

Chair Sign On Letter
Supporting Managed Care Carve Out of Behavioral Health Services in Medicaid

Date

Governor
DOB Director
Senate Majority Leader
Assembly Speaker

Dear:

As Chairs of the relevant Legislative Committees that represent New Yorkers with significant substance use disorder, mental health and other comorbid conditions, we are writing today to express our deep concerns over the serious and ongoing problems facing Medicaid beneficiaries and the providers that serve them through New York's Medicaid managed care program.

Together, we are urging New York State to remove managed care plans from the equation and provide essential behavioral health services to some of our most vulnerable residents on a Fee for Service basis in Medicaid, as was the case less than a decade ago, to return scarce resources to this system for actual care.

In 2015, NYS began carving-in the vast majority of behavioral health (mental health and substance use disorder / addiction) services currently available through New York's public mental hygiene system, into managed care. Up until then, these services were reimbursed through the Medicaid Fee for Service Program. This decision was made by the Medicaid Redesign Team and was not presented as a choice for Medicaid beneficiaries or system stakeholders. New York effectively handed over day-to-day oversight of these important benefits to insurers (many of which are for profit companies) and their Managed Care Organization proxies.

The result of this failed experiment has been nothing short of a disaster for care recipients who are sitting on waiting lists around the state, desperate for access to services while providers on the ground fight to provide high-quality care to some of New York's most vulnerable citizens, with one hand behind their backs. Since 2019, over 200 citations have been issued against many of these same companies for a variety of important reasons that limit access to care and force providers to waste scarce resources chasing health plans for payment of services. These citations are rooted in three core issues: failure to pay the state mandated fee for service (APG) government rate that is required by law, inappropriate claims denials, and failure to oversee the proxy company that is employed by many of the insurers to manage the benefits.

In addition to the citations, an external consultant working for the state recently completed an analysis and concluded that the majority of 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. Over the last 8 years, providers have spent hundreds of millions of dollars on technology, staff and other administrative expenses associated with their having to transact business with complex insurance companies that fail to perform many of the contractual requirements they have agreed to including their contractual expenditure targets for how much of the premiums they receive from the state must be spent on actual care for Medicaid recipients.

The key question is what value is this model of care providing to our State and 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. This **is approx. \$300 million annually that could be far better spent on actual care** for vulnerable New Yorkers.

We need to act now in light of the escalating rates of suicides and critical mental health needs among our children and adults and the growing overdose epidemic which is getting worse each day.

If we are going to address these crises which have reached historic proportions unlike anything we've seen before, we must foundationally fix what's broken in our behavioral healthcare system. This begins with eliminating the largely for-profit middlemen (health insurance plans) and reinvesting finite resources to services, the workforce and the essential care New Yorkers need and deserve. 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.

Sincerely,