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Idaho suspends hospital Medicaid payments

A bump in claims over the last month is spurring the state of Idaho to suspend Medicaid payments to hospitals for up to two weeks in order to balance the budget by the end of the fiscal year.

Payments will be withheld for a week starting June 20; after that week, the state will look at the books and decide if another week is needed. If a week is added, payments would resume July 5, said Department of Health and Welfare spokesman Tom Shanahan.

The state's \$1.8 billion Medicaid program is facing a \$13 million shortfall, largely due to unexpected caseload growth over the last month, Shanahan said. Weekly payouts over the last four weeks have come in at around \$30 million, \$3 to \$4 million higher than usual. The caseload has simply grown this year a bit more than analysts anticipated, Shanahan said. In 2010, the caseload grew 8 percent and the state suspended Medicaid payments to most providers for three weeks and to hospitals for nine weeks. The shortfall last year totaled \$89 million.

This time around, only payments to hospitals, and not other care providers, like doctor's offices, will be suspended. That's because hospitals, with a broader base of clients, can better handle the loss, compared to smaller, or independent, providers that rely almost entirely on Medicaid, Shanahan said.

"We're very sorry to do this but we have to have a balanced budget at the end of the year," he said.

Toni Lawson, vice-president of governmental relations with the Idaho Hospital Association, said she had hoped that budget cuts and recent financial help from hospitals to bolster Medicaid would have headed off a suspension.

"We didn't expect it but at the same time we're not shocked," she said.

For big-budget hospitals with a broad base of clients and the ability to move money around, the payment suspension may not represent a huge problem, but the story could be different for small operations.

"For those small rural hospitals that have lower rate of cash flow it will have more of an impact," Lawson said.

Bracing for impact is the 13-bed Teton Valley Medical Center in Driggs.

"It's a big, big, big challenge," said CEO Virgil Boss.

While lamenting the suspension, Boss is looking on the bright side. "It's better than last year."