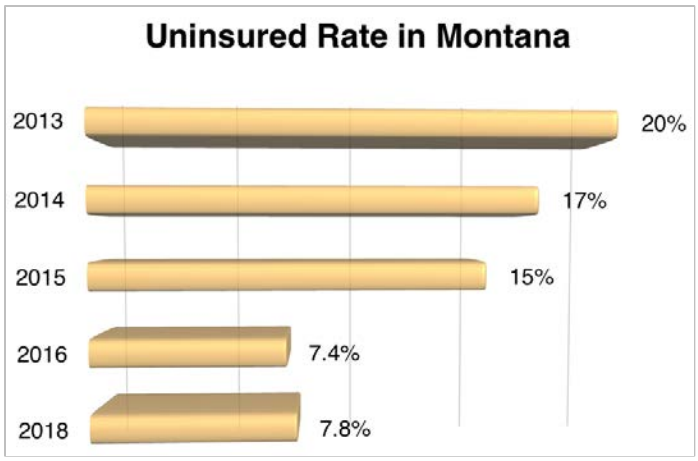
2018 REPORT ON HEALTH COVERAGE AND MONTANA'S UNINSURED

Montana's Uninsured Rate

The Montana Healthcare Foundation commissioned this study of Montana's uninsured rate for 2018. According to a report issued by the Montana Commissioner of Securities and Insurance (CSI), the uninsured rate in April 2016 was approximately 7.4 percent, down from 20 percent in 2012.[1] In January 2018, approximately 979,257 Montanans had health coverage, out of a total population of 1,062,330, resulting in an estimated uninsured rate of 7.8 percent.



The information contained in this study for 2017 and 2018 was obtained through surveys of the three largest health insurers selling individual and small employer group major medical health insurance, as well as data obtained from Montana Medicaid/CHIP, Medicare, and other publicly available data. The employer coverage numbers come from Kaiser Family Foundation and encompasses all types of employer health plans, including self-funded health plans. The Kaiser employer coverage numbers are from 2016 and were obtained using their unique survey methodology. Therefore, the .4 percent difference in coverage numbers between 2016 and 2018 is not significant, because of variability in the survey instruments and the somewhat different time frames of the various sources of information. However, the sources and surveys used for this study mirror what was used by the CSI in 2014, 2015, and 2016.

Individual Health Insurance Market

Between April 2016 and January 2018, enrollment in the individual health insurance market declined by about 22.5 percent. There are several probable reasons for this decline. First of all, a significant number of individuals transitioned from the individual market to Medicaid and Medicare. Medicaid was not expanded until 2016, so there were many people who transitioned to Medicaid in 2016 and 2017. Medicaid grew from approximately 193,231 covered lives in early 2016 to approximately 246,039 in November 2017.

The largest decrease in enrollment occurred in the off-exchange individual market, where there are no premium tax credits available. It decreased by 52.7 percent, from 28,261 in 2016 to 13,372 in 2018. Premiums in the individual market overall increased significantly in 2017, in part because the federal reinsurance program ended that year. In 2018, the cost of silver plans in particular increased—an additional 11 percent to 24 percent—because the Trump administration stopped reimbursing health insurers for the cost-sharing reduction (CSR) benefit that individuals below 250 percent of the federal poverty level (FPL) may receive. Even though the federal government stopped reimbursing insurers for CSRs, the law still requires those insurers to continue paying the benefit. Therefore, the cost of silver plans had to be increased for all consumers in order to make up that difference. There are several probable reasons why the off-exchange market has decreased: individuals can no longer afford the premiums, some individuals shifted to on-exchange plans where they are receiving premium tax credits, and some individuals transitioned to Medicare or employer coverage.

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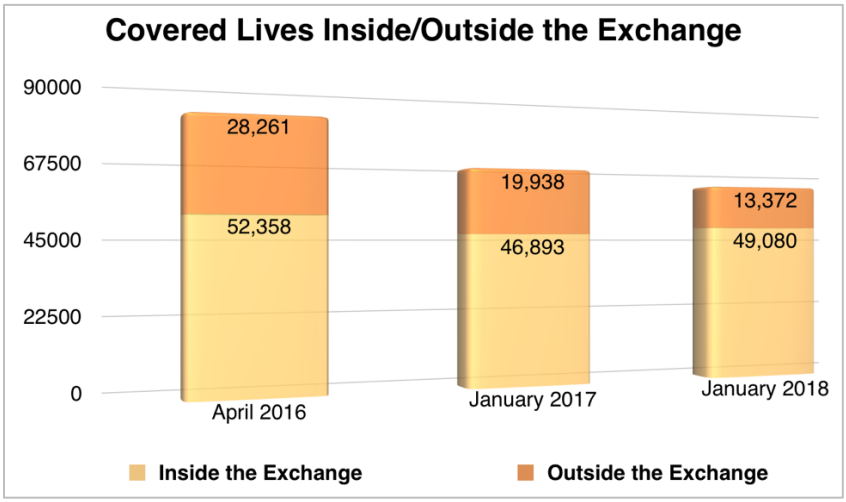
[1] Bureau of Business and Economic Research. (2017). *The Status of Montana's Health Insurance Population*. University of Montana: http://csimt.gov/wp-content/uploads/CSI_HealthInsurancePopulation.pdf

In April 2016, there were 52,358 covered lives inside the exchange and 28,261 outside the exchange, for a total of 80,619. In January 2017, there were 46,893 covered lives inside the exchange and 19,938 outside the exchange, for a total of 66,831. In January 2018, after open enrollment was completed, there were 49,080 covered lives inside the exchange and 13,372 outside the exchange, for a total of 62,452.

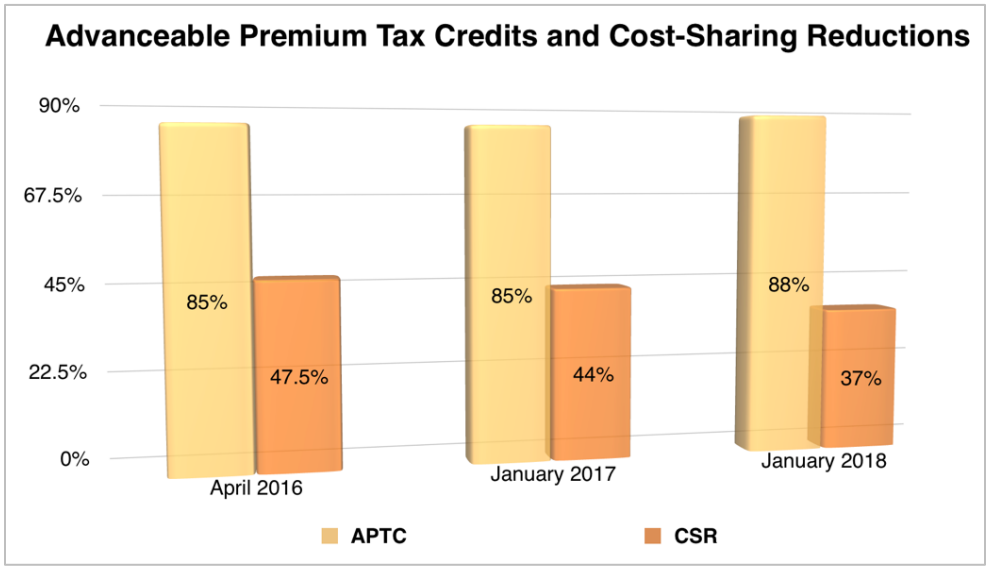
In 2016, 52,358 individuals bought health insurance through the exchange. This represents 65 percent of covered lives in the individual market. In 2018, 49,080 individuals bought coverage through the exchange, representing 78.6 percent of the individual market.



In 2016, 85 percent of the on-exchange enrollees qualified for advanceable premium tax credits (APTC) and 47.5 percent qualified for CSRs. In 2017, 85 percent qualified for APTC and 44 percent qualified for CSRs. In 2018, 88 percent of exchange enrollees qualified for APTC and 37 percent qualified for CSRs.

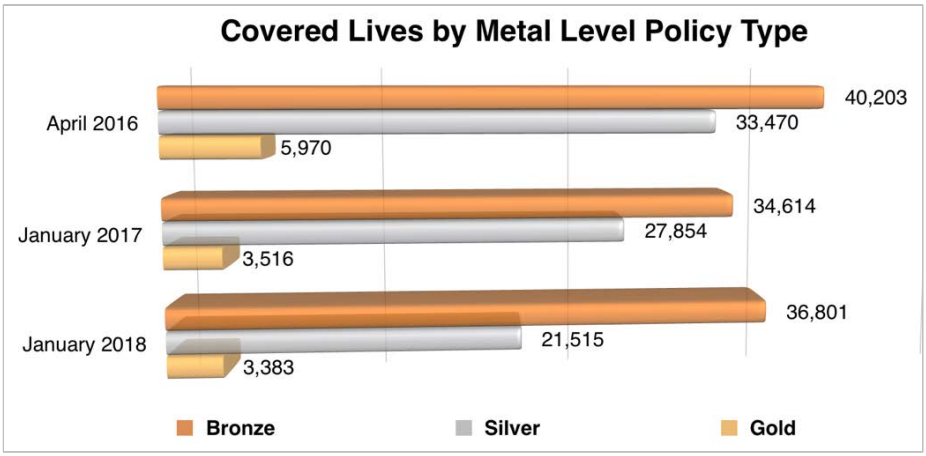
The percentage of individuals purchasing bronze plans in the individual market increased significantly in 2018. Because the price increases in the silver plans were higher than other metal levels, most individuals who are not eligible for CSRs or APTC could not afford the silver plans. In fact, many individuals who may have qualified for a CSR plan purchased bronze plans with no reduced cost sharing because their share of the premium was $0. This could explain the decrease in the percentage of individuals receiving a CSR plan—from 47.5 percent in 2016 to 37 percent in 2018. The cost of the second-lowest-cost silver plan increased significantly, causing APTCs to also increase because the formula for calculating the amount of APTC relies on the cost of the second-lowest-cost silver plan. Therefore, a 40-year-old individual with an income of $25,000 (207 percent of FPL) may pay $0 in premiums if they purchased a bronze plan in 2018. Of course, that individual may have difficulty paying their out-of-pocket expenses under that plan if they experience a significant health event, but costs greater than the $7,350 maximum out-of-pocket limit would be paid by the insurer to the health care providers, thereby decreasing uncompensated care significantly and probably reducing the chances of medical bankruptcy for that individual.

Between 2016 and 2018, the number of covered lives in bronze plans inside the exchange **increased** by 32.3 percent, and the number of covered lives in silver plans inside the exchange **decreased** by 31.2 percent. In 2016, 40,203 covered lives (49.9 percent of total covered lives) inside and outside the exchange were bronze, 33,470 covered lives (41.5 percent) were silver, and 5,970 covered lives (7.4 percent) were gold. In 2017, 34,614 covered lives (51.8 percent) were bronze, 27,854 lives (41.7 percent) were silver, and 3,516 lives (5.3 percent) were gold. In 2018, 36,801 covered lives (58.9 percent) were bronze, 21,515 covered lives (34.4 percent) were silver, and 3,383 lives (5.4 percent) were gold. There were also a very small number of covered lives in catastrophic plans in 2018: 1,063 in 2016 and 753 in 2018.



In the four health insurance rating areas, the individual market enrollment **decreases** in 2018 were 30

percent in rating area I (Yellowstone County), 28 percent in rating area III (Missoula and Kalispell area), 20.5 percent in rating area II (Bozeman, Helena, Great Falls area), and 16 percent in rating area IV (the remaining rural areas of the state). A rating map for the state can be found here.



In terms of age categories, the largest enrollment in 2016 and 2018 was the 55- to 64-year-old category. That age category also lost the least amount of enrollment in 2018 (16 percent). The age categories of 45 to 64 have approximately 32 percent higher enrollment than the 26- to 44-year-old age categories. This may be attributed to early retirees who lose access to employer coverage as well as a greater awareness of personal health needs. Additionally, enrollment in Medicaid/CHIP in the younger age categories is much higher than in the older age categories, and the average age of the population in Montana is much older than most states.

Informal interviews with enrollment assisters revealed that other causes contributing to decreased enrollment in the individual market included public confusion and uncertainty about the future of the ACA and the loss of the individual mandate; the shorter open enrollment period; and reductions in federal funding for advertising and enrollment assistance, including the loss of the navigator program in eastern Montana. Enrollment assisters noted that many consumers expressed disappointment in increased premiums, as well as changes to the benefit plans in 2018, including increased cost-sharing and the elimination of pre-deductible copayments for prescription drugs in all plans except for gold plans.

A more complete description of benefit plan design, cost-sharing, and rates for 2017 and 2018 can be found at here.

Enrollment in the individual market was measured on January 31, 2017, and December 31, 2017, in order to track the attrition that generally happens during the course of a policy year. Total covered lives in January 2017 was 66,831, while total covered lives in December 2017 was 56,047, a loss of 10,784 covered lives. Immediately after open enrollment ends, there are generally enrollment losses because individuals fail to fully effectuate their coverage by not paying the premium, or they have issues with their tax credit eligibility (i.e., income documentation problems, etc.). There will always be a certain percentage of the individual market population that is in transition. The enrollment declines during the year because people transition to Medicare, employer coverage, and sometimes Medicaid, depending on their circumstances. Also, some individuals simply drop coverage because they can no longer afford it. The repeal of the individual mandate may exacerbate that problem.

In 2012, there were only two health insurers with a market share of more than 4 percent in the individual market. In 2016, there were three health insurers in the individual market with a market share of 10 percent or more. In 2018, there are still three health insurers in the individual market with a market share of 20 percent or more, and all three of them are still participating in the exchange.

Medicaid

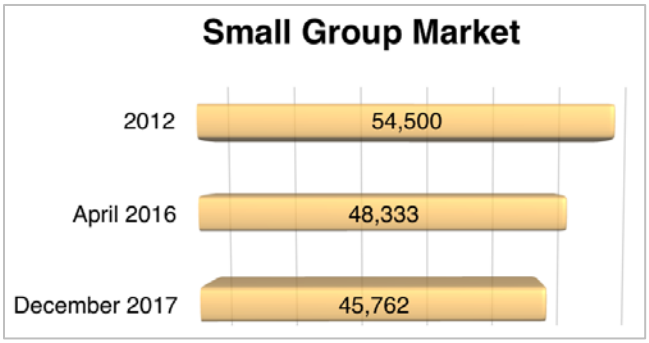
The largest age group covered by Medicaid/CHIP is children between 0 and 18 years of age. Of the 246,039 individuals enrolled with access to full coverage, 128,195 (51.8 percent) are children. Those with access to limited benefits or are dually eligible for Medicare and Medicaid were deleted from the total. The next largest category is those ages 19 to 34, with 60,941 enrolled. The highest Medicaid/CHIP enrollment occurs in the rural areas of the state (rating area IV). Detailed information about age groups and location of Medicaid enrollees can be found here.

Medicare

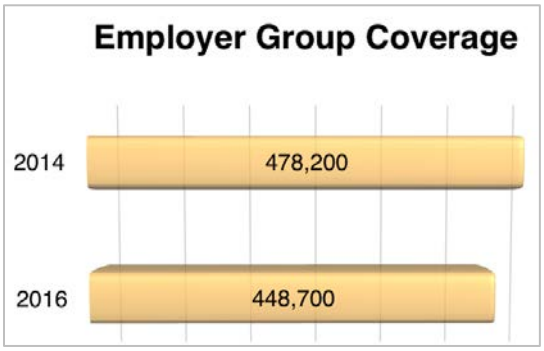
Montana has an aging population and ranks in the top 10 states with the oldest population. Medicare enrollment expanded from 201,000 in 2016 to 218,000 in 2018. A small percentage of that population is enrolled only in the free Part A coverage, which just provides hospitalization benefits. According to the AARP Public Policy Institute, about 6 percent of the population is enrolled in Part A coverage only. According to the Kaiser Family Foundation, 86 percent of Medicare enrollees have both Part A and Part B (outpatient coverage) and a form of supplemental coverage, such as Medicare Advantage, Medicare supplement insurance, employer retiree coverage, or Medicaid. Seventy-one percent of Medicare enrollees have purchased Part D or Medicaid Advantage prescription drug coverage.

Small Group Insurance Market

In 2012, the small employer group health insurance market had approximately 54,500 covered lives. In April 2016, there were 48,333 covered lives. And in December 2017, there were 45,762 covered lives in the small group market.



According to the statistics provided by the Kaiser Health Foundation, all types of employer group coverage declined in Montana between 2014 and 2016, from 478,200 to 448,700. Forty-nine percent of the total population in the United States gets coverage through their employer, and that number is 43 percent in Montana.



Small group coverage declined after the 2014 reforms eliminated health status discrimination in the individual market. Individual market applicants could no longer be rejected or rated up based on their health status. In 2014 and 2015, individual market premiums were lower than small employer group premiums, and some small group employers, especially family-owned businesses, shifted to the individual market, where they might also qualify for premium tax credits. Two other factors accounting for the declining enrollment in the small group market were the loss of premium assistance previously available to some small employers through the Insure Montana program (eliminated by the Legislature in 2015), and the movement of some small employers into self-funded health plans not subject to small employer group regulations, such as adjusted community rating and the requirement to offer essential health benefits. In 2018, small employer group premiums are generally lower than individual market premiums. However, many small employers and their employees may qualify for APTC, thereby keeping individual premiums more affordable than small group premiums.

In 2012, there were four health insurers in the small group market with a market share greater than 4 percent. In 2018, there are two health insurers with a market share greater than 38 percent and two insurers with much smaller market shares that are actively marketing small group health plans in Montana. Detailed information about individual and small group health insurance coverage has been broken out into the following categories: age groups, rating areas, metal levels, and cost-sharing reduction plans (income levels).

Veteran's Health

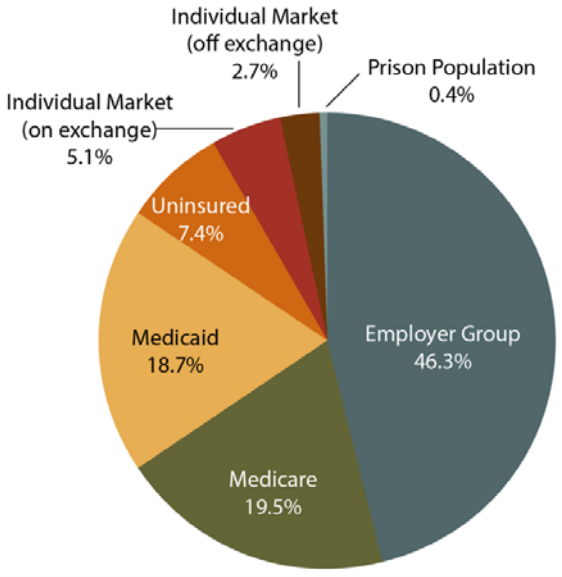
The veteran population that is eligible to receive health care services from the Veterans Administration (VA) was not included in the CSI 2016 enrollment study, and, therefore, it has not been included here. Like Indian Health Services, access to VA health care benefits is not health coverage per se. Instead, the VA is a health care provider that may provide free or low-cost health care services to eligible individuals under certain circumstances. In 2017, there were 14,853 unique patients under 65 years old accessing VA health care services in Montana. There are many different levels of eligibility, and some levels, especially level 8, have limited or

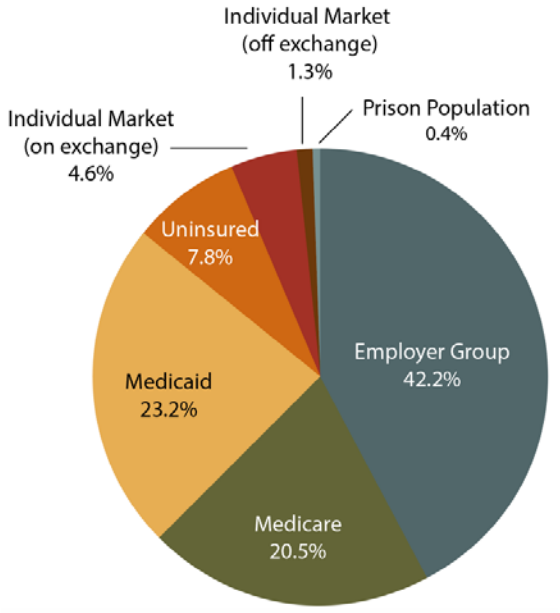
no access to VA health care services. Also, many veterans have other health coverage, such as employer health insurance or Medicare. Because of some uncertainty around the number of individuals who have access to all necessary health care services and do not have any other type of health coverage, this population was not measured in this report, although access to VA benefits and Tricare likely lowers the uninsured rate in Montana even more.

Summary of Health Coverage in Montana

2016 Health Insurance Coverage	
Employer Group	478,000
Medicare	201,000
Medicaid	193,231
Uninsured	76,000
Individual market (on exchange)	52,358
Individual market (off exchange)	28,261
Prison Population	3,642

2018 Health Insurance Coverage	
Employer Group	448,700
Medicare	217,983
Medicaid	246,039
Uninsured	83,073
Individual market (on exchange)	49,080
Individual market (off exchange)	13,372
Prison Population	4083





CLG
Christina Lechner Goe
ATTORNEY, PLLC

Report completed by Christina Lechner Goe, J.D.
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