

Some Medicaid providers borrow or go into debt amid 'unwinding' payment disruptions

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Jason George began noticing in September that Medicaid payments had stalled for some of his assisted living facility residents, people who need help with daily living.

Guardian Group Montana, which owns three small facilities in rural Montana, relies on the government health insurance to cover its care of low-income residents. George, who manages the facilities, said residents' Medicaid delays have lasted from a few weeks to more than six months and that at one point the total amounted to roughly \$150,000.

George said the company didn't have enough money to pay its employees. When he called state health and public assistance officials for help, he said, they told him they were swamped processing a high load of Medicaid cases, and that his residents would have to wait their turn.

"I've mentioned to some of them, 'Well what do we do if we're not being paid for four or five months? Do we have to evict the resident?'" he asked.

Instead, the company took out bank loans at 8% interest, George said.

Montana officials finished their initial checks of who qualifies for Medicaid in January, less than a year after the federal government lifted a freeze on disenrollments during the height of the COVID-19 pandemic. More than 127,200 people in Montana lost Medicaid with tens of thousands of cases still processing, according to the latest state data, from mid-February.

Providers who take Medicaid have said their state payments have been disrupted, leaving them financially struggling amid the unwinding. They're providing care without pay, and sometimes going into debt. It's affecting small long-term care facilities, substance use disorder clinics, and federally funded health centers that rely on Medicaid to offer treatment based on need, not what people can pay.

State health officials have defended their Medicaid redetermination

process and said they have worked to address public assistance backlogs.

Financial pinches were expected as people who legitimately no longer qualify were removed from coverage. But the businesses have said an overburdened state workforce is creating a different set of problems. In some cases, it has taken months for people to reapply for Medicaid after getting dropped, or to access the coverage for the first time. Part of the problem, providers said, are long waits on hold for the state's call center and limited in-person help.

The problem is ongoing: George said two Guardian residents were booted from Medicaid in mid-March, with the state citing a lack of information as the cause.

"I have proof we submitted the needed information weeks ago," he said.

Providers said they've also experienced cases of inconsistent Medicaid payments for people who haven't lost coverage. It can be hard to disentangle why payments suddenly stop. Patients and providers are working within the same overstretched system.

Jon Forte is the head of the Yellowstone County health department in Billings, which runs health centers that provide care regardless of patients' ability to pay. He said that at one point some of the clinics' routine Medicaid claims went unpaid for up to six months. Their doctors are struggling to refer patients out for specialty care as some providers scale back on clientele, he said.

"Some have honestly had to stop seeing Medicaid patients so that they can meet their needs and keep the lights on," Forte said. "It is just adding to the access crisis we have in the state."

Payment shortfalls especially hurt clinics that base fees on patient

income.

David Mark, a doctor and the CEO of One Health, which has rural clinics dotted across eastern Montana and Wyoming, said the company anticipated making about \$500,000 in profit through its budget year so far. Instead, it's \$1.5 million in the red.

In Yellowstone County, Forte said, the health department, known as RiverStone Health, is down \$2.2 million from its anticipated Medicaid revenue. Forte said that while state officials have nearly caught up on RiverStone Health's direct Medicaid payments, smaller providers are still seeing delays, which contributes to problems referring patients for care.

Jon Ebelt, a spokesperson for the Montana Department of Public Health and Human Services, said Medicaid can retroactively pay for services for people who have lost coverage but are then found eligible within 90 days. He said the state's average redetermination processing time is 34 days, the average processing time for applications is 48 days, and, when processing times are longer, it's often due to ongoing communication with a client.

Ebelt didn't acknowledge broader Medicaid payment delays, but instead said a provider may be submitting claims for Medicaid enrollees who aren't eligible. He rejected the idea that individual examples of disruptions amount to a systemic problem.

"We would caution you against using broad brush strokes to paint a picture of our overall eligibility system and processes based on a handful of anecdotal stories," Ebelt said in an emailed response to a KFF Health News query.

Ebelt didn't directly answer questions about continued long waits for people seeking help but instead said continued coverage depends on

individual beneficiaries submitting information on time.

Federal data shows Montana's average call center wait time is 30 minutes—putting it among states with the highest average wait times. Mike White, co-owner of Caslen Living Centers, which has six small assisted living facilities across central and southwestern Montana, said some family members allowed the company to manage residents' Medicaid accounts to help avoid missing deadlines or paperwork. Even so, he said, the company is waiting for about \$30,000 in Medicaid payments, and it's hard to reach the state when problems arise.

When they do get through to the state's call center, the person on the other end can't always resolve their issue or will answer questions for only one case at a time.

"You don't know how long it's going to take—it could be two months, it could be six months—and there's nobody to talk to," White said.

Ebelt said long-term care facilities were provided information on how to prepare for the unwinding process. He said new Medicaid cases for [long-term care facilities](#) are complicated and can take time.

Stan Klaumann lives in Ennis and has power of attorney for his 94-year-old mom, who resides in one of Guardian's assisted living homes. Klaumann said that while she never lost coverage, the state didn't make Medicaid payments toward her long-term care for more than four months and he still doesn't know why.

He said that since last fall the state hasn't consistently mailed him routine paperwork he needs to fill out and return in exchange for Medicaid payments to continue. He tried the state's call center, he said, but each time he waited on hold for more than two hours. He made four two-hour round trips to his closest office of public assistance to try to get answers.

Sometimes the workers told him that there was a state error, he said, and other times that he was missing paperwork he'd already submitted, such as where money from selling his mom's car went.

"Each time I went, they gave me a different answer as to why my mother's bills weren't being paid," Klaumann said.

Across the nation, people have reported system errors and outdated contact information that led states to drop people who qualify. At least 28 states paused procedural disenrollments to boost outreach to people who qualify, according to federal data. Montana stuck to its original time frame and has a higher procedural disenrollment rate than most other states, according to KFF.

Stephen Ferguson, executive director of Crosswinds Recovery in Missoula, said the substance use disorder program doesn't have a full-time person focused on billing and sometimes doesn't realize clients lost Medicaid coverage until the state rejects thousands of dollars in services that Crosswinds submits for reimbursement. After that, it can take months for clients to either get reenrolled or learn they truly no longer qualify.

Ferguson said he's writing grant proposals to continue to treat people despite their inability to pay.

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