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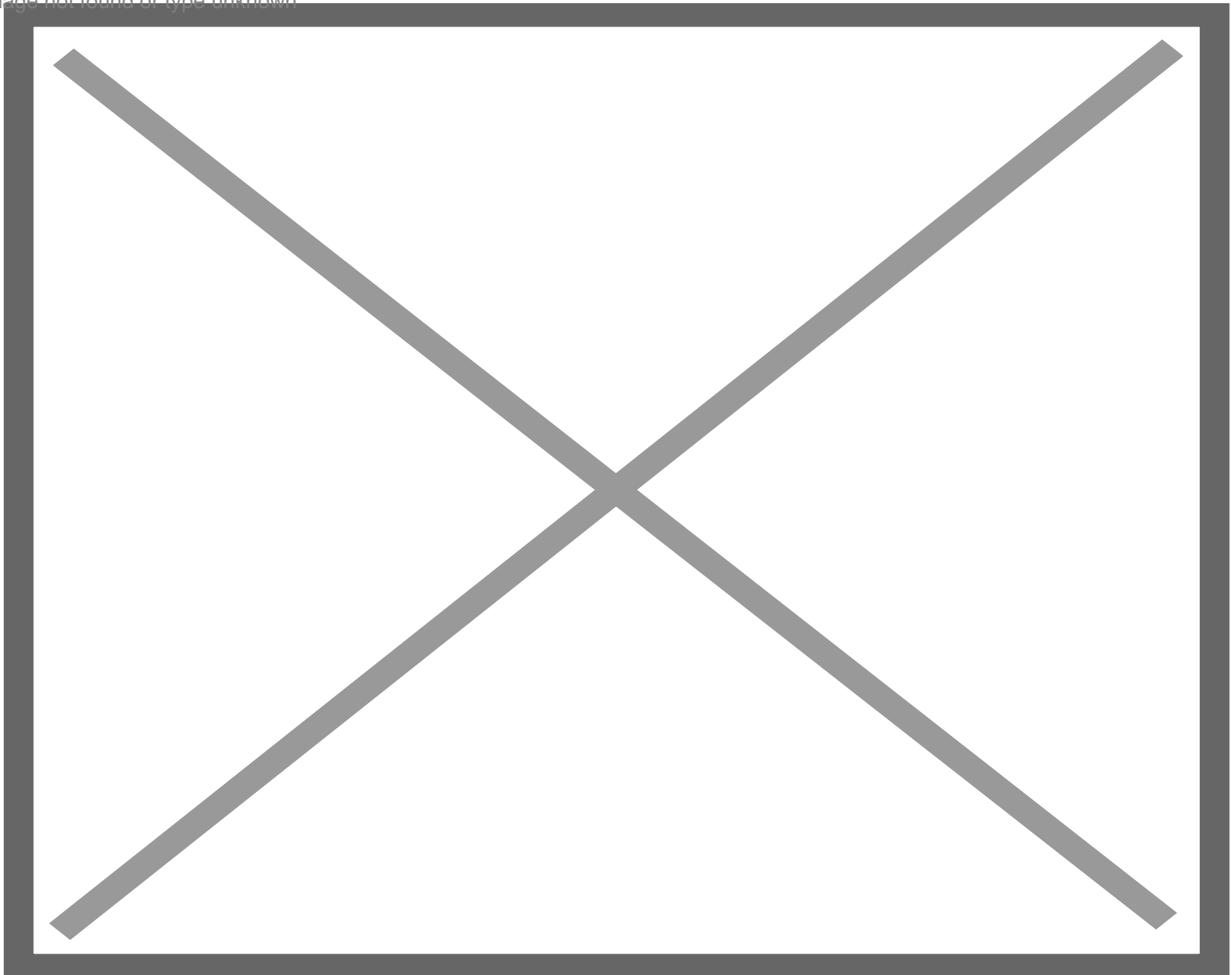
JFL in Dire Financial Position as Outstanding Medicaid Payments Mount

Hospital management scrambles to ensure continuity of care amid funding shortfall

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JFL North Emergency Room

Despite being owed some \$7 million in outstanding Medicaid payments, management of the Juan F Louis Hospital officials say hospital staff continue to serve the public to the best of their ability.

In fact, Chris Lewis, senior vice president of finance at JFL, revealed that “we haven't received a full Medicaid payment since November.” In the interim, he told legislators that the hospital has been meeting with the Medicaid Advantage Plus office to “figure out where the disconnect is.” As far as the hospital’s management is aware, the challenge may stem from a “technological issue”

between the MAP office and Gainwell, a Medicaid management system provider. This issue is scheduled to be resolved by mid-April, lawmakers were told.

Committee chair Senator Ray Fonseca speculated that the deficit in Medicaid funding might be causing management to fall behind on bills. Mr. Lewis confirmed that this was the case, admitting that insufficient funding has caused the hospital to “hold back on a lot of our payables.” Nonetheless, he shared that their financial team was exploring other avenues to collect other outstanding payments. The \$7 million figure comprises “what's still pending and our Medicaid balance from inpatient and outpatient.”

Lawmakers, though, were left anxious about JFL’s financial position. Senator Diane Capehart declared that the situation was an “urgent matter” and plainly stated that “if we have money to get, we need to get it.” Summarizing the sentiment of several of her colleagues, she reminded the hospital’s team that “that's a lot of money that the hospital needs.”

A series of “small payments trickling in,” as described by Mr. Lewis, have not been enough to rid the hospital of its financial woes. As he explained, compared with last year “our collections have gone up almost \$2 million from our commercial payers, but that difference is we haven't been receiving those full tranche of Medicaid payments we would usually get.” Those payments averaged between \$1.2 to \$1.5 million at the end of each month.

JFL CEO Dough Koch reminded lawmakers that an emergency meeting was recently held in an attempt to address that mammoth challenge. Mr. Koch believes that JFL has “activated all sources to address this issue” and intends to “work in partnership with anybody that can help.”

Sen. Fonseca, grateful for the expressed optimism, told Mr. Koch that he was nevertheless concerned about the continued operation of the hospital. “I know you've had the meetings but we cannot afford for the hospital to get in any worse financial shape,” he lamented. He fears that soon, the hospital may be unable to afford payroll or staff benefits. Wary of the hospital entering a “downward spiral,” Mr. Fonseca highlighted the infusion of \$2 million into the Eastern Medical Center as a cautionary tale.

Admitting that JFL is “in a very difficult position financially,” Mr. Koch indicated that some vendors have offered the hospital a grace period for payments considering the severity of their cash flow challenges. “We are getting cash in but not always at the right time. So it's definitely a balancing act. We appreciate your sense of urgency,” he said.

Mr. Fonseca has promised to contact the director of the Office of Management and Budget and the Medicaid director “because \$7 million is a lot.”