



Medicaid providers increasingly frustrated by delays in COVID-19 funding

By [Jessie Hellmann](#) - 05/27/20 06:00 AM EDT



Health care providers that primarily treat the poor, children and people with disabilities are getting left out of the COVID-19 aid being issued by the Trump administration, frustrating advocates who worry about the future of the Medicaid safety net.

The Department of Health and Human Services (HHS) has provided \$72 billion to help hospitals and clinics stay afloat during the pandemic, but Medicaid providers — including mental health and substance use clinics, disability care providers and children’s doctors — have seen very little of that money.

Instead, most of the funding has gone to providers participating in Medicare, the federal health care program for seniors. Providers that primarily serve the nation’s 70 million low-income Medicaid patients have been left out of the funding equation.

“It’s just astonishing to me that we’re last in line right now, having to fight and beg to be included and not to be overlooked,” said Shannon McCracken, vice president of government relations for ANCOR, a trade association representing community disability providers that are almost completely funded by Medicaid.

The problem largely lies in the complicated structure of the safety net program. It is easier for HHS to quickly send out funding to Medicare providers because it is a federally funded program. Medicaid programs are managed by states and providers are paid directly by state governments.

HHS has for weeks been trying to figure out a way to get funding to Medicaid providers. Providers are now growing impatient as they face revenue losses that could force them to close their doors and stop serving the country's most vulnerable populations.

"People are frustrated," said McCracken, who noted it has been 77 days since Congress appropriated the funding for HHS to send to struggling health care providers.

The financial losses come at an already challenging time for providers that serve large numbers of Medicaid patients. Many operate on razor thin margins, with rates that are lower than those paid by Medicare and private insurers.

ANCOR is asking for \$20 billion for its members. If they don't get that amount, McCracken fears the economic downturn caused by the pandemic will force the closure of some services and clinics that help people with intellectual and developmental disabilities.

Congress has earmarked a total of \$175 billion to help health providers get through COVID-19, since many providers and hospitals are losing revenue as they see fewer patients or close down programs due to social distancing requirements. Less than half of that amount, however, has been distributed by HHS since April, with most of it going to Medicare providers, including hospitals with [large cash reserves](#).

Meanwhile, some Medicaid providers only have enough cash on hand to last one month.

On top of that, states facing huge budget shortfalls caused by COVID-19 are likely to cut Medicaid provider rates. Medicaid is one of the largest line items for state budgets.

"We need significantly more investment if we want to keep our system whole, let alone being able to serve more people," said Chuck Ingoglia, the president and CEO of the National Council for Behavioral Health (NCBH), which represents more than 3,300 mental health and addiction treatment providers.

Some of those clinics have already had to cut staff and services, even as they anticipate a surge in mental health and substance use issues caused by the pandemic and widespread job losses. A survey of the group's members found 20 percent believed they couldn't survive financially for more than a month under the current conditions.

The group's members have seen very little help from HHS. Some providers received payments from HHS that were so small they weren't even noticed, Ingoglia said.

NCBH said its members need at least \$38.5 billion to keep their doors open and serve the influx of patients that are expected in the coming months.

HHS said in early April it was "working rapidly" on targeted payments to Medicaid providers. The agency announced last week it would award nearly \$5 billion to nursing homes, which are paid for by the Medicaid program. But it has not released further updates on funding for other Medicaid providers.

"There are some providers who will receive further, separate funding, including skilled nursing facilities, dentists, and providers that solely take Medicaid," an HHS spokesperson said in a statement.

The delay has frustrated members of Congress like Sen. [Ron Wyden](#) (D-Ore.), the ranking member on the Senate Finance Committee and House Energy & Commerce Committee Chairman Frank Pallone Jr. (D-N.J.) who argue the formula set by HHS "discriminates" against Medicaid providers.

"HHS's continued neglect for the needs of Medicaid-dependent providers struggling to deal with the COVID-19 crisis is unacceptable," Wyden and Pallone wrote in a letter to HHS Secretary Alex Azar earlier this month.

“The country is in the middle of a pandemic. The Medicaid program is a first responder, and the providers it relies on must be treated with equity. At a bare minimum that should include expeditious access to the [provider fund] as intended by Congress.”

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