CERTIFICATE OF NEED APPLICATION
INTERMEDIATE CARE FACILITY
Matter No. 22-02-2459

Pascal Crisis Stabilization Center
43 Community Place
Crownsville, Maryland 21032

Response to MHCC email dated November 4, 2022
Request for additional information.

November 16, 2022

PASCAL
Crisis Stabilization Center

Pascal Crisis Services, Inc.
Robert A. Pascal Youth & Family Services, Inc. • Pascal Crisis Stabilization Center
1215 Annapolis Road, Suite 204, Odenton, MD 21113
(410) 975-0067

November 16, 2022

VIA Email & Hard Copy Delivered

Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215
Attn: Ms. Ruby Potter

Re: Pascal Crisis Services, Inc.
Establish a Track Two ICF
Matter No. 22-02-2459

Dear Ms. Ruby Potter,

On behalf of applicant Pascal Crisis Services, Inc., per Commission Staff's standing request, we are submitting four copies of Pascal's response to MHCC request for additional information email of November 4, 2022.

I hereby certify that the information contained within this application is true and accurate to best of my knowledge.

Katherine Bonincontri, M.H.R., M.S., LCPC-S
President and Executive Director

The following responses address the MHCC request for information dated November 4, 2022.

1. Question 2.a. (page 6) Please provide the average occupancy rate and the average daily census over the past 3 months at PASCAL. The October 30th response did not answer this question.

Applicant Response:
Pascal is an accredited and licensed Residential Crisis Services (RCS) provider with two locations in an eight-mile radius providing access to 22 RCS beds. These locations are 43 Community Place, Crownsville MD 21032 and 1226 Annapolis Rd, Odenton MD 21113. There are 16 RCS beds in Crownsville and 6 RCS beds in Odenton.

Pascal supports the State Opioid Response (SOR) grant with access to 15 beds within the Pascal Crisis Stabilization Center located in Crownsville. Individuals served under the SOR grant must have an Opioid Use Disorder. Pascal is limited by the Anne Arundel County Health Department to 5 Direct Admit SOR beds per day; however, due to the admission criteria of other SOR grant providers, Pascal often exceeds the allowable bed limit.

Pascal also provides bed access to the Anne Arundel County Crisis Response System (CRS) during instances when the mobile crisis team encounters an individual that is in need of urgent care or an RCS bed. In instances when an RCS bed is not available, the individual is admitted to Pascal for stabilization and treatment of urgent care needs under the Crisis Response System "Resolution Bed Grant". In addition, because Pascal is an accredited and licensed mental health provider, the individual may receive co-occurring disorder care immediately.

Recently, in November 2022, the Anne Arundel County Health Department requested that Pascal utilize additional funding categorized under Substance Abuse Treatment Outcomes Partnership (STOP) category which provides funding for individuals that do not meet criteria for admission under the SOR grant but meet the following referral eligibility criteria:

- Circuit Court Drug Court
- District Court Drug Court
- DUI Treatment Court
- Drug offenders under the supervision of Parole and Probation
- Individuals admitted to hospital emergency rooms
- Parents of children in need of assistance
- Parents of children entering out-of-home placements or at risk entering out of home placements
- Mothers of drug addicted infants
- General inmate population, including pre-trial and pre-release inmates

Pascal admits high-risk individuals under the STOP program that tend to be in alcohol or benzodiazepine withdrawal and require medication (as appropriate) and continuous monitoring to ensure their withdrawal is conducted safely. The individuals admitted under STOP also meet the criteria for 3.7/3.7WM and would benefit from the capability to provide intravenous fluids for rehydration and management of medication.

Since November 2, 2022, Pascal has admitted 40 patients under the STOP program with an average daily bed occupancy rate of 2.86.

90-Day Average - Daily Bed Occupancy Rate			
43 Community Place	**Capacity**	**Daily Occupancy**	**Daily Rate**
RCS	16	16.45	102.81%
SOR*	5	6.25	125.00%
CRS**	- - -	1	- - -
STOP***	- - -	2.86	- - -

** SOR capacity is subject to referral source. Due to SOR grant authorization discretionary limits set by the Anne Arundel County Health Department, Pascal is only able to admit a maximum of 5 SOR bed Direct Admission Referrals despite Pascal's repeated requests to increase this number.*

*** Crisis Response System resolution bed referrals are not based on capacity because Pascal maintains a constant availability to a bed in support of the Anne Arundel County Crisis Response System.*

**** STOP data from 11/2/2022*

During the same 90-Day Period, the Pascal Call Center Turn-Away data documented 572 screenings for beds. **Due to the lack of bed availability, Pascal turned away 436 individuals seeking access to care.**

2. Update Tables C, D and E with the two most recent years of actual information and the current year projected.

Applicant Response: Tables A, C, D and E have been updated.

Table Assumptions: Table D: Revenues & Expenses, Uninflated – Entire Facility
Section 1.a.
Residential Crisis Services are based on the number of patient days multiplied by the reimbursable rate for S9485 (Residential Crisis Services) and T2048 (Residential Room and board). For example, one RCS patient day = S9485 $331.16 + T2048 $16.53 for a total per day of $347.69

Section 1.b.
Outpatient Services
RCS and SOR clients all receive an initial assessment by a Licensed Clinician and a Psychiatrist or Nurse Practitioner upon admission. Additionally, all clients participate in daily group activities and therapeutic sessions, as appropriate, during their admission period.

For example, the average RCS and SOR patient will participate in the following sessions:

90791 Psychiatric diagnostic evaluation	$235.59
99204 Evaluation and Management, including RX	$181.53
90852 Group Therapy (2 sessions @ $53.58)	$107.16
90834 Individual psychotherapy (2 sessions @ $125.80)	$251.60

Average outpatient services for RCS and SOR patients averages $775.88 during the admission period.

**Rates are calculated using the Public Mental Health System Rates effective 7/1/2022*
Outpatient services = Total (RCS + SOR patient days) / 4.95 multiplied by:
2020 $634.91
2021 $653.65
2022 $775.88
2023 $775.88 (rate increases are subject to legislative decisions)
2024 $775.88 (rate increases are subject to legislative decisions)
2025 $775.88 (rate increases are subject to legislative decisions)

Section 1.c
III.7/III.7WM Projected Revenue
Calendar years 2023, 2024 2025 assumes approved 3.7/3.7WM services on January 1st of each year for 365 days. The daily rate, effective July 1, 2022, for ASAM Level III.7 (3.7WM) Adults $423.77 + 54.77, total ($478.54 1-day). ASAM Level III.7 (3.7WM Adults) service = patient days multiplied by $478.54

3. Table G needs to be reviewed thoroughly for accuracy in each row and subtotal. Examples of identified inaccuracies:
1. Current year total cost (column 1*column 2).
2. Projected changes total cost (column 4*column5).
3. Total FTE count at project end (e.g., direct care 18 and 14 = 32, not 30 FTEs).
4. Total costs for each row.
5. Explain how benefits are calculated and included in the table. This is usually a percentage of total salary.

Applicant Response: Table G (**Exhibit #1**) has been reviewed and corrected. The updated salaries and wages number include healthcare benefits estimated for 2022 at $76,000 annually for eligible employees. Healthcare benefits are the only available benefit to full time employees. Even though the estimated workforce is projected at 90 FTE, not all employees have elected to receive available healthcare benefits.

4. Based on the revised tables provided in this response, provide an update in the response for the viability of the proposal. Ensure the corrected salary and benefit information is entered on the revenue and expense tables.

Applicant Response: The estimated costs in the corrected table increased; however, based on revenue projections for this project, the additional costs will be supported and present no impact to the viability of this proposal.

Pascal ensures the viability of the agency through a continuous commitment to expanding access to care by providing a broad spectrum of treatment to individuals in the greatest need. Pascal's strategic direction and continuous process improvement program enables the management team to remain resilient and agile during changing political and changing societal periods. Pascal's fiscal viability is further supported by maintaining a low debt to income ratio. Currently, Pascal has a substantial cash reserve and an available line of credit of $250,000 for unexpected costs.

Pascal understands that without fiscal competence, an agency cannot provide the desperately needed access to care regardless of the services that Pascal is accredited and licensed to provide. Pascal has never placed financial gain over client care and Pascal remains viable financially now and will continue to remain so into the future.

Pascal's fiscal stewardship of the agency recognizes the critical requirement to have multiple income streams to remain a viable agency. Pascal operates nine separate business lines and in 2023 will add a tenth upon receipt of licensure and Medicaid approval. Further in 2023, if approved by the commission, Pascal will add an eleventh business line with the advent of 20 Track 2 ICF 3.7/3.7WM beds. This strategy of leveraging all business lines and multiple streams revenue serves to compensate and balance the agency's financial portfolio. When one business line does not perform as expected, a separate business line will be able to support costs during any potential periods of unexpected decreases in revenue.

5. Provide more details on the SOR grant. Will it be renewed, if not, are there alternative revenue sources? How will any funding shortfall be accounted for in the future? Describe what, if any, impact this may have on viability.

Applicant Response: Pascal was awarded the SOR grant and has been executing the grant program agreement since 2018. Based on current information, the SOR grant is expected to be renewed in 2023.

Pascal was recently accredited in Partial Hospitalization Program (PHP) and intends to expand services in 2023 which will generate additional revenue estimated at $833,528 which would eclipse the revenue received from the SOR grant in previous years and would be a zero-sum gain if there was an elimination of SOR grant funding. Furthermore, approval of Pascal's 3.7/3.7WM application for 20 Track 2 ICF Beds will generate revenue that would exceed the additional revenue from the newly implemented PHP.

6. If Pascal is required to pay Optum the disputed $750,0000 in overpaid claims, will that affect the future viability of this project? Please provide a detailed explanation.

Applicant Response: Pascal continues to dispute the assertion by Optum that the agency received $750,000 in overpayments during the 2020 Administrative Services Office transition period from January 2020 – August 2020. Pascal has identified wrongfully denied unpaid claims exceeding $850,000 and when adjudicated, will eliminate Optum's overpayment claim and result in a payment, plus interest, due to Pascal.

In the November 15, 2022 Maryland Matters article, *Failure To Penalize Troubled Vendor Makes Maryland A 'Laughingstock,' Lawmaker Says,*

> *"…the review of Optum's performance, which was conducted by the Office of Legislative Audits (OLA) uncovered numerous problems. Auditors discovered… mental health providers, who have been stretched thin and subject to burn out since the pandemic began have been forced to spend long hours reconciling payment errors."* The article continued, *"…auditors calculated that the State has*

suffered hundreds of millions in losses due to Optum struggles – through claims that were improperly denied… (and) identified problems with virtually every aspect of the contract…"

The Maryland Addictions Directors Council (MADC) in a letter (see Exhibit 2) dated November 1, 2022 to House Health & Government Operations Committee and the House Appropriations Health Appropriations Health & Human Resources Subcommittee wrote,

"Mental health and addiction treatment providers have struggled over the last three years to manage the Optum failure to launch and then endless other problems with the Optum system. MADC providers are at the forefront of the opioid overdose epidemic as well as managing the COVID pandemic during this same period.
In January 2020, Optum launched as the State vendor responsible for paying claims for publicly funded behavioral health services. Optum's system could not launch, leaving providers with no means to bill and receive payment from the public behavioral healthcare system. This forced the State to step in with estimated payments while giving Optum more time to deliver a working system.

In March 2020, the Covid pandemic hit Maryland causing disruption across behavioral healthcare. The opioid overdose epidemic, the COVID pandemic, and Optum's poor performance resulted in behavioral health providers struggling with underpayments and incurring additional costs as Optum's technology continued to fail.

For almost 3 years Optum has been unable to accurately report on claims and payments resulting from the failure to launch in January 2020. Providers have been handed spreadsheets with tens of thousands to hundreds of thousands of lines of claims from Optum's system that providers have had to sort through by hand. Many programs had to hire additional staff or reassign existing staff to this arduous task. This was due to the public behavioral health vendor for claims payment not functioning properly. The vendor recently has improved its functionality but the lingering problems still pose a burden to many MADC providers.

None of these issues existed with any of the previous ASO's, of which there had been several."

Pascal provided written testimony to the Maryland State House of Delegates on November 1, 2022 regarding Optum's wrongful and unsupported claim that Pascal has been overpaid. The written testimony was as follows and is located in Exhibit #2.

"Chair Delegate Joseline A. Pena-Melnyk
Health and Government Operations Committee
House Office Building
Annapolis, Maryland 21401

Ref: Health and Social Services Subcommittee Briefing – November 1, 2022

Honorable Chair

My name is Phillip Bonincontri. I am the Chief Operations Officer for Robert A. Pascal Youth and Family Services, Inc., D.B.A. Pascal Crisis Services, Inc (Pascal). The intent of this letter is to provide written testimony to the committee regarding the transition of the Administrative Services Organization (ASO) from Beacon to Optum in January 2020. In order to provide a brief curriculum vitae to add validity to this letter, I have been the Chief Financial Officer and now the Chief Operations Officer for Pascal since 2014. Prior to this, I was the Comptroller for the Bureau of the Fiscal Service, United States Treasury after my completion and retirement from the United States Marine Corps after 20 years of service as a Financial Management Officer.

Pascal is a mental health and substance use agency that has been a non-profit 501(c)(3) organization in Maryland since 1971 providing critical behavioral health services to most vulnerable and underserved individuals. Pascal established the Pascal Crisis Stabilization Center, a 24/7/365 crisis services center, in Crownsville Maryland in 2017 and maintains clinical outpatient facilities in Odenton and Gambrills. Pascal provides treatment utilizing nine separate accredited and Maryland State licensed billable service lines.

The transition of the ASO to Optum, in January 2020, has caused immense stress and cost to Pascal culminating in an undated, unsigned and absolute "must pay" debt letter being mailed to an incorrect service address, stating that Pascal was overpaid $722,446.49 in estimated payments. This repayment letter was not received until August 19, 2022 with a deadline of August 26, 2022 to remit payment of the alleged overpayment. The letter did not contain any contact information nor did it contain any recourse the provide could take to dispute the statement overpayment amount. The most egregious statement in the letter was that Optum would begin offsetting our current reimbursement payments by 50% until the amount was repaid. Pascal is an agency that employees 89 clinicians and direct care staff. Reducing Pascal's reimbursement payments weekly by 50% would have shutdown Pascal operations.

On three separate instances in 2021 and 2022, Pascal responded via the Optum portal requesting assistance with the reconciliation of estimated payments without response. Only when Pascal engage with legal representation did Optum respond.

Pascal met with representatives of the Maryland Department of Health (MDH) and Optum on September 8, 2022. During this meeting, the details of the reconciliation process were discussed and why Pascal received the unsigned and undated overpayment debt letter with the threat that reimbursement payments would be reduced by 50% beginning in September 2022. During this meeting, ***Pascal became aware that Optum did not have an accurate accounting of how Optum arrived at the $722,446.49 overpayment amount.*** *The discovery of this fact created an incredible amount of unneeded stress to our agency. The unprofessional and unwarranted action by Optum to send a debt letter to a non-profit for nearly three quarters of a million dollars, with no method*

of dispute, and without validation of debt owed is unconscionable. Pascal pressed Optum further for an immediate halt of any automatic payment, which MDH assured Pascal that payments would not be affected until Optum could validate the overpayment.

The audacity of Optum to send an overpayment to any provider without the proper review and certification of Optum's accounting and claims department is both unprofessional and callous. ***Prior to the transition to Optum, Pascal was reimbursed on 98% of all claims.*** *That statistic can not be measured under Optum because Optum does not have a reliable account of billed and paid services.*

More than 30-days later, Pascal met again with Optum and representatives from MDH on October 11, 2022. During the 30-day period, Pascal spent countless hours reviewing more than 46,000 claims arriving at the conclusion that Pascal not only did not owe the overpayment but was in contrast, owe over $500,000 in unpaid claims.

On October 11, 2022, Optum provided a presentation on the supporting documentation that led Optum to the conclusion that Pascal was overpaid three quarters of a million dollars. Immediately, Pascal noted that the claims information Optum presented was in fact inaccurate and claims for reimbursement of Residential Crisis Services, one of Pascal's nine billable service lines, were denied due to Optum using the incorrect provider identification number. This initial slide represented over $515,000 of wrongfully denied claims. The Optum claims representative continued to present additional denial of claims based on non-authorization of services, a premise that was waived during the initial transition period from January 2020 – August 2020. These denied claims were estimated at approximately $278,000.

At this point in the October 11, 2022 meeting, Pascal requested the meeting stop, and with the support of the MDH representative, Optum would reevaluate the supporting data that led to the issuance of the overpayment debt letter. The amount of pressure and stress the initial Optum transition, the following reconciliation process and now the unbelievable reality that Optum could have potentially, and illegally reduced Pascal reimbursable billing charges is not measurable.

Pascal remains in limbo as Optum continues to reconcile their internal payment data. Regardless of Optum's final conclusions, Pascal will still be forced to repay the overpayment amount of $722,446.49, even though Optum owes Pascal, forcing Pascal to commit to tracking offset payments to ensure we are paid correctly.

The burden on the provider is to submit billable claims accurately and maintain clinical notes as supporting documentation for each individual claim. The ASO is responsible for accurately reviewing the claim and making payment to the provider, neither of which was accomplished by Optum. Our agency continues to dispute current claims that are either have received reduced reimbursement or denied wrongfully by Optum.

Pascal implores the Chair and the Committee to review this issue as we know we are not the only provider to have suffered under the Optum transition."

Thankfully, Pascal continues to wait for Optum to provide credible documentation to support their wrongful assertion and remains confident that this issue will not impact Pascal's ability to provide the necessary services to individuals in the greatest need for continuous mental health, substance use and detox treatment.

Exhibit	Description
1	MHCC Tables and Statement of Assumptions
2	Maryland Matters article, Failure To Penalize Troubled Vendor Makes Maryland A 'Laughingstock,' Lawmaker Says
2	Pascal Written Testimony to Maryland House of Delegates

EXHIBIT 1

MHCC Tables

Name of Applicant:	**Pascal Crisis Services, Inc.**
Date of Submission:	**11/16/2022**

Applicants should follow additional instructions included at the top of each of the following worksheets. Please ensure all green fields (see above) are filled.

Table Number	Table Title	Instructions
Table A	**Physical Bed Capacity Before and After Project**	All applicants whose project impacts any nursing unit, regardless of project type or scope, must complete Table A.
Table B	**Project Budget**	All applicants, regardless of project type or scope, must complete Table B.
Table C	**Statistical Projections - Entire Facility**	Existing facility applicants must complete Table C. All applicants who complete this table must also complete Table D.
Table D	**Revenues & Expenses, Uninflated - Entire Facility**	Existing facility applicants must complete Table D. The projected revenues and expenses in Table D should be consistent with the volume projections in Table C.
Table E	**Statistical Projections - New Facility or Service**	Applicants who propose to establish a new facility, existing facility applicants who propose a new service, and applicants who are directed by MHCC staff must complete Table E. All applicants who complete this table must also complete Table F.
Table F	**Revenues & Expenses, Uninflated - New Facility or Service**	Applicants who propose to establish a new facility and existing facility applicants who propose a new service and any other applicant who complete a Table F must complete Table F. The projected revenues and expenses in Table F should be consistent with the volume projections in Table E.
Table G	**Work Force Information**	All applicants, regardless of project type or scope, must complete Table G.

TABLE A. PHYSICAL BED CAPACITY BEFORE AND AFTER PROJECT

INSTRUCTIONS: Identify the location of each nursing unit (add or delete rows if necessary) and specify the room and bed count before and after the project in accordance with the definition of physical capacity noted below. Applicants should add columns and recalculate formulas to address rooms with 3 and 4 bed capacity. NOTE: Physical capacity is the total number of beds that could be physically set up in space without significant renovations. This should be the maximum operating capacity under normal, non-emergency circumstances and is a physical count of bed capacity, rather than a measure of staffing capacity. A room with two headwalls and two sets of gasses should be counted as having capacity for two beds, even if it is typically set up and operated with only one bed. A room with one headwall and one set of gasses is counted as a private room, even if it is large enough from a square footage perspective to be used as a semi-private room, since renovation/construction would be required to convert it to semi-private use. If the hospital operates patient rooms that contain no headwalls or a single headwall, but are normally used to accommodate one or more than one patient (e.g., for psychiatric patients), the physical capacity of such rooms should be counted as they are currently used.

Before the Project						After Project Completion					
Service Location (Floor/Wing)	Current Licensed Beds	Based on Physical Capacity				Service Location (Floor/Wing)	Location (Floor/ Wing)*	Based on Physical Capacity			
		Room Count			Bed Count			Room Count			Bed Count
		Private	Semi-Private	Total Rooms	Physical Capacity			Private/ Semi-Private	4 Bed	Total Rooms	Physical Capacity
State Opioid Response Grant Beds						**III.7 AND III.7D**					
2nd Floor SOR Grant		0	5	5	20	**2nd Floor III.7 AND III.7D**		5	2	7	20
2nd Floor Low Intensity Residential			3	3	8					0	0
				0	0					0	0
				0	0					0	0
				0	0					0	0
Pascal Crisis Stabilization Center		**0**	**8**	**8**	**28**	**Subtotal III.7 and III.7 D**		**5**	**2**	**7**	**20**
Residential Crisis Services						**RESIDENTIAL**					
3rd Floor RCS Beds	**16**		8	8	16	**3rd Floor RCS Beds**		8		8	16
3rd Floor CRS Beds			3	3	6	**3rd Floor CRS Beds**		3		3	6
Subtotal Residential	**16**	**0**	**11**	**11**	**22**	**Subtotal Residential**		**11**	**0**	**11**	**22**
TOTAL	**16**	**0**	**19**	**19**	**50**	**TOTAL**		**16**	**2**	**18**	**42**
Other *(Specify/add rows as needed)*				0	0	**Other** *(Specify/add rows as needed)*				0	0
TOTAL OTHER	**0**	**0**	**0**	**0**	**0**	**TOTAL NON-ACUTE**		**0**	**0**	**0**	**0**
FACILITY TOTAL	**16**	**0**	**19**	**19**	**50**	**FACILITY TOTAL**		**16**	**2**	**18**	**42**

TABLE B. PROJECT BUDGET

INSTRUCTION: Estimates for Capital Costs (1.a-e), Financing Costs and Other Cash Requirements (2.a-g), and Working Capital Startup Costs (3) must reflect current costs as of the date of application and include all costs for construction and renovation. Explain the basis for construction cost estimates, renovation cost estimates, contingencies, interest during construction period, and inflation in an attachment to the application. If the project involves services other than level III.7 and III.7D explain the allocation of costs between the levels. NOTE: Inflation should only be included in the Inflation allowance line A.1.e. The value of donated land for the project should be included on Line A.1.d as a use of funds and on line B.8 as a source of funds

	III.7 and III.7D	RESIDENTIAL	TOTAL
A. USE OF FUNDS			
1. CAPITAL COSTS			
a. New Construction			
(1) Building	$0		$0
(2) Fixed Equipment	$0		$0
(3) Site and Infrastructure			$0
(4) Architect/Engineering Fees			$0
(5) Permits (Building, Utilities, Etc.)			$0
SUBTOTAL	**$0**	**$0**	**$0**
b. Renovations			
(1) Building	$35,000		$35,000
(2) Fixed Equipment (not included in construction)	$0		$0
(3) Architect/Engineering Fees	$3,500		$3,500
(4) Permits (Building, Utilities, Etc.)	$1,500		$1,500
SUBTOTAL	**$40,000**	**$0**	**$40,000**
c. Other Capital Costs			
(1) Movable Equipment	$5,500		$5,500
(2) Contingency Allowance	$15,000		$15,000
(3) Gross interest during construction period	$0		$0
(4) Other *(Specify/add rows if needed)*	$0		$0
SUBTOTAL	***$20,500***	***$0***	**$20,500**
TOTAL CURRENT CAPITAL COSTS	**$60,500**	**$0**	**$60,500**
d. *Land Purchase*	**$0**		
e. Inflation Allowance	$0		$0
TOTAL CAPITAL COSTS	**$60,500**	**$0**	**$60,500**
2. Financing Cost and Other Cash Requirements			
a. Loan Placement Fees	**$0**		$0
b. Bond Discount	**$0**		$0
c CON Application Assistance	**$0**		
c1. Legal Fees	**$0**		$0
c2. Other (Specify/add rows if needed)	**$0**		
d. Non-CON Consulting Fees	**$0**		
d1. Legal Fees	**$0**		$0
d2. Other (Specify/add rows if needed)	**$0**		$0

e. Debt Service Reserve Fund	**$0**		$0
i. Other *(Specify/add rows if needed)*	**$0**		$0
SUBTOTAL	***$0***	***$0***	**$0**
3. Working Capital Startup Costs			$0
TOTAL USES OF FUNDS	***$60,500***	***$0***	***$60,500***
B. Sources of Funds			
1. Cash	**$60,500**		$60,500
2. Philanthropy (to date and expected)	$0		$0
3. Authorized Bonds	**$0**		$0
4. Interest Income from bond proceeds listed in #3	**$0**		$0
5. Mortgage	**$0**		$0
6. Working Capital Loans	**$0**		$0
7. Grants or Appropriations			
a. Federal	**$0**		$0
b. State	**$0**		$0
c. Local	**$0**		$0
8. Other *(Specify/add rows if needed)*	$0		$0
TOTAL SOURCES OF FUNDS	***$60,500***		**$60,500**
	III.7 and III.7D	***RESIDENTIAL***	***TOTAL***
Annual Lease Costs (if applicable)			
1. Land	**$0**		$0
2. Building	**$1**		$1
3. Major Movable Equipment	**$0**		$0
4. Minor Movable Equipment	**$0**		$0
5. Other *(Specify/add rows if needed)*	**$0**		$0

* Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease.

TABLE C. STATISTICAL PROJECTIONS - ENTIRE FACILITY (Pascal Crisis Stabilization Center - 43 Community Place, Crownsville MD only)

INSTRUCTION : Complete this table for the entire facility, including the proposed project. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.						
Indicate CY or FY	**CY 2020**	**CY 2021**	**CY 2022**	**CY 2023**	**CY 2024**	**CY2025**				
1. DISCHARGES										
a. Residential Crisis Services	978	1,495	1,496	1,780	1,850	1,950				
b. III.7 and III.7D			0	1,200	1,236	1,273				
c. Other (State Opioid Response Grant)	858	1,157	761	400	400	400				
TOTAL DISCHARGES	***1,836***	***2,652***	***2,257***	***3,380***	***3,486***	***3,623***	***0***	***0***	***0***	***0***
2. PATIENT DAYS										
a. Residential Crisis Services	6,412	9,217	8,208	9,770	10,500	11,250				
b. III.7 and III.7D				7,284	7,284	7,284				
c. Other (State Opioid Response Grant)	3,149	4,087	2,732	1,750	1,750	1,750				
TOTAL PATIENT DAYS	***9,561***	***13,304***	***10,940***	***18,804***	***19,534***	***20,284***	***0***	***0***	***0***	***0***
3. AVERAGE LENGTH OF STAY (patient days divided by discharges)										
a. Residential Crisis Services	6.6	6.2	5.5	5.5	5.7	5.8				
b. III.7 and III.7D				6.1	5.9	5.7				
c. Other (State Opioid Response Grant)	3.7	3.5	3.6	4.0	0.0	0.0				
TOTAL AVERAGE LENGTH OF STAY				5.6	5.6	5.6				
4. NUMBER OF LICENSED BEDS										
a. Residential Crisis Services	16	16	16	16	16	16				
b. III.7 and III.7D				20	20	20				
c. Other (State Opioid Response Grant)	5	5	5	5	5	5				
TOTAL LICENSED BEDS	***21***	***21***	***21***	***41***	***41***	***41***	***0***	***0***	***0***	***0***
5. OCCUPANCY PERCENTAGE ***IMPORTANT NOTE:** Leap year formulas should be changed by applicant to reflect 366 days per year.*										
a. Residential Crisis Services	109.5%	157.8%	140.5%	167.3%	179.3%	192.6%				
b. III.7 and III.7D				99.8%	130.2%	135.5%				
c. Other (State Opioid Response Grant)	172.1%	223.9%	149.7%	95.9%	95.6%	95.9%				
TOTAL OCCUPANCY %				**125.7%**	**130.5%**	**135.5%**				
6. OUTPATIENT VISITS										
a. Residential	3,310	4,120	4,400	4,600	4,800	5,000				
b. III.7 and III.7D				2,600	2,600	2,600				
c. Other (SOR Grant)	1,175	1,354	2,377	200	200	200				
TOTAL OUTPATIENT VISITS	***4,485***	***5,474***	***6,777***	***7,400***	***7,600***	***7,800***	***0***	***0***	***0***	***0***

* Include beds dedicated to gynecology and addictions, if separate for acute psychiatric unit.

TABLE D. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY (Pascal Crisis Stabilization Center - 43 Community Place, Crownsville MD only)

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table D should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table C and with the costs of Manpower listed in Table G. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
Indicate CY or FY	**CY 2020**	**CY 2021**	**CY 2022**	**CY 2023**	**CY 2024**	**CY2025**				
1. REVENUE										
a. Residential Crisis Services	$ 1,931,102	$ 2,886,948	$ 2,853,839	$ 3,396,931	$ 3,396,931	$ 3,396,931				
b. Outpatient Services	$ 1,226,338	$ 1,756,799	$ 1,714,773	$ 2,947,403	$ 3,061,826	$ 3,179,383				
c. III.7/III.7WM				$ 3,485,685	$ 3,485,685	$ 3,485,685				
Gross Patient Service Revenues	***$ 3,157,440***	***$ 4,643,747***	***$ 4,568,612***	***$ 6,344,334***	***$ 6,458,757***	***$ 6,576,314***	***$ -***	***$ -***	***$ -***	***$ -***
d. Allowance For Bad Debt				$ -	$ -	$ -				
e. Contractual Allowance				$ -	$ -	$ -				
f. Charity Care				$ -	$ -	$ -				
Net Patient Services Revenue	***$ 3,157,440***	***$ 4,643,747***	***$ 4,568,612***	***$ 6,344,334***	***$ 6,458,757***	***$ 6,576,314***	***$ -***	***$ -***	***$ -***	***$ -***
f. Other Operating Revenues (Specify/add rows if needed)										
NET OPERATING REVENUE	***$ 3,157,440***	***$ 4,643,747***	***$ 4,568,612***	***$ 6,344,334***	***$ 6,458,757***	***$ 6,576,314***	***$ -***	***$ -***	***$ -***	***$ -***
2. EXPENSES										
a. Salaries & Wages (including benefits)	$ 1,995,246	$ 2,056,487	$ 2,146,680	$ 4,745,000	$ 4,887,350	$ 5,033,971				
b. Contractual Services	$ 118,134	$ 134,517	$ 201,000	$ 233,000	$ 239,990	$ 247,190				
c. Interest on Current Debt				$ -						
d. Interest on Project Debt				$ -						
e. Current Depreciation				$ -						
f. Project Depreciation				$ -						
g. Current Amortization				$ -						
h. Project Amortization				$ -						
i. Supplies	$ 67,084	$ 70,778	$ 83,200	$ 83,200	$ 85,000	$ 87,500				
j. Other Expenses (Specify/add rows if needed)	$ 88,558	$ 99,447	$ 102,000	$ 152,600	$ 157,178	$ 161,893				
TOTAL OPERATING EXPENSES	***$ 2,269,022***	***$ 2,361,229***	***$ 2,532,880***	***$ 5,213,800***	***$ 5,369,518***	***$ 5,530,554***	***$ -***	***$ -***	***$ -***	***$ -***
3. INCOME										
a. Income From Operation	**$ 888,418**	**$ 2,282,518**	**$ 2,035,732**	**$ 1,130,534**	**$ 1,089,239**	**$ 1,045,760**	**$ -**	**$ -**	**$ -**	**$ -**
b. Non-Operating Income										
SUBTOTAL	***$ 888,418***	***$ 2,282,518***	***$ 2,035,732***	***$ 1,130,534***	***$ 1,089,239***	***$ 1,045,760***	***$ -***	***$ -***	***$ -***	***$ -***
c. Income Taxes										
NET INCOME (LOSS)	***$ 888,418***	***$ 2,282,518***	***$ 2,035,732***	***$ 1,130,534***	***$ 1,089,239***	***$ 1,045,760***	***$ -***	***$ -***	***$ -***	***$ -***
4. PATIENT MIX										
a. Percent of Total Revenue										
1) Medicare										
2) Medicaid	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%				
3) Blue Cross										
4) Commercial Insurance	6.8%	6.8%	6.8%	6.9%	6.9%	6.9%				
5) Self-pay										
6) Other (SOR Grant 2022)	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%				
TOTAL	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***
b. Percent of Equivalent Inpatient Days										
1) Medicare										
2) Medicaid	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%				
3) Blue Cross										
4) Commercial Insurance	6.8%	6.8%	6.8%	6.9%	6.9%	6.9%				
5) Self-pay										
6) Other	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%				
TOTAL	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***100.0%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***

TABLE E. STATISTICAL PROJECTIONS - NEW FACILITY OR SERVICE (Pascal Crisis Stabilization Center - 43 Community Place, Crownsville MD)

INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). For sections 4 & 5, the number of beds and occupancy percentage should be reported on the basis of licensed beds. In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Include additional years, if needed in order to be consistent with Tables G and H.						
Indicate CY or FY	**CY 2020**	**CY 2021**	**CY 2022**	**CY 2023**	**CY 2024**	**CY2025**				
1. DISCHARGES										
a. Residential Crisis Services	978	1,495	1,496	1,780	1,850	1,950				
b. III.7 and III.7D				1,200	1,236	1,273				
c. Other (State Opioid Response Grant)	858	1,157	761	400	400	400				
TOTAL DISCHARGES	***1,836***	***2,652***	***2,257***	***3,380***	***3,486***	***3,623***	***0***	***0***	***0***	***0***
2. PATIENT DAYS										
a. Residential Crisis Services	6,412	9,217	8,208	9,770	10,500	11,250				
b. III.7 and III.7D				7,284	7,284	7,284				
c. Other (State Opioid Response Grant)	3,149	4,087	2,732	1,750	1,750	1,750				
TOTAL PATIENT DAYS	***9,561***	***13,304***	***10,940***	***18,804***	***19,534***	***20,284***	***0***	***0***	***0***	***0***
3. AVERAGE LENGTH OF STAY (patient days divided by discharges)										
a. Residential Crisis Services	6.6	6.2	5.5	5.5	5.7	5.8				
b. III.7 and III.7D				6.1	5.9	5.7				
c. Other (State Opioid Response Grant)	3.7	3.5	3.6	4.0	0.0	0.0				
TOTAL AVERAGE LENGTH OF STAY				5.6	5.6	5.6				
4. NUMBER OF LICENSED BEDS										
a. Residential Crisis Services	16	16	16	16	16	16				
b. III.7 and III.7D				20	20	20				
c. Other (State Opioid Response Grant)	15	15	15	5	5	5				
TOTAL LICENSED BEDS	***31***	***31***	***31***	***41***	***41***	***41***	***0***	***0***	***0***	***0***
5. OCCUPANCY PERCENTAGE ***IMPORTANT NOTE:** Leap year formulas should be changed by applicant to reflect 366 days per year.*										
a. Residential Crisis Services	109.8%	157.8%	140.5%	167.3%	179.3%	192.6%				
b. III.7 and III.7D				99.8%	130.2%	135.5%				
c. Other (State Opioid Response Grant)	57.5%	74.6%	49.9%	95.9%	95.6%	95.9%				
TOTAL OCCUPANCY %	***84.5%***	***117.6%***	***96.7%***	***125.7%***	***130.5%***	***135.5%***				
6. OUTPATIENT VISITS										
a. Residential	3,310	4,120	4,400	4,600	4,800	5,000				
b. III.7 and III.7D				2,600	2,600	2,600				
c. Other (Specify)	1,175	1,354	2,377	200	200	200				
TOTAL OUTPATIENT VISITS	***4,485***	***5,474***	***6,777***	***7,400***	***7,600***	***7,800***	***0***	***0***	***0***	***0***

* Include beds dedicated to gynecology and addictions, if separate for acute psychiatric unit.

TABLE F. REVENUES & EXPENSES, UNINFLATED - NEW FACILITY OR SERVICE (Pascal Crisis Stabilization Center - 43 Community Place, Crownsville MD only

INSTRUCTION: After consulting with Commission Staff, complete this table for the new facility or service (the proposed project). Table F should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table E and with the costs of Manpower listed in Table G. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

Projected Years (ending at least two years after project completion and full occupancy) Add years, if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.

Indicate CY or FY	CY 2023	CY 2024	CY 2025				
1. REVENUE							
a. Inpatient Services (Facility)	$ 3,396,931	$ 3,396,931	$ 3,396,931				
b. Outpatient Services	$ 2,947,403	$ 3,061,826	$ 3,179,383				
c. III.7 / III.7WM	$ 3,485,685	$ 3,485,685	$ 3,485,685				
Gross Patient Service Revenues	***$ 6,344,334***	***$ 6,458,757***	***$ 6,576,314***	***$ -***	***$ -***	***$ -***	***$ -***
d. Allowance For Bad Debt							
e. Contractual Allowance							
f. Charity Care							
Net Patient Services Revenue	***$ 6,344,334***	***$ 6,458,757***	***$ 6,576,314***	***$ -***	***$ -***	***$ -***	***$ -***
g. Other Operating Revenues (Specify)							
NET OPERATING REVENUE	***$ 6,344,334***	***$ 6,458,757***	***$ 6,576,314***	***$ -***	***$ -***	***$ -***	***$ -***
2. EXPENSES							
a. Salaries & Wages (including benefits)	$ 4,745,000	$ 4,887,350	$ 5,033,971				
b. Contractual Services	$ 233,000	$ 239,990	$ 247,190				
c. Interest on Current Debt							
d. Interest on Project Debt							
e. Current Depreciation							
f. Project Depreciation							
g. Current Amortization							
h. Project Amortization							
i. Supplies	$ 83,200	$ 85,000	$ 87,500				
j. Other Expenses (Specify)	$ 152,600	$ 157,178	$ 161,893				
TOTAL OPERATING EXPENSES	***$ 5,213,800***	***$ 5,369,518***	***$ 5,530,554***	***$ -***	***$ -***	***$ -***	***$ -***
3. INCOME							
a. Income From Operation	**$ 1,130,534.00**	**$ 1,089,239.00**	**$ 1,045,760.46**	**$ -**	**$ -**	**$ -**	**$ -**
b. Non-Operating Income							
SUBTOTAL	***$ 1,130,534.00***	***$ 1,089,239.00***	***$ 1,045,760.46***	***$ -***	***$ -***	***$ -***	***$ -***
c. Income Taxes							
NET INCOME (LOSS)	***$ 1,130,534.00***	***$ 1,089,239.00***	***$ 1,045,760.46***	***$ -***	***$ -***	***$ -***	***$ -***
4. PATIENT MIX							
a. Percent of Total Revenue							
1) Medicare							
2) Medicaid	93.0%	93.0%	93.0%				
3) Blue Cross							
4) Commercial Insurance	6.8%	6.8%	6.8%				
5) Self-pay							
6) Other SOR Grant	0.2%	0.2%	0.2%				
TOTAL	***100.0%***	***100.0%***	***100.0%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***
b. Percent of Equivalent Inpatient Days							
Total MSGA							
1) Medicare							
2) Medicaid	92.1%	94.6%	94.6%				
3) Blue Cross							
4) Commercial Insurance	6.9%	5.4%	5.4%				
5) Self-pay							
6) Other SOR Grant	1.0%						
TOTAL	***100.0%***	***100.0%***	***100.0%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***

TABLE G. WORKFORCE INFORMATION

INSTRUCTION : List the facility's existing staffing and changes required by this project. Include all major job categories under each heading provided in the table. The number of Full Time Equivalents (FTEs) should be calculated on the basis of 2,080 paid hours per year equals one FTE. In an attachment to the application, explain any factor used in converting paid hours to worked hours. Please ensure that the projections in this table are consistent with expenses provided in uninflated projections in Tables F and G.

	CURRENT ENTIRE FACILITY			PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT	
Job Category	**Current Year FTEs**	**Average Salary per FTE**	**Current Year Total Cost**	**FTEs**	**Average Salary per FTE**	**Total Cost** *(should be consistent with projections in Table D, if submitted).*	**FTEs**	**Average Salary per FTE**	**Total Cost**	**FTEs**	**Total Cost** *(should be consistent with projections in Table D)*
1. Regular Employees											
Administration *(List general categories, add rows if needed)*											
Clinical Director	1.0	$120,000	$120,000	1.0	$120,000	$120,000			$0	2.0	$240,000
Intake/Case Management	4.0	$51,000	$204,000	4.0	$51,000	$204,000			$0	8.0	$408,000
Substance Use Counselor(s)	1.0	$52,000	$52,000	4.0	$52,000	$208,000			$0	5.0	$260,000
Administrative Staff	3.0	$40,000	$120,000	2.0	$40,000	$80,000			$0	5.0	$200,000
Total Administration	9.0	$263,000	***$496,000***	***11.0***	***$263,000***	***$612,000***			***$0***	***20.0***	***$1,108,000***
Direct Care Staff *(List general categories, add rows if needed)*											
Psychiatrist / Medical Director	1.0	$182,000	$182,000						$0	1.0	$182,000
CRNP	4.0	$120,000	$480,000						$0	4.0	$480,000
LCPC, LCSW-C	7.0	$70,000	$490,000	4.0	$70,000	$280,000			$0	11.0	$770,000
RN	2.0	$90,000	$180,000	4.0	$90,000	$360,000			$0	6.0	$540,000
LPN	3.0	$60,000	$180,000	1.0	$60,000	$60,000			$0	4.0	$240,000
Behavioral Health Supervisor	1.0	$60,000	$60,000	2.0	$60,000	$120,000			$0	3.0	$180,000
Psychiatric Technians	24.0	$35,000	$840,000						$0	24.0	$840,000
Total Direct Care	42.0	$617,000	***$2,412,000***	***11.0***	***$280,000***	***$820,000***			***$0***	***53.0***	***$3,232,000***
Support Staff *(List general categories, add rows if needed)*											
Peer Recovery Specialist / Driver	5.0	$35,000	$175,000	4.0	$35,000	$140,000			$0	9.0	$315,000
Facilities Maintenance	1.0	$60,000	$60,000	0.5	$60,000	$30,000			$0	1.5	$90,000
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
Total Support			$0			$0			$0	0.0	$0
REGULAR EMPLOYEES TOTAL	***6.0***	***$95,000***	***$235,000***	***4.5***	***$95,000***	***$170,000***			***$0***	***10.5***	***$405,000***
2. Contractual Employees											
Administration *(List general categories, add rows if needed)*											
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
Direct Care Staff *(List general categories, add rows if needed)*											
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
			$0			$0			$0	0.0	$0
Total Direct Care Staff	0.0	$0	$0			$0			$0	0.0	$0
Support Staff *(List general categories, add rows if needed)*											
Chef	1.0	$50,000	$50,000						$0	1.0	$50,000
Food Service Tech	0.5	$40,000	$20,000						$0	0.5	$20,000
Billing Services	1.0	$35,000	$35,000						$0	1.0	$35,000
Transportation Services	3.0	$32,000	$96,000	1.0	$32,000	$32,000			$0	4.0	$128,000
Total Administration	5.5	$157,000	$201,000	1.0	$32,000	$32,000			$0	6.5	$233,000
CONTRACTUAL EMPLOYEES TOTAL	***5.5***	***$157,000***	***$201,000***	***1.0***	***$32,000***	***$32,000***	***0.0***	***$0***	***$0***	***6.5***	***$233,000***
Benefits *(State method of calculating benefits below)* **:**											
TOTAL COST	***62.5***		***$3,344,000***	***27.5***		***$1,634,000***	***0.0***		***$0***	***90.0***	***$4,978,000***

EXHIBIT 2

Testimony to Maryland House of Delegates

Maryland Addictions Directors Council

House Health & Government Operations Committee
House Appropriations Health & Human Resources Subcommittee
November 1, 2022

Maryland Addictions Directors Council (MADC) represents outpatient and residential substance use disorder (SUD) and dual recovery treatment across the State of Maryland. Our members provide over 1,200 residential treatment beds throughout the state. MADC strongly supports accountability for Optum. Mental health and addiction treatment providers have struggled over the last three years to manage the Optum failure to launch and then endless other problems with the Optum system. MADC providers are at the forefront of the opioid overdose epidemic as well as managing the COVID pandemic during this same period.

In January 2020, Optum launched as the State vendor responsible for paying claims for publicly funded behavioral health services. Optum's system could not launch, leaving providers with no means to bill and receive payment from the public behavioral healthcare system. This forced the State to step in with estimated payments while giving Optum more time to deliver a working system.

In March 2020, the Covid pandemic hit Maryland causing disruption across behavioral healthcare. The opioid overdose epidemic, the COVID pandemic, and Optum's poor performance resulted in behavioral health providers struggling with underpayments and incurring additional costs as Optum's technology continued to fail.

For almost 3 years Optum has been unable to accurately report on claims and payments resulting from the failure to launch in January 2020. Providers have been handed spreadsheets with tens of thousands to hundreds of thousands of lines of claims from Optum's system that providers have had to sort through by hand. Many programs had to hire additional staff or reassign existing staff to this arduous task. This was due to the public behavioral health vendor for claims payment not

functioning properly. The vendor recently has improved its functionality but the lingering problems still pose a burden to many MADC providers.

None of these issues existed with any of the previous ASO's, of which there had been several.

In closing, thank you for the opportunity to offer written testimony.

Sincerely,

Craig Lippens

Craig Lippens
President, MADC

Pascal Crisis Services, Inc.
Robert A. Pascal Youth & Family Services, Inc. • Pascal Crisis Stabilization Center
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(410) 975-0067

Chair Delegate Joseline A. Pena-Melnyk
Health and Government Operations Committee
House Office Building
Annapolis, Maryland 21401

Ref: Health and Social Services Subcommittee Briefing – November 1, 2022

Honorable Chair,

My name is Phillip Bonincontri. I am the Chief Operations Officer for Robert A. Pascal Youth and Family Services, Inc., D.B.A. Pascal Crisis Services, Inc. (Pascal). The intent of this letter is to provide written testimony to the committee regarding the transition of the Administrative Services Organization (ASO) from Beacon to Optum in January 2020. In order to provide a brief curriculum vitae to add validity to this letter, I have been the Chief Financial Officer and now the Chief Operations Officer for Pascal since 2014. Prior to this, I was the Comptroller for the Bureau of the Fiscal Service, United States Treasury after my completion and retirement from the United States Marine Corps after 20 years of service as a Financial Management Officer.

Pascal is a mental health and substance use agency that has been a non-profit 501(c)(3) organization in Maryland since 1971 providing critical behavioral health services to most vulnerable and underserved individuals. Pascal established the Pascal Crisis Stabilization Center, a 24/7/365 crisis services center, in Crownsville Maryland in 2017 and maintains clinical outpatient facilities in Odenton and Gambrills. Pascal provides treatment utilizing nine separate accredited and Maryland State licensed billable service lines.

The transition of the ASO to Optum, in January 2020, has caused immense stress and cost to Pascal culminating in an undated, unsigned and absolute demand letter for payment of overpaid estimated payments, that was mailed to an incorrect service address, stating that Pascal was overpaid nearly three quarters of million dollars in estimated payments. This repayment letter was not received until August 19, 2022 with a deadline of August 26, 2022 to remit payment of the alleged overpayment. The letter did not contain any contact information nor did it contain any recourse our agency could take to dispute the overpayment amount. The most egregious statement in the letter was that Optum would begin offsetting our current reimbursement payments by 50% until the amount was repaid. On three separate

instances in 2021 and 2022, Pascal responded via the Optum portal requesting assistance with the reconciliation of estimated payments without response. Only when Pascal engaged with legal representation did Optum respond at all to Pascal.

Pascal is an agency that employs a large number of clinicians and direct care staff. Reducing Pascal's reimbursement payments weekly by 50% could have caused significant interruption of Pascal operations.

Pascal met recently with representatives of the Maryland Department of Health (MDH) and Optum on September 8, 2022. During this meeting, the details of the reconciliation process were discussed and Pascal asked why we received the unsigned and undated overpayment debt letter with the threat that reimbursement payments would be reduced by 50% beginning in September 2022. During this meeting, **Pascal became aware that Optum did not have an accurate accounting of how Optum arrived at the overpayment amount.** The discovery of this fact created an incredible amount of unneeded stress to our agency. The unprofessional and unwarranted action by Optum to send a debt letter to a non-profit for nearly three quarters of a million dollars, with no method of dispute, and without validation of debt owed is unconscionable. Pascal pressed Optum further for an immediate halt of any automatic payment, which thankfully MDH assured Pascal that payments would not be affected by Optum's actions.

The audacity of Optum to send an overpayment demand letter to any provider without the proper review and certification by Optum's accounting and claims department is both unprofessional and egregious. **Prior to the transition to Optum, Pascal was reimbursed on 98% of all submitted claims which demonstrates an extremely low error rate.** It is impossible to know that statistical measure under Optum because Optum does not have a reliable account of billed and paid services.

More than 30-days later, Pascal met again with Optum and representatives from MDH on October 11, 2022. During the 30-day period, **Pascal spent countless hours reviewing more than tens of thousands of claims arriving at the conclusion that Pascal not only did not owe the overpayment, but was in contrast actually owed hundreds of thousands of dollars in unpaid claims by Optum.**

At this point in the October 11, 2022 meeting, Pascal requested to discontinue the meeting, and with the support of the MDH representative, Optum was directed to reevaluate the supporting data that led to the issuance of the overpayment debt letter. The amount of pressure and stress our agency has endured due to the initial Optum transition, and subsequent threating letter, due to their own inability to properly execute a reconciliation process highlights the unbelievable reality that Optum could have potentially, and illegally reduced Pascal's properly billed claims- a situation which could have been catastrophic.

Pascal remains in limbo as Optum continues to be unable to account for their reconciliation of internal payment data. The burden on the provider is to submit billable claims accurately and maintain clinical notes as supporting documentation for each individual claim. The ASO is responsible for accurately reviewing the claim and making payment to the provider, neither of which was accomplished by Optum. Our agency continues to dispute wrongfully denied valid claim to present day.

Pascal implores the Chair and the Committee to review this issue, and hold Optum accountable, as we know we are not the only provider to have suffered immeasurable and unnecessarily under the Optum transition.

Respectfully submitted,

Phillip R. Bonincontri

cc.
Board of Directors
Executive Director