting Decisions – Next Steps

- Emergency Collaborative Meeting held 11/10/09
- Actions decided on by the Collaborative
 - Collaborative and OptumHealth NM meeting regularly to address DCAP
 - Researching options to provide relief for administrative burden on providers
 - Developing plan should the state assume operations of SE if necessary – short term
 - Considering alternative models for SE - long term
- Collaborative is finalizing emergency contract for State Monitor



FY10 operating budget and FY11 budget request

- FY10 Operating Budget – Compilation Budget
 - \$465,238.0 (\$181,126.2 GF) – before 5.5% reduction to executive agencies (1% to Medicaid)
 - Contract with SE \$378,210.557
 - \$330,425.508 for direct services
 - \$47,785.049 for administration

- FY11 Budget Request
 - \$478,949.0 (\$202,051.4 GF)
 - Increase of \$13,711.0 GF from FY10 base budget
 - \$26,593.3 GF expansion request