NEW YORK STATE DEPARTMENT OF HEALTH
DIVISION OF HEALTH PLAN CONTRACTING AND OVERSIGHT
ARTICLES 44 AND 49 STATEMENT OF DEFICIENCIES

NAME OF MANAGED CARE ORGANIZATION Healthfirst PHSP, Inc.	**TYPE OF SURVEY:** Mental Health Parity and Addiction Equity Act (MHPAEA) Compliance Virtual Focus Survey **Survey ID #** 1321227442
STREET ADDRESS, CITY, STATE, ZIP CODE 100 Church Street, 17th Floor New York, NY 10007	**SURVEY DATES:** July 24, 2023 – September 16, 2024

NOTE: The following list of deficiencies was identified by Health Department representatives during an Article 44 and/or Article 49 operational or focused survey of your Managed Care Organization (MCO). Correction of these deficiencies is required in order to bring your MCO into compliance with Article 44 and/or 49 of the New York State Public Health Law and the New York State Official Compilation of Codes, Rules, and Regulations (10NYCRR). In the column headed Provider Plan of Correction, describe the Plan of Corrective Action and anticipated date of corrections. The Plan of Correction should be returned within 15 business days.

Deficiencies	Plan of Correction with Timetable
10 NYCRR 98- 4.4 Mental health and substance use disorder parity compliance program (a) Every MCO shall adopt and implement a compliance program that shall include at a minimum: (1) designation of an appropriately experienced individual who shall: (i) be responsible for assessing, monitoring, and managing parity compliance; (ii) report directly to the MCO's chief executive officer or other senior manager; and (iii) report no less than annually to the MCO's board of directors or other governing body, or the appropriate committee thereof, on the activities of the compliance program; 2) written policies and procedures that implement the compliance program, and that describe how the MCO's parity compliance is assessed, monitored, and managed, including: (i) a system for assigning each benefit to the defined benefit classifications as required by MHPAEA; (ii) methodologies for the identification and testing of all financial requirements and quantitative treatment limitations; and (iii) methodologies for the identification and testing, including a comparative analysis, of all non-quantitative treatment limitations that are imposed on mental health or substance use disorder benefits; (3) methodologies for the identification and remediation of improper practices, as described in paragraph (1) of subdivision (b) of this section; (4) a system for the ongoing assessment of parity compliance….	

NEW YORK STATE DEPARTMENT OF HEALTH
ARTICLE 44 STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION
CONTINUATION SHEET

Name of Managed Care Organization Healthfirst PHSP, Inc.	**Survey Dates:** July 24, 2023 – September 16, 2024 **Survey ID #** 1321227442
Deficiencies	**Plan of Correction with Timetable**
PHL § 4406 Health maintenance organizations; regulation of contracts **1. The contract between a health maintenance organization and an enrollee shall be subject to regulation by the superintendent as if it were a health insurance subscriber contract, and shall include, but not be limited to, all mandated benefits required by article forty-three of the insurance law. Such contract shall fully and clearly state the benefits and limitations therein provided or imposed, so as to facilitate understanding and comparisons, and to exclude provisions which may be misleading or unreasonably confusing. Such contract shall be issued to any individual and dependents of such individual and any group of one hundred or fewer employees or members, exclusive of spouses and dependents, or to any employee or member of the group, including dependents, applying for such contract at any time throughout the year. An individual direct payment contract shall be issued only in accordance with section four thousand three hundred twenty-eight of the insurance law. The superintendent may, after giving consideration to the public interest, exempt a health maintenance organization from the requirements of this section provided that another health insurer or health maintenance organization within the health maintenance organization's same holding company system, as defined in article fifteen of the insurance law, including a health maintenance organization operated as a line of business of a health service corporation licensed under article forty-three of the insurance law, offers coverage that, at a minimum, complies with this section and provides all of the consumer protections required to be provided by a health maintenance organization pursuant to this chapter and regulations, including those consumer protections contained in sections four thousand four hundred three and four thousand four hundred eight-a of this chapter. The requirements shall not apply to a health maintenance organization exclusively serving individuals enrolled pursuant to title eleven of article five of the social service law, 1 title eleven-D of article five of the social**	

NEW YORK STATE DEPARTMENT OF HEALTH
ARTICLE 44 STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION
CONTINUATION SHEET

Name of Managed Care Organization Healthfirst PHSP, Inc.	**Survey Dates:** July 24, 2023 – September 16, 2024 **Survey ID #** 1321227442
Deficiencies	**Plan of Correction with Timetable**

services law, 2 title one-A of article twenty-five of this chapter 3 or title eighteen of the federal Social Security Act, 4 and, further provided, that such health maintenance organization shall not discontinue a contract for an individual receiving comprehensive-type coverage in effect prior to January first, two thousand four who is ineligible to purchase policies offered after such date pursuant to this section or section four thousand three hundred twenty-eight of the insurance law due to the provision of 42 U.S.C. 1395ss in effect prior to January first, two thousand four.

4303(g) 4303(k) and 4303(l) State Insurance Law

Deficiency:
Based on review of the Phase I, Phase II, and Phase III nonquantitative treatment limitation (NQTL) workbooks, specific in-operation NQTL requests (Focus Survey Attachment A), and the Mental Health Concurrent Review Information Request (Attachment B) submitted in response to the Mental Health Parity and Addiction Equity Act (MHPAEA) Compliance Virtual Focus Survey, Healthfirst PHSP, Inc., (Healthfirst) failed to provide sufficient, complete comparative analyses demonstrating compliance with MHPAEA, P.L. 110-343, for the following NQTLs:

- geographic restrictions,
- fail first,
- provider credentialing, and
- reimbursement.

Specifically, during the review of the NQTL workbooks, Healthfirst failed to demonstrate that factors were comparable in Step 3 for inpatient and outpatient geographic restrictions. The Managed Care Organization (MCO) did not explain how the saturation criteria of 6 to 10 medical/surgical (M/S) providers per specialty per zip code was comparable to the 10 to 12 mental health/substance use disorder (MH/SUD) providers per zip code.

Specifically, for fail first and provider credentialing, the workbooks failed to demonstrate in-operation compliance for the inpatient and outpatient benefit classifications. For fail first Healthfirst reported Transcranial Magnetic Stimulation data that indicated significantly higher denials than any of the M/S services subject to fail first protocols. The MCO

1. Geographic Restrictions

The saturation criteria for mental health and substance use disorder (MH/SUD) services were developed to address the needs of individuals requiring ongoing care for conditions such as depression and anxiety. Unlike medical/surgical (M/S) services, MH/SUD care often demands a larger number of specialized professionals to meet patient needs effectively.

This distinction is driven by the unique nature of mental health care, the higher demand for services, and the limited availability of MH/SUD providers in certain regions. In areas with increased demand for mental health services, a greater number of providers is necessary to ensure timely and equitable access to care. As a result, a higher threshold for provider saturation is required for MH/SUD compared to M/S services. Additionally, the nature of MH/SUD services often involves ongoing treatment, with members requiring more frequent visits, such as weekly sessions. In contrast, M/S services typically involve fewer visits, as these treatments are generally sought at lower frequencies and do not necessitate continuous care.

Healthfirst determined that a saturation benchmark of 6 to 10 M/S providers per specialty per zip code is comparable to a benchmark of 10 to 12 MH/SUD providers per specialty per zip code, reflecting the additional need for mental health resources. We will update and refine the Q1 2025 NQTL documentation, as well as future NQTLs, to incorporate the detailed information outlined above, ensuring comprehensive and accurate reporting.

Healthfirst will ensure staff understand MHPAEA compliance, NQTL analysis, and corrective actions related to Geographic Restrictions by implementing targeted training with mandatory sessions to be conducted initially and annually thereafter for Behavioral Health, Utilization Management, Credentialing, Contracting, and Compliance teams involved with this NQTL on MHPAEA requirements and updates to associated policies and/or job aids.

Responsible Person(s): [redacted], AVP Behavioral Health Network Management & Contracting

Date Certain: April 30, 2025

noted that this may be an area of concern and being looked into further. This analysis must be conducted and included in the workbook. For provider credentialing, Healthfirst's workbook only included a description of the analysis in Step 5. The results and detailed information, such as to describe a "few days difference" in processing time between MH/SUD and M/S provider credentialing, were not included in the analysis. Specifically, for inpatient and outpatient reimbursement, Healthfirst's workbook failed to define factors in Step 3 and demonstrate in-operation compliance in Step 5. In Step 3, Healthfirst failed to define and demonstrate comparability for the factors of "geography" and "network saturation and provider type" between MH/SUD and M/S. Additionally, the rate-setting data and information provided for Step 5 did not sufficiently demonstrate no more stringent application and parity compliance. The deficiencies were discussed with Healthfirst during an exit conference call on September 16, 2024.	2. Fail First Transcranial Magnetic Stimulation denial rates were noted to be higher than the M/S services that were selected to serve as comparators. Healthfirst's analysis determined that some of the M/S services selected were not appropriate, as they were not subject to preauthorization requirements and due to volume. Fail First protocols for BH MH/SUD include only 3 services, whereas M/S FF protocols are greater than 3 services. Healthfirst will compare the universe of BH MH/SUD services that go through fail first protocols, which include TMS, to a more appropriate set of M/S services that are subject to a fail first protocol. This analysis will be included in the workbooks by June 30, 2025. When the comparative analysis indicates that ongoing monitoring or further evaluation is required, Healthfirst will document this step in the Fail First NQTL. The additional monitoring or evaluation will occur no more than 6 months from the finalization of the comparative analysis. The NQTL will be updated to reflect this review and any adjustments made as a result. Responsible Person(s): Behavioral Health Operations: [redacted], Director Behavioral Health Services; [redacted] Manager Care Management Medical Heath Operations: [redacted], Director Utilization Management; [redacted], Director Utilization Management; [redacted], Sr Manager Utilization Management Behavioral Health Parity Project Lead: [redacted], Clinical Director Date Certain: June 30, 2025 3. Credentialing Healthfirst launched a new partnership with Andros, a credentialing verifications organization (CVO), effective Quarter 4 2023. This new partnership enables Healthfirst to pull reporting including average turnaround times (TAT) by provider type and specialty. All credentialing team members were trained to utilize the Andros platform, and the vendor management specialist and director were trained on the reporting function. Utilizing this new system, the average TAT was pulled for files processed 1/1/2024 through 9/30/2024 for behavioral health (BH) providers and then for medical/surgical (M/S) providers. The average TAT for all BH providers during this timeframe was 20.7 days. The average decision TAT for M/S providers during this timeframe was 17.7 days. The comparative analysis identified that credentialing and recredentialing of BH providers takes an average of 3 days longer than that of M/S providers. A root cause analysis was conducted to determine what contributed to the additional 3-day TAT for BH providers. This root cause analysis included a random sample of 28 files or 5% of the BH providers overall. Based on a manual review of the 28 files, it was concluded that the collection of the

	Conversion Therapy Attestation Form during recredentialing contributed to the additional 3-day TAT. To improve and better align the TAT for the recredentialing of BH providers as compared to non-BH providers, Healthfirst plans to implement a change of policy where we only require the Conversion Therapy Attestation Form during initial credentialing, and during recredentialing we will include the previously signed Conversion Therapy Attestation Form that is on file from initial credentialing or a previous recredentialing cycle. This proposed change will remain compliant with the NYS MMC Model. Contract, Section 21.4 (a)(v) and is being presented to the Credentialing Subcommittee for approval. Once approved, the credentialing staff will be trained on this update, and the change will be implemented. This change will then be reassessed at the end of 1st Quarter 2025 to ensure the corrective action was effective and feasible to maintain. Responsible Person(s): [redacted], Director of Credentialing Vendor Management; [redacted]e, Vice President of Delivery System Operations/Provider Operations Date Certain: January 1, 2025 4. Reimbursement Healthfirst is actively reevaluating the factors of "geography," "network saturation," and "provider type" as they relate to differences between mental health/substance use disorder (MH/SUD) and medical/surgical (M/S) services. We are developing an analysis that reflects rate adjustments based on regional provider scarcity, while also accounting for the distribution and cost differentials between upstate and downstate providers. Healthfirst anticipates that this evaluation, which would include data such as provider coverage maps, zip code density analyses, and provider distribution breakdowns by service type, will be completed by June 30, 2025. In alignment with our established rate setting framework, Healthfirst will implement the following actions to enhance our approach and demonstrate parity compliance with rate setting. • Initiate a comprehensive review to document current rate-setting practices • Document detailed analysis comparing existing rate groupings • Document the established criteria for incorporating geographic and network saturation factors • Create a mechanism for continuous evaluation and refinement of the rate setting framework Following this, we will update and revise the NQTL documentation to summarize our findings and ensure comparability. Responsible Person(s): [redacted], AVP Behavioral Health Network

	Management & Contracting Date Certain: June 30, 2025 5. Monitoring/Oversight Following implementation of the above corrective action steps, Healthfirst Corporate Compliance will monitor the results of the review and substantive comparative analysis to ensure factors are clearly defined in the evidentiary standards comparability and equivalent stringency and meet NQTL requirements. This will include the following: • Geographic Restrictions - demonstrate that factors are comparable in Step 3 for inpatient and outpatient geographic restrictions including explanation of saturation criteria analysis. • Fail First - demonstrate in-operation compliance for the inpatient and outpatient benefit classifications. Transcranial Magnetic Stimulation analyses will be included. • Credentialing - demonstrate in-operation compliance for the inpatient and outpatient benefit classifications, including results and detailed information in workbook analysis. • Reimbursement - for inpatient and outpatient reimbursement, define factors in Step 3 and demonstrate in-operation compliance in Step 5. This will include definition and demonstration of comparability for geography and network saturation and provider type, and that rate-setting data and information provided support parity compliance. Responsible Person(s): [redacted], AVP Corporate Compliance Date Certain: September 30, 2025
MCO Representatives Signature: [redacted]	Date: February 18, 2025
Title VP Regulatory Affairs	

Statement of Findings
Healthfirst PHSP, Inc.,
Mental Health Parity and Addiction Equity Act (MHPAEA) Compliance
Virtual Focus Survey
Survey Dates: July 24, 2023 – September 16, 2024
Survey ID: 1321227442

10.2 Compliance with State Medicaid Plan, Applicable Laws and Regulations
h.) Mental Health and Substance Use Disorder Benefits Parity Requirements
i.) The Contractor shall comply with mental health and substance use disorder benefits parity requirements for financial requirements and treatment limitations specified in 42 CFR 438.910.

18.5 Reporting Requirements
a) The Contractor shall submit the following reports to SDOH (unless otherwise specified). The Contractor will certify the data submitted pursuant to this section as required by SDOH. The certification shall be in the manner and format established by SDOH and must attest, based on best knowledge, information, and belief to the accuracy, completeness and truthfulness of the data being submitted.
xxii) Mental Health and Substance Use Disorder Parity Reporting Requirements
Upon request by the SDOH, OMH or OASAS the Contractor shall prepare and submit documentation and reports, in a form and format specified by SDOH, OMH or OASAS, necessary for the SDOH, OMH or OASAS to establish and demonstrate compliance with 42 CFR 438 Subpart K, and applicable State statute, rules and guidance.

35.1 Contractor and SDOH Compliance With Applicable Laws
Notwithstanding any inconsistent provisions in this Agreement, the Contractor and SDOH shall comply with all applicable requirements of the State Public Health Law; the State Social Services Law; the State Finance Law; the State Mental Hygiene Law; the State Insurance Law; Title XIX of the Social Security Act; Title VI of the Civil Rights Act of 1964 and 45 CFR Part 80, as amended; Title IX of the Education Amendments of 1972; Section 504 of the Rehabilitation Act of 1973 and 45 CFR Part 84, as amended; the Age Discrimination Act of 1975 and 45 CFR Part 91, as amended; the ADA; Title XIII of the Federal Public Health Services Act, 42 U.S.C § 300e et seq., regulations promulgated thereunder; the Health Insurance Portability and Accountability Act of 1996 (P.L. 104-191) and related regulations; the Federal False Claims Act, 31 U.S.C. § 3729 et seq.; Mental Health Parity and Addiction Equity Act of 2008, (P.L. 110-345); for Contractors operating in New York City, the New York City Health Code; and all other applicable legal and regulatory requirements in effect at the time that this Agreement is signed and as adopted or amended during the term of this Agreement. The parties agree that this Agreement shall be interpreted according to the laws of the State of New York.

Statement of Findings
Healthfirst PHSP, Inc.,
Mental Health Parity and Addiction Equity Act (MHPAEA) Compliance
Virtual Focus Survey
Survey Dates: July 24, 2023 – September 16, 2024
Survey ID: 1321227442

Findings:

Based on review of the Phase I, Phase II, and Phase III nonquantitative treatment limitation (NQTL) workbooks, specific in-operation NQTL requests (Focus Survey Attachment A), and the Mental Health Prior Authorization Information Request (Attachment B) submitted in response to the Mental Health Parity and Addiction Equity Act (MHPAEA) Compliance Virtual Focus Survey, Healthfirst PHSP, Inc., (Healthfirst) failed to provide sufficient, complete comparative analyses demonstrating compliance with MHPAEA, P.L. 110-343, for the following NQTLs:

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The results and detailed information, such as to describe a "few days difference" in processing time between MH/SUD and M/S provider credentialing, were not included in the analysis.

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The deficiencies were discussed with Healthfirst during an exit conference call on September 16, 2024.

Statement of Findings
Healthfirst PHSP, Inc.,
Mental Health Parity and Addiction Equity Act (MHPAEA) Compliance
Virtual Focus Survey
Survey Dates: July 24, 2023 – September 16, 2024
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Healthfirst Response:

1. Geographic Restrictions:
The saturation criteria for mental health and substance use disorder (MH/SUD) services were developed to address the needs of individuals requiring ongoing care for conditions such as depression and anxiety. Unlike medical/surgical (M/S) services, MH/SUD care often demands a larger number of specialized professionals to meet patient needs effectively.

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Healthfirst determined that a saturation benchmark of 6 to 10 M/S providers per specialty per zip code is comparable to a benchmark of 10 to 12 MH/SUD providers per specialty per zip code, reflecting the additional need for mental health resources. We will update and refine the Q1 2025 NQTL documentation, as well as future NQTLs, to incorporate the detailed information outlined above, ensuring comprehensive and accurate reporting.

Healthfirst will ensure staff understand MHPAEA compliance, NQTL analysis, and corrective actions related to Geographic Restrictions by implementing targeted training with mandatory sessions to be conducted initially and annually thereafter for Behavioral Health, Utilization Management, Credentialing, Contracting, and Compliance teams involved with this NQTL on MHPAEA requirements and updates to associated policies and/or job aids.

Responsible Person(s):
[redacted], AVP Behavioral Health Network Management & Contracting

Date Certain: April 30, 2025

2. Fail First:
Transcranial Magnetic Stimulation denial rates were noted to be higher than the M/S services that were selected to serve as comparators. Healthfirst's analysis determined that some of the M/S services selected were not appropriate, as they were not subject to preauthorization requirements and due to volume. Fail First protocols for BH MH/SUD include only 3 services, whereas M/S FF protocols are greater than 3 services. Healthfirst will compare the universe of BH MH/SUD services that go through fail first protocols, which include TMS, to a more appropriate set of M/S services that are subject to a fail first protocol. This analysis will be included in the workbooks by June 30, 2025.

When the comparative analysis indicates that ongoing monitoring or further evaluation is required, Healthfirst will document this step in the Fail First NQTL. The additional monitoring or evaluation will occur no more than 6 months from the finalization of the comparative analysis. The NQTL will be updated to reflect this review and any adjustments made as a result.

Responsible Person(s):
Behavioral Health Operations: [redacted], Director Behavioral Health Services; [redacted], Manager Care Management

Medical Heath Operations: [redacted], Director Utilization Management; [redacted], Director Utilization Management; [redacted], Sr Manager Utilization Management
Behavioral Health Parity Project Lead: [redacted], Clinical Director

Date Certain: June 30, 2025

3. Credentialing:
Healthfirst launched a new partnership with Andros, a credentialing verifications organization (CVO), effective Quarter 4 2023. This new partnership enables Healthfirst to pull reporting including average turnaround times (TAT) by provider type and specialty. All credentialing team members were trained to utilize the Andros platform, and the vendor management specialist and director were trained on the reporting function.

Utilizing this new system, the average TAT was pulled for files processed 1/1/2024 through 9/30/2024 for behavioral health (BH) providers and then for medical/surgical (M/S) providers. The average TAT for all BH providers during this timeframe was 20.7 days. The average decision TAT for M/S providers during this timeframe was 17.7 days. The comparative analysis identified that credentialing and recredentialing of BH providers takes an average of 3 days longer than that of M/S providers.

A root cause analysis was conducted to determine what contributed to the additional 3-day TAT for BH providers. This root cause analysis included a random sample of 28 files or 5% of the BH providers overall. Based on a manual review of the 28 files, it was concluded that the collection of the Conversion Therapy Attestation Form during recredentialing contributed to the additional 3-day TAT. To improve and better align the TAT for the recredentialing of BH providers as compared to non-BH providers, Healthfirst plans to implement a change of policy where we only require the Conversion Therapy Attestation Form during initial credentialing, and during recredentialing we will include the previously signed Conversion Therapy Attestation Form that is on file from initial credentialing or a previous recredentialing cycle. This proposed change will remain compliant with the NYS MMC Model.

Contract, Section 21.4 (a)(v) and is being presented to the Credentialing Subcommittee for approval. Once approved, the credentialing staff will be trained on this update, and the change will be implemented. This change will then be reassessed at the end of 1st Quarter 2025 to ensure the corrective action was effective and feasible to maintain.

Responsible Person(s):
[redacted] Director of Credentialing Vendor Management; [redacted], Vice President of Delivery System Operations/Provider Operations

Date Certain: January 1, 2025

4. Reimbursement:
Healthfirst is actively reevaluating the factors of "geography," "network saturation," and "provider type" as they relate to differences between mental health/substance use disorder (MH/SUD) and medical/surgical (M/S) services.

We are developing an analysis that reflects rate adjustments based on regional provider scarcity, while also accounting for the distribution and cost differentials between upstate and downstate providers. Healthfirst anticipates that this evaluation, which would include data such as provider coverage maps, zip code density analyses, and provider distribution breakdowns by service type, will be completed by June 30, 2025.

In alignment with our established rate setting framework, Healthfirst will implement the following actions to enhance our approach and demonstrate parity compliance with rate setting.

- Initiate a comprehensive review to document current rate-setting practices
- Document detailed analysis comparing existing rate groupings
- Document the established criteria for incorporating geographic and network saturation factors
- Create a mechanism for continuous evaluation and refinement of the rate setting framework

Following this, we will update and revise the NQTL documentation to summarize our findings and ensure comparability.

Responsible Person(s):
[redacted] AVP Behavioral Health Network Management & Contracting

Date Certain: June 30, 2025

5. Monitoring/Oversight:
Following implementation of the above corrective action steps, Healthfirst Corporate Compliance will monitor the results of the review and substantive comparative analysis to ensure factors are clearly defined in the evidentiary standards comparability and equivalent stringency and meet NQTL requirements.

This will include the following:

- Geographic Restrictions - demonstrate that factors are comparable in Step 3 for inpatient and outpatient geographic restrictions including explanation of saturation criteria analysis.
- Fail First - demonstrate in-operation compliance for the inpatient and outpatient benefit classifications. Transcranial Magnetic Stimulation analyses will be included.
- Credentialing - demonstrate in-operation compliance for the inpatient and outpatient benefit classifications, including results and detailed information in workbook analysis.
- Reimbursement - for inpatient and outpatient reimbursement, define factors in Step 3 and demonstrate in-operation compliance in Step 5. This will include definition and demonstration of comparability for geography and network saturation and provider type, and that rate-setting data and information provided support parity compliance.

Responsible Person(s): [redacted] AVP Corporate Compliance

Date Certain: September 30, 2025