Medicaid Expansion: How It Affects Montana's State Budget, Economy, and Residents

June 2018

Prepared by Manatt Health for the Montana Healthcare Foundation

Highlights of Manatt Health's June 2018 Report for the Montana Healthcare Foundation¹

Expansion facts:

- On January 1, 2016, Montana expanded Medicaid to adults with incomes up to 138% of the federal poverty level (FPL).
- Nearly 9 in 10 of Montana's expansion enrollees have incomes below the FPL, which is \$12,140 per year for a single individual in 2018 and \$4,320 for each additional person in the household.
- More than 96,000 Montanans have enrolled to date.
- The federal government pays most expansion costs, with 100% funding in 2016 that phases to 90% in 2020 and beyond.
- All but the lowest income enrollees pay premiums for their coverage, and most have copayments for the services they use.

In its first two years, Montana's Medicaid expansion has:

- Generated state budget savings. Montana has saved more than \$36 million in state general funds by
 receiving more federal funding for certain enrollees and replacing state spending for key health care programs
 with federal dollars.
- Contributed to Montana's economy and workforce. Medicaid has helped make health care the leading driver of private income and the second largest source of jobs in Montana.
- Helped rural hospitals keep their doors open. Hospitals in Medicaid expansion states are six times less likely to close. Since more Montanans have insurance than ever before, uncompensated care costs for hospitals and clinics decreased by more than \$100 million in 2016 alone.
- Increased the use of preventive health care services. More than 65,000 adults have received preventive services, including more than 195,000 screenings, vaccinations, wellness visits, and dental exams.
- Strengthened the prevention and treatment system for behavioral health. More than 90 percent of Montanans with a substance use disorder (SUD) do not receive treatment, and services for many people were previously covered only by state general fund and federal block grant dollars. Medicaid SUD spending has increased from \$2.6 million in 2015 to \$14 million in 2017 as more people are getting the care they need.
- Supported a healthy workforce. Through the voluntary HELP-Link jobs services program, more than 22,000
 Medicaid enrollees received workforce training, employment services, and job openings. Seventy-eight
 percent of those who received one-on-one employment services found jobs, with health care as a top
 industry for job seekers.
- Kept Montana's rate of uninsured people the lowest in state history. Montana's uninsured rate dropped from 15 percent in 2015 to 7.4 percent when Montana expanded Medicaid in 2016—the lowest rate in state history. In 2017, Montana's uninsured rate was relatively stable, at 7.8 percent.
- Covered thousands of working Montanans. Among expansion and other adults with Medicaid coverage in Montana, 7 in 10 worked during 2016, ranking Montana in the top 10 of all states. Being ill or disabled was the top reason for not working.

¹ For more information, see: <u>https://mthcf.org/201806/manatt-goe-medex-reports/</u>