

Delays in state contracts leave Montana health providers strapped

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Montana health organizations say a state government backlog in paying its contractors has hindered their ability to provide care, and they worry the bottleneck's ripple effects will be felt long after the money comes

through.

Several organizations waiting for contracts to be approved said that more than 200 private and public contractors across the [state government](#) were affected at one point. Montana Department of Public Health and Human Services officials acknowledged the delays but would not confirm the total number of contracts affected.

"I've never seen it this dysfunctional," said Jim Hajny, executive director of Montana's Peer Network, a state contractor affected by the delays. "Something just completely broke down, but there is nothing coming out. Not even a letter to say, "Hey, sorry, we're not going to get the contracts out."

The state [health](#) department contracts with more than 4,000 organizations, including crisis [mental health care](#) and other critical local services. Contractors have reported going months without pay; one said it had been nine months. Some have laid off employees, scaled back services, or stalled programs.

By January, the health department had 31 contracts left to finalize out of more than 700 due for review from June through December, spokesperson Jon Ebelt said.

Ebelt blamed the delays, in part, on a higher-than-usual [contract](#) load, staff turnover, and new legislative mandates.

The department also has increased the scrutiny of contracts during the state's legal review process. That is due to a new emphasis by the state Department of Administration on "the importance of legal review of agency contracts," Ebelt said.

The bureaucratic snafu comes amid an ongoing initiative by Republican

Gov. Greg Gianforte to cut bureaucratic red tape and strengthen the state's mental health system, which has long been shaky.

Health department officials wouldn't disclose how much money is owed to organizations with outstanding or finalized contracts. The health and administration departments "have worked collaboratively and constructively to address delayed contracts," health department spokesperson Holly Matkin told KFF Health News by email. "We have no further comment."

Both agencies assigned additional staffers to finalize the remaining contracts.

Marvin Colman, who runs a substance use disorder facility in Helena, Colman Community Services, said he hasn't received any of the \$330,000 grant it was awarded last April. The federal grant, managed through the state health department, was supposed to cover people who can't afford insurance or don't qualify for Medicaid.

Colman hired staff and opened a second clinic in anticipation of the funding. After going into debt to stay open for nine months, he laid off six employees and closed the new clinic. Now, due to the unpredictable funding, Colman said, they can no longer treat uninsured people.

"We discharged 20 clients this last week, not because they didn't need services, but because we can't afford to do it anymore," Colman said.

In Ronan, on the Flathead Indian Reservation, a drop-in center for people in addiction recovery run by Never Alone Recovery Support Services is reducing hours. Executive Director Don Roberts said staffers, including himself, had to take part-time jobs after the company dwindled its reserve funds waiting months for a finalized contract.

"I'm worried about keeping people alive," said Roberts, a licensed addiction counselor. "If a person is like, 'I need help right now,' and they show up at the recovery home and we're not here, what happens to that person? They go and relapse."

He worries those who survive a crisis won't come back the next time they need help.

After three months without state funding that covers payroll, Roberts still doesn't understand what caused the delay. He said state employees trying to finalize the contract are helpful, but even they seem confused about the cause of the holdup.

Once the money comes in, the inconsistent hours will remain for the foreseeable future due to workers' new part-time jobs, Roberts said.

Montana's Peer Network, which trains mental health workers statewide, delayed holding its courses and laid off employees in October due to a lapse in multiple state contracts, Hajny said. Neither the health nor administration department explained why there was a delay or when to expect payment as of early January, he said.

One of the legislative mandates Ebelt cited as a factor in the delays is a new state law requiring state contractors to verify in writing that they won't discriminate against companies that make, distribute, or sell guns, or firearm associations.

Hajny shared emails with KFF Health News that showed his organization waited at least a month for a state official to sign off on its firearm nondiscrimination declaration.

Although some of the company's contracts were finalized in December, he's still waiting for backdated pay. In the meantime, one employee

found a new job, and Hajny said he's gotten calls from agencies with new hires who need training.

"How can I bring my employees who were laid off back on if I haven't been paid for three months?" Hajny said. "It's because the department can't get a contract out."

The impact of the delayed funding varies based on how large an organization is and how much cash it has on hand.

Gallatin County Commissioner Zach Brown said the state hasn't paid the county for its mobile crisis response services for six months. Officials found temporary funding to fill the gap, something smaller governments likely can't afford to do.

Brown said he trusts the state will eventually pay up, but he doesn't know how much the county will be reimbursed for what it's spending now. He also worries that the unpredictability risks scaring off contractors that helped launch its mobile crisis team.

"It's a big deal for our community to sort of organize its crisis system around having this service available," Brown said. "It's not like we've got other folks champing at the bit to try and stand something like this up. It's not a moneymaker. It's really a difficult service to provide."

Matt Furlong is a board member of the Montana Mental Health Central Service Area Authority, which advocates for and supports mental health services. The health department historically runs a little late in paying contracts, Furlong said. But this time, the gap has lasted long enough to risk contractors' operations.

He said organizations are hesitant to speak publicly for fear the state will withhold future contracts. Living in uncertainty can create lasting trust

issues between already stretched-thin health workers and the state.

"It just breaks everybody down," Furlong said.

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