

CRAIN'S
Health Pulse

Mental health providers point to Beacon's bad behavior after deal with Anthem

Following Anthem's announcement that it plans to acquire Beacon Health Options, a group of state behavioral health agencies is highlighting yearlong issues it has had receiving timely payments from Beacon.

Members of the state Council for Community Behavioral Healthcare, which represents nearly 100 mental health and substance-use nonprofits statewide, have experienced higher-than-normal denial rates from Beacon, said Lauri Cole, the council's executive director. Beacon is a behavioral health management company that has contracts with health plans to oversee benefits and develop provider networks.

"There's a long history of Beacon being unable or unwilling to pay providers in a timely way according to contract specifications and the state model contract," Cole said. "It has left providers in a position where there are tens of millions of dollars that providers are waiting for for services rendered and care provided."

That position is supported by letters sent in November by top state health officials to 10 Medicaid plans that use Beacon to manage behavioral health benefits. The letter expressed "serious concern" about Beacon's performance. Local plans receiving the letter, which invited the insurers to meet with state officials, included Affinity Health Plan, Amida Care, EmblemHealth's HIP, MetroPlus and VNS Choice.

"Over the past six months or so, the Office of Health Insurance Programs, the Office of Mental Health and the Office of Alcoholism and Substance Abuse Services [OASAS] have expressed ongoing concerns related to Beacon's claims processing accuracy and timeliness," wrote Ann Marie Sullivan, commissioner of the Office of Mental Health; Arlene Gonzalez-Sanchez, commissioner of the Office of Alcoholism and Substance Abuse Services; and state Medicaid Director Donna Frescatore.

The state officials said Beacon hadn't honored the contractual reimbursement rate, had denied emergency psychiatric services and failed to comply with the state's prompt payment requirements.

Cole said the trouble started a few months after New York state moved city Medicaid beneficiaries with behavioral health needs into managed-care plans in October 2015. The transition occurred the following year for people in other parts of the state.

In July the Health Department delivered a presentation showing Beacon denied claims for personalized recovery-oriented services, a care model for people with serious mental illnesses, at more than triple the rate of other behavioral health management organizations from December 2017 to May 2018. It denied 89% of all claims for

comprehensive psychiatric emergency programs, compared with 21% for other organizations.

"This isn't the kind of track record I would pick if I were trying to find a behavioral health organization," Cole said. "It will be important for Anthem entering the behavioral health market in New York state to ensure their behavioral health specialty company operates according to the law and the rules and requirements in managed-care contracts."

Asked about Beacon's past issues, an Anthem spokeswoman provided a statement that did not address the concerns of New York providers.

"Collectively, both businesses will be able to enhance whole person care and improve overall health outcomes with a stronger portfolio of specialized products, more clinical expertise, improved analytics and health data, and broader provider networks and relationships," the spokeswoman said.

A spokeswoman for the state Department of Health said the agency couldn't comment on specifics of the deal because it hadn't yet been provided details by the companies.

"DOH continues to monitor and assure compliance with requirements for the delivery of behavioral health services, including plan oversight of their behavioral health managers," she said.

Anthem said in its announcement that the deal would be subject to "customary state regulatory approvals" as well as review by the federal government.