

Addiction Treatment Providers of New York
Alliance for Rights and Recovery
Association for Community Living
Citizens Committee for Children
Coalition of Community Services
Coalition of Medication Assisted Treatment Providers & Advocates
Families Together in New York State
Federation of Mental Health Services
HealthyMinds, HealthyKids Campaign
InUnity Alliance
Legal Action Center
National Alliance on Mental Illness - New York State
NYS Council for Community Behavioral Healthcare
New York State Psychiatric Association
Therapeutic Communities Association of NY

October 18, 2024

Honorable Governor Kathy Hochul
Executive Chamber
NYS Capitol
Albany, NY 12224

Dear Governor Hochul:

The above listed membership associations and advocacy coalitions represent community-based mental health and substance use disorder prevention, treatment, recovery and harm reduction agencies and the New Yorkers they serve each day. ***We are writing today to urge New York State leaders to carve behavioral health (mental health and substance use disorder) services out of the state's Medicaid managed care program and in doing so, restore the availability of essential services to some of our most vulnerable residents.***

Medicaid managed care has proven detrimental to the ability of New Yorkers to secure the mental health and substance use disorder care they need and hampered the state and providers' ability to effectively respond to the unprecedented opioid epidemic, increasing rates of suicide and other serious mental health and addiction needs of our residents. By removing managed care plans from the equation, remove unnecessary barriers to care, simplify and streamline the reimbursement process, and return scarce resources to the OASAS and OMH systems of care to address workforce shortages and address gaps in services.

Background:

In 2015, NYS began carving-in most of the behavioral health (mental health and substance use disorder / addiction) services available through New York's public mental hygiene system, into managed care. The decision to carve in these services was made by the Medicaid Redesign Team and was not presented as a choice for Medicaid beneficiaries or system stakeholders, nor was it a decision made by your Administration. *New York effectively handed over day-to-day oversight of these important benefits to insurers (most of which are for profit companies) and their Managed Care Organization proxies.*

The result of this failed experiment has been disastrous for care recipients who are sitting on waiting lists around the state, desperate for access to services while providers on the ground fight to remain viable with one hand tied behind their backs.

Since 2019, over 200 citations have been issued by state regulators against many MCOs for their failure to comply with state laws, regulations and guidance – actions that perpetuate barriers to care and force providers to waste scarce resources chasing health plans for reimbursement. These citations are rooted in three core areas:

- failure to pay the state mandated fee for service (APG) government rates
- inappropriate claims denials (the rate of claims denials in 2023 was approximately 60%)
- failure to oversee the proxy company that is employed by many of the insurers to manage the benefits.

In August 2023, a provider survey of mental health and substance use disorder agencies revealed the following:

- Nearly 50% of providers had waiting lists for outpatient clinical services to include Medication Assisted Treatment and psychiatric services, while New York's children with behavioral health conditions continued to live in emergency rooms across the state due to a lack of appropriate community-based services.
- Providers are forced to spend \$400,000 a year to pay staff to chase MCOs, file complaints, upgrade billing systems, hire attorneys to threaten legal action against MCOs for failure to pay, and to re-process payments that are often paid at the wrong rate by MCOs many months after they are required by law to do so.
- MCOs owed providers who responded to the survey approximately \$10 million in unpaid claims and some plans had not yet paid the COLA that was enacted in the 2022-2023 final budget. This year, the COLA that was enacted as part of the 24-25 enacted budget has yet to be paid by most MCOs and we do not expect payment to begin until mid-December at the earliest.
- Providers are forced to hire (on average between) 6-10 staff for purposes of securing timely and correct reimbursement for services provided to Medicaid beneficiaries and paid by MCOs.

In 2022, Milliman completed an analysis and concluded that most insurers participating in the carve-in of these services to Medicaid managed care fail to comply with federal and state parity laws and regulations and/or New York's requirements around self-monitoring of compliance with the same. In 2020, the Office of Mental Health conducted an analysis of Medical Necessity criteria used by MCOs to make critical decisions around authorizations for care only to find that there were no MCOs that met the Office's Medical Necessity criteria standards. In both of these instances, the issues identified by the state or outside consultants have not been rectified by the majority of plans participating in the carve-in.

Finally, in 2022, NYS began recouping hundreds of millions of taxpayer dollars that MCOs had failed to return to the state despite their repeated failures to meet contractually required expenditure targets designed to hold the MCOs to a high standard for how much of the funds they are paid by the state must be spent on actual services for Medicaid beneficiaries. Failure by the MCOs to return these funds violates contractual requirements and deprived scarce resources to the OASAS and OMH systems of care. To date, the enforcement of this requirement has resulted in over \$500M being returned to OASAS and OMH where the majority of funds have been reinvested in provider reimbursement rates and other high priority needs.

A recent analysis conducted by Boston Consulting Group for NYS found numerous problems associated with the ongoing carve in of behavioral health services writing "...MCOs have shown little innovation to improve upon workforce challenges. Additionally, there have been no applications for in-lieu-of services (i.e., medically appropriate, cost-effective substitutes to a covered service), despite

this being an option available to plans. Furthermore, OMH has struggled to entice MCO participation in quality-improvement initiatives. According to stakeholder interviews, OMH tried to engage MCOs in Critical Time Intervention for high-need BH populations but did not secure participation, even with a \$400 incentive per member engagement visit. Likewise, stakeholder interviews indicate that MCOs did not participate in an OMH-led Performance Opportunity Project to increase adoption of evidence-based practices for high-risk/high-need populations. Lastly, despite network requirements, managed care has relied on additional government funding to bring inpatient psychiatric beds online.” **It should be noted that Guidepoint Consulting recently completed a report commissioned by NYS that recommends services for individuals receiving care through the OPWDD system of care should not be carved in or managed through a managed care model. As such we are left to wonder why mental health and substance use disorder services remain carved in and in jeopardy while the state protects other vulnerable populations from the same fate.**

State leaders must ask themselves what value is this model providing for New Yorkers with serious behavioral healthcare needs? Managed care plans/insurers are able to keep at least 11% of Medicaid funds for administration and profit, they fail to meet contractual requirements, claims denials rates are hovering at around 60% and providers have recently been forced to suspend new intakes due to their inability to recruit and retain a workforce that can meet actual demand. When we consider the total amount of premiums paid to MCOs to pay for care and manage behavioral health benefits (approximately \$4 billion/year), the hard facts are that MCOs add no value, and they continue to employ tactics that delay or deny payment. As such, **we must ask ourselves whether we are spending taxpayer resources wisely?**

We know there is a better way, and we need to act now in light of the ongoing incidence of rates of deaths of despair that continues to claim the lives of so many New Yorkers. By carving out behavioral health from Medicaid managed care, the State can save hundreds of millions which can be reinvested into much-needed mental health and addiction care and a well-trained workforce to provide these lifesaving services.

We must foundationally fix what’s broken in our behavioral healthcare system. This begins with eliminating the largely for-profit middlemen (health insurance plans), returning reimbursement to New York’s fee for service system as was the case over a decade ago, and reinvest finite resources in services, our workforce challenges where job vacancy rates for positions that are client-focused are hovering at 20% and annual turnover rates are currently at 17%.

Now is the time for New York State to take managed care out of the equation and move behavioral health services back to Fee for Service in Medicaid.

For more information regarding this request, please contact Lauri Cole, Executive Director, NYS Council for Community Behavioral Healthcare, at (518) 461-8200 or lauri@nyscouncil.org.

cc: Karen Persichilli Keogh, Secretary to the Governor
Kathryn Garcia, Director of State Operations and Infrastructure
Peter Hatch, Deputy Secretary for Human Services and Mental Hygiene
Blake Washington, New York State Budget Director
Dr. James McDonald, Commissioner, NYS Department of Health
Amir Bassiri, Medicaid Director, NYS Department of Health
Dr. Chinazo Cunningham, Commissioner, NYS Office of Addiction Services & Supports
Dr. Ann Sullivan, Commissioner, NYS Office of Mental Health