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COUNSEL FOR THE STATE

MONTANA FIRST JUDICIAL DISTRICT COURT
LEWIS AND CLARK COUNTY

STATE OF MONTANA, Plaintiff, v. ALISON FAY WATT, Defendant.	Cause No. **INFORMATION**

Alexandra van Belle, Assistant Attorney General, as attorney for the State of Montana, having first obtained leave of the Court as required by law, files this Information accusing the Defendant, Alison Fay Watt, of having committed the felony offenses of:

Count I: **MEDICAID FRAUD**, by common scheme, a felony in violation of Mont. Code Ann. §§ 45-6-313(1)(a) and 45-2-101(8).

From on or about January 1, 2024, to August 27, 2025, in Lewis and Clark County, State of Montana, the Defendant, Alison Watt, as part of a common scheme, obtained Medicaid payments or benefits for herself or others by purposely or knowingly making, submitting, or authorizing the making or submitting of false or misleading Medicaid claims, statements, representations, applications, or

documents to a Medicaid agency for services or items that she was not entitled to under applicable statutes or rules adopted under Title 2, chapter 4.

More specifically, the Defendant submitted inaccurate and false claims to the Montana Medicaid Program for therapy and counseling related services. The Defendant's Medicaid billing contained claims for services provided by licensure candidates who were not licensed and who were unable to bill Medicaid independently. Instead, the Defendant submitted claims for the services provided by licensure candidates as if the Defendant had been the provider and received payment for those services.

The Defendant engaged in a series of acts or omissions motivated by a purpose to accomplish a single criminal objective or by a common purpose or plan that resulted in the repeated commission of the same offense (Medicaid Fraud) or that affected the same person or the same persons (the Defendant and the Defendant's Medicaid patients) or the property of the same person or persons (Medicaid monies/payments.) Mont. Code Ann. § 45-2-101(8).

The payments, benefits, or claims for this offense exceed $1,500 in value.

Maximum Penalty

The maximum punishment provided by law for Medicaid Fraud, common scheme, a felony, committed in violation of Mont. Code Ann. § 45-6-313(1)(a) is:

> A person convicted of the offense of Medicaid fraud involving payments, benefits, or claims exceeding $1,500 in value shall be fined an amount not to exceed the greater of $50,000 or 10 times the value of the payments obtained or be imprisoned in the state prison for a term not to exceed 10 years, or both.

Count II: **FALSE CLAIM TO PUBLIC AGENCY**, common scheme, a felony in violation of Mont. Code Ann. §§ 45-7-210 and 45-2-101(8).

From on or about January 1, 2024, to August 27, 2025, in Lewis and Clark County, State of Montana, the Defendant, Alison Fay Watt, as a part of a common scheme, knowingly presented for allowance or payment false or fraudulent claims bills, accounts, vouchers, or writings to a public agency, public servant, or contractor authorized to allow or pay valid claims presented to a public agency. Defendant engaged in a series of acts or omissions motivated by a purpose to accomplish a single criminal objective or by a common purpose or plan that resulted in the repeated commission of the same offense (False Claim to Public Agency) or that affected the same person or the same persons or the property of the same person or persons.

At all times relevant to this case, the Defendant was a Montana licensed clinical professional counselor and an enrolled Montana Medicaid provider who operated a counseling business and resided in Billings, Yellowstone County, Montana. Between approximately January 1, 2024, to August 27, 2025, pursuant to a common scheme, the Defendant knowingly submitted or caused to be submitted to the Montana Medicaid Program multiple claims for services that she did not in fact provide. The Montana Medicaid program is administered by, and part of, the Montana Department of Public Health and Human Services, a public agency, located in Lewis and Clark County, State of Montana. The aggregate value of Defendant's false or fraudulent claims exceeds $1,500.00.

Maximum Penalty for False Claim to Public Agency

The maximum punishment for False Claim to Public Agency, common scheme, a felony in violation of Mont. Code Ann. §§ 45-7-210 and 45-2-101(8), is a fine of up to $10,000, imprisonment in the state prison for up to 10 years, or both.

Witnesses known to the State at the time of filing this Information are as follows:

Agent Jared Piilola, Medicaid Fraud Control Unit – Helena, MT

Auditor Cailin Tollefson, Medicaid Fraud Control Unit – Helena, MT

Cassie Cable, Program Integrity Investigator, Office of Inspector General – Helena, MT

Jennifer Tucker, Surveillance Utilization Review Section Supervisor, Office of Inspector General – Helena, MT

Rachel Savage, Program Integrity Compliance Specialist, Office of Inspector General – Helena, MT

Krista Pratt, Healthy Montana Kids Program Officer, Member Health Management Bureau – Helena, MT

Jarin Gasset, Sergeant, Ravalli County Sheriff's Office – Hamilton, MT

G.R. – Billings, MT

K.B. – Billings, MT

S.K. – Billings, MT

M.C. – Billings, MT

T.L. – Billings, MT

D.E. – Billings, MT

S.S. – Billings, MT

P.H. – Billings, MT

S.M. – Billings, MT

D.C. – Billings, MT

J.E. – Billings, MT

M.Co. – Billings, MT

D.H. – Billings, MT

K.R. – Billings, MT

*Medicaid clients/recipients and their parents/guardians
Any witness necessary to lay foundation
Any necessary for rebuttal
Any witness identified in discovery

* The names of Medicaid patients/recipients and their parents or guardians will be produced to the Defendant during discovery. Their names are not provided here to protect confidential health care information.

Dated this 8th day of June 2026.

ALEXANDRA VAN BELLE
Assistant Attorney General

Electronically Signed By:
Hon. Judge Mike Menahan
Wed, Jun 10 2026 08:06:46 AM

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COUNSEL FOR THE STATE

MONTANA FIRST JUDICIAL DISTRICT COURT
LEWIS AND CLARK COUNTY

STATE OF MONTANA, Plaintiff, v. ALISON FAY WATT, Defendant.	Cause No. **AFFIDAVIT IN SUPPORT OF MOTION FOR LEAVE TO FILE AN INFORMATION**

STATE OF MONTANA)
: ss.
County of Lewis and Clark)

Alexandra van Belle, Assistant Attorney General for the State of Montana, being first duly sworn, upon oath, deposes and states, based on information and belief, the following:

The information set forth below is a statement of facts related to Affiant by Agents and investigators of the Department of Justice, Division of Criminal Investigation, Medicaid Fraud Control Unit (MFCU). Affiant bases the foregoing Motion for Leave to File an Information upon the relayed facts against the above-named Defendant and asserts that the matters, facts, and things herein relayed demonstrate probable cause to believe Defendant has committed the following offenses:

Count I: **MEDICAID FRAUD**, by common scheme, a felony in violation of Mont. Code Ann. §§ 45-6-313(1)(a) and 45-2-101(8).

Count II: **FALSE CLAIM TO PUBLIC AGENCY**, common scheme, a felony in violation of Mont. Code Ann. §§ 45-7-210 and 45-2-101(8).

BACKGROUND

The above charges stem from MFCU's investigation into allegations that Medicaid had been fraudulently billed. "Medicaid is a publicly funded medical insurance program established to provide health-care coverage for persons who cannot otherwise afford coverage." *State v. Vainio,* 2001 MT 220, ¶ 9. "The federal legislation establishing the Medicaid program is known as Title XIX of the Social Security Act." *Id.* In 1967, the Montana Legislature authorized what is now the Department of Public Health and Human Services (DPHHS), a public agency, to implement a state Medicaid program. *Id.* The Montana state Medicaid program is part of Title 53 of the Montana Annotated Code pertaining to Social Services and Institutions and complies with Title XIX and its accompanying federal regulations. *Id.*; Mont. Code Ann. § 53-6-101. The administrative rules governing Medicaid eligibility in Montana are set forth in Admin. R. Mont. 37.82.101, *et seq.*, and the rules governing providers are set forth in Admin. R. Mont. 27.85.104, *et seq.*

"In 1977, Congress enacted the Medicare-Medicaid Anti-Fraud and Abuse Amendments to Title XIX." *Vainio*, ¶ 10. This legislation "authorized the creation of state Medicaid fraud control units and made funds available for states to prosecute Medicaid fraud." *Id.* (citing 42 U.S.C. §§ 1396b(a) and (q)). In 1995, the Montana Legislature established a Medicaid Fraud Control Unit (MFCU) within the Department of Justice. *Id.* (citing Mont. Code Ann. § 53-6-156).

"The Medicaid program is voluntary, and medical providers are not automatically Medicaid providers." *Id.* ¶ 11. A healthcare provider must apply and

become an "enrolled provider" in a particular category of services before the provider can be reimbursed by Medicaid for such services. Admin. R. Mont. 37.85.402(1). As part of this application, the provider agrees to comply with "all applicable state and federal statutes, rules, and regulations." Admin. R. Mont. 37.85.401.

Medicaid coverage and reimbursements are available only for services or items that are provided in accordance with all applicable Medicaid requirements. Admin. R. Mont. 37.85.406, *et seq*. An enrolled Medicaid provider may not submit claims for services that the provider did not personally provide. Admin. R. Mont. 37.85.406(16). A Medicaid provider must maintain patient records to support "the extent, nature and medical necessity" of services rendered. Admin. R. Mont. 37.85.414(1). Additionally, the provider's "records must support the fee charged or payment sought for the services . . . and demonstrate compliance with all applicable requirements." *Id.*

Additionally, and of particular importance in this case, in order to receive Medicaid reimbursement for services provided by an "in-training mental health professional," also known as a licensure candidate, a provider must either be a licensed mental health center (MHC) or meet the criteria provided in Administrative Rule of Montana § 37.85.213, which include that the facility provide medication management and contract with a health care professional who is licensed to prescribe particular medications. Per the Montana Board of Behavioral Health within the Department of Labor and Industries, a licensure candidate in Montana is an individual who has met particular educational and supervised clinical hour requirements, passed an exam, and is working under supervision to complete experience hours towards full licensure.[1]

[1] *See* pclc-app-checklist.pdf (licensure candidacy requirements for Licensed Clinical Professional Counselor) and swlc-app-checklist.pdf (licensure candidacy requirements for Licensed Clinical Social Worker).

Referral to MFCU

On March 21, 2025, the Montana Medicaid Fraud Hotline received a call from an anonymous complainant who stated that they were an intern at Beautiful Directions Counseling (BDC), LLC, in Billings, Montana. BDC is owned by the Defendant, Alison Fay Watt, a Licensed Clinical Professional Counselor (LCPC) and Licensed Addiction Counselor (LAC). The complainant stated that the Defendant was instructing interns to provide services to clients and bill the services under the business's National Provider Identification (NPI) number.

On April 16, 2025, the Medicaid Fraud Hotline received an additional call from a second complainant, G.R. G.R. stated that her minor son was receiving services from BDC. During this time, the Defendant requested that G.R. call Medicaid to resolve a billing issue. The Defendant directed G.R. to tell Medicaid that her child was receiving therapy with her and not the licensure candidate he was actually receiving services from, S.K. BDC is not and has never been a Licensed Mental Health Facility and therefore may not bill Medicaid for licensure candidates.

SURS Investigation

The State of Montana DPHHS has a program called Surveillance Utilization Review Section (SURS) that works to prevent and identify fraud and abuse within the Medicaid system. The MFCU frequently receives referrals from SURS. SURS had also received a complaint from G.R. regarding the Defendant's billing practices and the Defendant's instruction to falsely tell Medicaid that her child was receiving therapy from the Defendant. G.R. provided SURS with a screenshot of a text exchange between herself and the Defendant, where the Defendant states, "Don't tell [Medicaid] [S.K.] is seeing him tell them it is me seeing him." G.R. also provided an invoice showing that HMK was billed for a cancelled appointment, which is a violation of Administrative Rule of Montana 37.85.406(16).

SURS's investigation produced multiple findings. It found that the Defendant had improbably billed based on the number of hours a day billed under her NPI number and the billing on Thanksgiving, Christmas, and New Years Day. It also found that the Defendant billed for services not provided, instructed the mother of a Medicaid recipient to lie to Montana Medicaid about which provider was treating her child, and various other licensing issues such as violating client confidentiality and sharing information about employees.

Finding a credible allegation of fraud and in accordance with federal Medicaid regulations,[2] SURS requested that Medicaid suspend the Defendant's enrollment as a Medicaid provider pending the MFCU investigation. Medicaid granted the request, and SURS notified the Defendant in writing of the suspension on May 16, 2025.

FACTUAL ALLEGATIONS

At all times relevant to this case, Defendant resided and worked in Billings, Yellowstone County, Montana. Upon information and belief, the Defendant currently resides in Billings, Yellowstone County, Montana. The Medicaid program is administered by, and part of, the Montana Department of Public Health and Human Services, a public agency, located in Lewis and Clark County, State of Montana.

The MFCU investigated the Defendant's counseling business, BDC, for the timeframe of January 1, 2024, to August 27, 2025. During that time period, BDC was not a licensed mental health facility, nor did it meet the criteria to bill for licensure candidates set out in the Administrative Rule of Montana 37.85.213. BDC employed both interns and licensure candidates, but the charges filed herein only pertain to the billing for services provided by licensure candidates.

[2] 42 C.F.R. § 455.23 provides that a State Medicaid agency must suspend all Medicaid payments to a provider after the agency determines there is a credible allegation of fraud . . ."

On September 23, 2024, BDC acquired Elysian Mental Health Facility (EMHF)[3], a nonprofit mental health facility. Several EMHF employees were retained by BDC after the acquisition.

Auditor's Review of the Billing Data

Auditor Cailin Tollefson confirmed that Defendant was an enrolled Medicaid provider at all times relevant to this case. Auditor Tollefson ran a provider billing query on the Defendant from the timeframe of January 1, 2024, to August 27, 2025. During that time period, she confirmed that the Department of Labor and Industry had not licensed BDC as a Mental Health Facility. Auditor Tollefson also confirmed that BDC did not meet the criteria of a Mental Health Facility described in Administrative Rule of Montana 37.85.213 during this time period.

In response to an investigative subpoena issued to Beautiful Directions, on July 14, 2025, MFCU received a list of Medicaid recipients who received services from licensure candidates, as well as specific patient records. Six licensure candidates at BDC provided services to Medicaid recipients: S.K., K.F., R.C., S.M., D.B., and S.S. Auditor Tollefson confirmed the dates each of the candidates received their licenses. The only candidate to become fully licensed during the time frame above was S.K., who became a fully licensed LCPC on June 12, 2024. None of the claims made for services S.K. provided after her date of full licensure in June 2024 were included in the damages total below.

Auditor Tollefson compared the list of clients seen by licensure candidates to the billing query. From January 1, 2024, to August 27, 2025, Medicaid was billed for 138 recipients who received services from licensure candidates at BDC, for a billing total of $249,587.92. The total improper reimbursement the Defendant received for these services was $134,042.28.

[3] The Secretary of State website recorded that EMHF closed its business registration on October 11, 2024. EMHF was a licensed mental health center, permitted to bill Medicaid for licensure candidates pursuant to Mont. Admin. R. 37.85.213.

Interviews

G.R.

Agent Piilola spoke with complainant G.R. on April 23rd and May 29th, 2025. G.R. previously saw the Defendant for mental health services at BDC. During her time as a client, her child K. also needed counseling services. Soon after the Defendant hired Professional Counselor Licensure Candidate (PCLC) S.K., K. began seeing her for counseling services. G.R. stated that K. saw S.K. from January to June 2024. K. was a recipient of Healthy Montana Kids (HMK), a Montana Medicaid program.[4] The Defendant submitted claims to HMK for the services being provided to K. but was not being reimbursed. She then asked G.R. to try and assist in resolving the issue.

G.R. made multiple calls to Medicaid and eventually BDC was reimbursed after K.'s recipient identification information was corrected. G.R. told Agent Piilola that it was during the course of these calls that the Defendant directed her by text message to tell Medicaid that K. was seeing the Defendant instead of licensure candidate S.K. G.R. was adamant to Agent Piilola that K. only ever saw S.K. at BDC and that no one was in the sessions except K. and S.K. (with the exception of G.R. being present for the first five minutes of K.'s first appointment).

G.R. also sent Agent Piilola the screenshot of the text message conversation she had with the Defendant where the Defendant instructed G.R. to tell Medicaid that the Defendant was seeing K., not S.K. Agent Piilola later requested and received from G.R. the date and time of that text, which was March 7, 2024, at 10:57 a.m.

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[4] HMK offers medical coverage for eligible Montana children up to age 19 based on the income level of their parents. With some treatment exceptions, medical benefits through this program are administered through the BlueCross BlueShield of Montana Provider Network. HMK pays for services that are medically necessary, provided by a Montana Medicaid and HMK enrolled provider, and are Medicaid/HMK covered services. Although HMK is provided by a third party administrator, it is a Medicaid benefit program and HMK services are subject to Medicaid provider rules.

S.K.

On June 2, 2025, Agent Piilola interviewed S.K., a former PCLC at BDC. S.K. was an employee at BDC for approximately eight months from January to September 2024, prior to BDC's acquisition of EMHF. She stated that the Defendant was aware of her licensure status at the time she was hired.

During her employment at BDC, S.K. primarily provided therapy services, but also performed some mental health and addiction evaluations. She denied that the Defendant ever sat in on any of the sessions and stated that the Defendant would check on her every "now and then."

S.K. explained that she was not personally involved in billing, but she knew that the billing for her services was submitted to Medicaid under the Defendant's NPI number. She stated that the Defendant was "very picky" with who submitted the billing and that S.K. was "not to touch any of that stuff."

S.M.

On March 4, 2026, Agent Piilola spoke with S.M., a former Clinical Social Worker Licensure Candidate (SWLC) at BDC. S.M. previously worked at EMHF for approximately one year before it was acquired by BDC in September 2024. She worked for BDC for about seven months, from October or November 2024 until June 2025. She told Agent Piilola that the Defendant was aware of her licensure status and told her that it was okay for licensure candidates to see Medicaid clients if there were licensed providers in the building. S.M. stated that she provided individual mental health therapy, and that the sessions she conducted with clients were never observed by a licensed therapist.

S.M. told Agent Piilola that the Defendant stated during a staff meeting (presumably the meeting where the Defendant notified the staff of the MFCU investigation) that she may not have been following the rules regarding billing for licensure candidates or did not understand the rules. The Defendant blamed EMHF

for any billing errors and refused to take accountability for any billing that may have occurred for services provided by licensure candidates.

J.E.

Agent Piilola spoke with J.E. on April 28, 2026. J.E. is a dually licensed Mental Health and Substance Use Disorder Counselor and worked for BDC from June 2024 to June 2025, both prior to and after BDC's acquisition of EMHF. She told Agent Piilola that her position, title, and responsibilities changed multiple times throughout her employment. At one point, around January 2025, J.E. was the Clinical Director at BDC and supervised interns by attending weekly intern meetings and regular staff meetings. She also had a full caseload during this time and told the Defendant that she could not observe intern sessions. J.E. believed that the Defendant was supervising the licensure candidates at this time. J.E. did not know whether services performed by the licensure candidates were being billed for, but she did know that they were submitting progress notes because the Defendant told her to sign off on them. J.E. refused to do so, and then the Defendant signed off on them instead.

J.E. explained that each provider at BDC would submit a progress note for each session they provided to a client. After that submission, Simple Practice, BDC's management software, would generate a bill, the business office would somehow handle it, and then the Defendant would submit the claim. J.E. was not involved in any of the billing. She left BDC when the Defendant informed the staff of the MFCU investigation.

After their conversation concluded, J.E. sent Agent Piilola a photograph of a letter she and the rest of the BDC staff received from the Defendant on or about May 27, 2025, stating that the Defendant took full responsibility for the MFCU investigation (see *Conversations with the Defendant,* below).

T.L.

Agent Piilola interviewed T.L. on November 7, 2025. T.L. is a Licensed Clinical Social Worker (LCSW) and worked at BDC from approximately September 2024 until June 2025. T.L. did not have a role in the billing process at BDC and was told by the Defendant that billing was "none of [her] business." T.L. believed that her services were billed under BDC's NPI number.

Part of T.L.'s role at BDC was supervising licensure candidate S.M. T.L. had her own case load and did not sit in on S.M.'s client sessions. She stated that, although she was not aware of this during her employment at BDC, she now knew that it was impermissible for BDC to bill Medicaid for a licensure candidate's services. T.L. told Agent Piilola that the Defendant had mentioned applying for BDC to become an MHC to make billing easier, but T.L. had the impression that the Defendant was not being completely honest.

M.C.

On June 12, 2025, Agent Piilola spoke with M.C., who explained that she previously saw the Defendant as a patient at BDC and later became an employee of BDC. She worked at BDC for approximately six or seven months. M.C. stated that her title was "Office Manager," but that she acted as more of a receptionist. In her position, M.C. posted insurance payments, but she was not permitted to submit claims because the Defendant was "very particular on how things were done and who got to submit stuff." M.C.'s role was to schedule a client, ensure that the records matched when an Explanation of Benefits (EOMB) was posted or received, and then enter the payments. M.C. stated that all of the services for Medicaid recipients were billed under the Defendant's NPI number, even the recipients that S.K. was seeing.

M.C. told Agent Piilola that at one point the Defendant asked her to assist with billing insurance for appointments that had not occurred. M.C. told the Defendant

that she was uncomfortable with that and then the Defendant's demeanor changed toward her at work.

M.C. also observed other situations at BDC that made her uncomfortable. In the course of her duties posting payments, she noticed that there was a client who was having biweekly appointments with the Defendant, but her insurance was being billed weekly. When M.C. confronted the Defendant about the error, the Defendant told her that she was trying to help the client's mother reach her deductible sooner. M.C. told the Defendant that she was not willing to risk getting in trouble by participating in that, at which point the Defendant took over the billing for that particular client's account. M.C. told Agent Piilola that she told the Defendant that she was going to get caught and that the Defendant responded that she would just "play it off" like she did not know she was not supposed to do that. M.C. told Agent Piilola that there were "multiple" similar situations occurring with billing at BDC while she was employed there. She stated that "[The Defendant] knows what she's doing is wrong."

P.H.

On March 4, 2026, Agent Piilola interviewed P.H., a previous office employee at BDC. P.H. was employed at BDC for just over three months from February to May 2025. As office manager, P.H.'s duties included entering claims into the computer and recording payments into patient files.

During his employment, P.H. identified and brought to the Defendant's attention some inconsistencies he had noticed in Medicaid billing, including billing for incorrect codes. The Defendant responded that P.H. should "mind [his] P's and Q's." P.H. told Agent Piilola that the Defendant instructed him to "hold off" on billing claims for clients who were planning on re-enrolling with Medicaid until that client was an active Medicaid recipient again. The Defendant told P.H. that Medicaid allowed for a claim to be submitted up to three months after the date of service and requested that P.H. change the dates on a few claims to push them into this three-

month window. P.H. identified for Agent Piilola two specific Medicaid recipients who the Defendant asked him to do this for. P.H. refused to change the dates.

Conversations with the Defendant

Agent Piilola spoke with the Defendant several times during the course of the MFCU investigation. On July 1, 2025, the Defendant acknowledged that BDC had been billing Medicaid for licensure candidates. She told Agent Piilola that she knew agencies could not bill for licensure candidates but thought the credentialing she had hired D.H. to do to ensure that BDC was a Medicaid enrolled "group" (*see "D.H." below)* allowed BDC to bill for licensure candidates. The Defendant also stated more than once, despite what D.C., J.E., S.K., and T.L. told Agent Piilola, that there was a licensed therapist sitting in on sessions the licensure candidates held, and the Defendant thought that "covered [their] bases." The Defendant stated that she would take full responsibility and that she now understands that she committed fraud.

Agent Piilola also reviewed a letter that the Defendant gave to her staff, dated May 27, 2025. The letter was given to Agent Piilola by former BDC employee J.E. It stated, in part, that "no clinical staff member, business staff member, or intern employed by Beautiful Directions Counseling has ever submitted claims to any insurance company" and that responsibility for all Medicaid claims lies solely with the Defendant.

D.H.

On April 30, 2026, Agent Piilola spoke with D.H., an individual the Defendant hired to assist with credentialing BDC with Medicaid and commercial insurance companies. D.H. explained that her process involved submitting information about the Defendant to the Medicaid Provider Portal and linking "rendering providers" (providers employed by the billing provider and providing services) to the "billing provider" (provider who submits billing claims). She further explained that linking providers in this way would create a "group," and that a group was not the same as

an MHC. D.H. was adamant that she refuses to do any facility credentialling and that, if the Defendant had asked her to (which D.H. acknowledged may have happened but she could not remember), she would have said no. She denied that she and the Defendant had any conversations about billing for licensure candidates and further explained to Agent Piilola that the only way a facility could bill for licensure candidates was under applicable Medicaid guidelines.

D.H. provided Agent Piilola with emails she exchanged with the Defendant between September and November 2024. In those messages, the Defendant indicated that she understood the scope of D.H.'s work. She asked D.H. how much the cost would be for just the group's credentials without credentialing for BDC being a state approved agency, demonstrating she understands what a "group" is. The Defendant also told D.H. in an email on November 15, 2024, that one of her employees had started submitting documentation to DPHHS for BDC's mental health center license, showing that she knew D.H. had not completed the task of licensing BDC as an MHC.

Mental Health Center Applications

Also on April 30, 2026, Agent Piilola spoke with Tara Wooten, the Licensure Bureau Chief, about BDC's facility licensure status. Wooten informed him that an MHC application was initiated on October 11, 2024, but was withdrawn on April 30, 2025. A second MHC application was started on June 18, 2025, and was withdrawn on August 11, 2025.

Agent Piilola's May 6, 2026, Interview with the Defendant

On May 6, 2026, Agent Piilola spoke with the Defendant again. The Defendant explained the circumstances of BDC acquiring EMHF. She stated that the owner, J.W. informed her that EMHF was a non-profit and therefore had to be dissolved or given away rather than sold. The Defendant told Agent Piilola that BDC was billing Medicaid for licensure candidate services at the "direction" of J.W., but later in the conversation she stated that J.W. did not have any part of transitioning

employees to BDC or the way they billed for services. She continued to shift focus to J.W., stating that she had just believed J.W. and said multiple times that she only did what J.W. told her she could do. Later in the conversation, the Defendant stated that she was under the impression that if there was a "licensed person" on the premises, it was "fine" to bill for licensure candidate services, but when asked by Agent Piilola where she received that impression, she was not sure and thought it was either from information on Google or from the "bad habits" that still lingered from EMHF.

The Defendant had multiple and conflicting explanations regarding her understanding of the requirement that only MHC's could bill Medicaid for licensure candidate services. At first, she stated that she did not know what becoming a licensed MHC consisted of. Then she stated that she believed that at the point when BDC acquired EMHF, BDC became credentialed, but later acknowledged that she hired D.H. to credential BDC with Medicaid. Despite the Defendant's November 15, 2024, email to D.H. telling her that an MHC licensure application had been started by one of her employees, the Defendant stated that if she ever had a conversation with an employee about an MHC application, it would have been to tell them to stop the process because BDC was already credentialed as an MHC. The Defendant told Agent Piilola at different points in the conversation that she was unaware of any MHC application and, conversely, that she herself was the person who submitted the application to be an MHC. Finally, the Defendant explained that she received a letter that she thought demonstrated that BDC was an approved MHC and could bill for licensure candidates. Agent Piilola produced a copy of a Montana Healthcare Programs Welcome Letter addressed to BDC and dated September 30, 2024, and asked if this was the letter she was referring to. The Defendant believed that it was. That letter only notified BDC that it was approved for the HMK program. It was also received prior to the Defendant's email correspondence with D.H. where D.H. stated

that she would be unable to move forward with the MHC application, belying the Defendant's explanation of her understanding of the letter. Notably, BDC's first MHC application was initiated on the same day that D.H. emailed the Defendant to tell her she would be unable to process the application, demonstrating that the Defendant understood that the application had not yet been submitted.

The Defendant also spoke with Agent Piilola about supervision of the licensure candidates. She stated that she thought D.C. had been sitting in on licensure candidate sessions via Microsoft Teams because that is what she thought he had been doing at EMHF. However, she later found out that he was not observing sessions. The Defendant stated that J.E. supervised all of the interns and licensure candidates (with the exception of S.M.) after D.C. left but did not mention whether J.E. observed sessions. She said that she told J.E. to sign off on the licensure candidate's progress notes and J.E. refused but cited the MFCU investigation as the reason rather than what J.E. said, which is that she had not been observing licensure candidate sessions. The Defendant also told Agent Piilola that S.K. did not see any Medicaid recipients, although she also stated that she did not think she ever had a discussion with clinicians about interns and licensure candidates providing services to Medicaid recipients.

The Defendant affirmed that she was the only one who submitted billing claims and that a third-party biller was never used. She acknowledged that she was going to be required to repay Medicaid, but that she had not made any arrangements to pay it back. She also responded, "I don't know" when asked by Agent Piilola if she ever directed any of her employees to change the dates of service if a claim was denied by Medicaid.

SUMMARY

As an enrolled Medicaid provider, the Defendant agreed to abide by applicable rules and statutes, including those that govern billing for services provided by licensure candidates. Defendant demonstrated understanding of those prohibited

billing practices and continued to fraudulently submit claims to and receive reimbursement from Medicaid for services provided by licensure candidates. From January 1, 2024, to August 27, 2025, the Defendant billed Medicaid for 138 recipients who received services from licensure candidates at BDC, for a billing total of $249,587.92. The total improper reimbursement the Defendant received for these services was $134,042.28. For those reasons, Affiant asserts there is probable cause to believe that the Defendant, Alison Watt, has committed the above-listed offenses. Leave is hereby requested allowing the undersigned to file an Information charging Defendant with said offenses.

DATED this 8th day of June 2026.

Alexandra van Belle
ALEXANDRA VAN BELLE
Assistant Attorney General

SUBSCRIBED AND SWORN TO before me this 8th day of June 2026 by Alexandra van Belle.

Kaedy A Gangstad
NOTARY PUBLIC

KAEDY A GANGSTAD
NOTARY PUBLIC for the
State of Montana
Residing at East Helena, Montana
My Commission Expires
July 1, 2029