



Healthy Montana Plan: Frequently Asked Questions

January 2015

What is the Healthy Montana Plan?

The Healthy Montana Plan, House Bill 249 (HB249), is Montana's unique program to provide affordable health care coverage for adults, ages 19-64, with low incomes. The plan will build upon the successes of the Healthy Montana Kids program (which provides affordable health care coverage to over 100,000 children in Montana), by competitively contracting with a private insurer to administer the plan. Eligible Montanans will access health care coverage through the existing private provider network.

The Healthy Montana Plan will provide affordable health care coverage in a way that is unique to the state. The plan includes:

- ✓ Affordable health care coverage for up to 70,000 Montanans;
- ✓ A private third party administrator that will negotiate rates with the private provider market;
- ✓ \$5 billion in federal funds that will provide jobs and boost our economy.

Who will be eligible?

Up to 70,000 Montanans, including 9,500 veterans and their family members, and 20,000 American Indians will be eligible to participate.^{1,2,3} The Healthy Montana Plan, HB249, will expand health care coverage to individuals making less than 138% of the federal poverty level (for an individual with an income of \$16,000 or about \$7.75 per hour).⁴ Approximately two-thirds of those eligible are working, including restaurant servers, child care workers, and home health aides.⁵

Is this different than Medicaid expansion?

Twenty-eight other states, and the District of Columbia, have used available federal dollars to expand their Medicaid programs to people earning less than 138% of the federal poverty line. More recently, some states have used these funds to allow the same population to purchase insurance on the private market. The Healthy Montana Plan is a hybrid of these two plans, and one that is unique to Montana.

Has this been done before?

Yes. Montana operates the Healthy Montana Kids plan, which is Montana's Children's Health Insurance Plan (CHIP), in a similar manner. In 2008, Montana successfully expanded the Healthy Montana Kids program, which now provides health care coverage for over 100,000 Montana children.⁶

Who will administer the plan?

Montana will contract with a Third Party Administrator (TPA) to provide coverage. This is similar to how Montana operates Healthy Montana Kids, which currently contracts with Blue Cross Blue Shield. The state will contract with the TPA after a competitive bidding process. Individuals eligible for coverage will

receive benefits through the TPA (in compliance with its contract with the state and Medicaid rules). Individuals will receive services through the TPA's existing network of providers. The TPA will be responsible for processing claims and making payments to providers on behalf of the state. It is expected that the TPA will pay rates higher than Medicaid, but lower than private insurance. The state will then reimburse the TPA for claims on a fee-for-service basis.

How much will this cost Montana?

Through the end of 2016, the Federal government will pay 100% of the costs of the plan. After that, Montana will increase the amount it contributes each year until 2021, but the state will never pay more than ten percent.⁷ It is also estimated that Montana will experience significant spillover benefits by expanding health care coverage, including over \$350 million in additional tax revenue and less spending on uncompensated care costs.⁸ A complete cost estimate has not been released yet for the plan, but it is estimated that the cost to the state will represent less than one percent of the total state budget.

What happens if the federal government changes its contribution level?

Although it is highly unlikely that the federal government will reduce its contribution level, the Healthy Montana Plan includes a provision to terminate the program if costs for the state rise above ten percent. It should be noted that cutting support for Medicaid is unprecedented. The federal government has changed the match three times in the history of Medicaid – twice to increase the match and only once to *temporarily* lower the match in the 1980s.⁹ The federal government has never reduced the match below its original percentage.

How does coverage compare to Medicaid or private insurance?

Coverage will include the ten Essential Health Benefits (EHBs) required by federal law, which include things like emergency room visits and prenatal care. Similar to other states that have expanded coverage through the private market, Montana will likely offer an alternative benefit plan, which is different than Medicaid and more closely aligned with the private market.¹⁰

What types of reforms are included in the Healthy Montana Plan?

The Healthy Montana Plan includes important reforms to the Medicaid program. The proposal requires payment and delivery reforms for the existing Medicaid program, including targeted coordinated care management for high-cost patients. A coordinated care model focuses on primary care and prevention, and allows providers to better manage chronic conditions, keeping people healthy and out of the emergency room. The Healthy Montana Plan will also maintain the fraud and abuse reporting system, to ensure transparency and accountability in the Medicaid program.

How will this impact Montana's economy?

Accepting federal funds for the Healthy Montana Plan will greatly benefit Montana's economy. By bringing in roughly \$5 billion between now and 2021, the Healthy Montana Plan will help create over 12,000 new, good-paying jobs in the state.¹¹ It will also help hospitals and primary care providers reduce their uncompensated care costs, which cost hospitals and the state over \$400 million in 2013.¹² Because

nearly two-thirds of the people who are eligible have jobs, it will also help businesses, as fewer employees need to call in sick and instead can receive the health care they need.

How will this plan impact enrollment in Montana’s Children’s Health Insurance Plan (CHIP)?

The Healthy Montana Kids program (also known as CHIP) will not change.

What does the state need to do to get approval of its plan?

As other states have done, Montana will need to apply Section 1115 Waiver from the federal Center for Medicaid and Medicare Services. Section 1115 waivers, also known as demonstration waivers, allow states to pursue experimental, pilot, or demonstration projects that promote the objectives of Medicaid, namely, to keep low-income families healthy.¹³

¹ Bureau of Business and Economic Research, "An Estimate of the Economic Ramifications Attributable to the Potential Medicaid Expansion on the Montana Economy," January 2013, http://csi.mt.gov/health/media/BBER_MedicaidExpansion.pdf.

² Jennifer M. Haley and Genevieve M. Kenney, "Uninsured Veterans and Family Members: Who Are They and Where Do They Live?", Urban Institute, May 24, 2012, <http://www.urban.org/publications/412577.html>.

³ For more information see: "Medicaid Expansion, a Good Deal for Indian Country," Montana Budget and Policy Center, October 2012, <http://www.montanabudget.org/sites/default/files/reports/Medicaid%20Expansion%20in%20Indian%20Country%20Final%20.pdf>.

⁴ U.S. Department of Health and Human Services, "2014 HHS Poverty Guidelines," 2014, <http://aspe.hhs.gov/poverty/14poverty.cfm>

⁵ Center on Budget and Policy Priorities analysis of U.S. Census Public Use Microdata Sample (PUMS) 2011 data.

⁶ Montana Department of Public Health and Human Services, "Medicaid Enrollment by Eligible Category for Most Recent 24 Months," <http://www.mtha.org/documents/advocacy/DPHHS%20Enrollments-Monthly.pdf>.

⁷ P.L. 111-148, Patient Protection and Affordable Care Act, HR 3590, 111th Congress, March 23, 2010, <https://www.congress.gov/bill/111th-congress/house-bill/3590/text>.

⁸ Bureau of Business and Economic Research, "An Estimate of the Economic Ramifications Attributable to the Potential Medicaid Expansion on the Montana Economy," January 2013, http://csi.mt.gov/health/media/BBER_MedicaidExpansion.pdf.

⁹ Edwin Park, "History Rebutts Claim that Federal Medicaid Matching Rates are Unstable," Off the Charts Blog, Center on Budget and Policy Priorities, February, 2014. <http://www.offthechartsblog.org/history-rebutts-claim-that-federal-medicaid-matching-rates-are-unstable/>.

¹⁰ Robin Rudowitz, "The ACA and Recent Section 1115 Medicaid Demonstration Waivers," Kaiser Family Foundation: Kaiser Commission on Medicaid and the Uninsured, November 2014, <http://files.kff.org/attachment/the-aca-and-recent-section-1115-medicaid-demonstration-issue-brief>.

¹¹ Bureau of Business and Economic Research, "An Estimate of the Economic Ramifications Attributable to the Potential Medicaid Expansion on the Montana Economy," January 2013, http://csi.mt.gov/health/media/BBER_MedicaidExpansion.pdf.

¹² For more information, see: Montana Budget & Policy Center, "Uncompensated Care: A Drag on Montana’s Economy," December 2014, http://www.montanabudget.org/wp-content/uploads/2014/12/Uncompensated-Care_FINAL.pdf.

¹³ Robin Rudowitz, "The ACA and Recent Section 1115 Medicaid Demonstration Waivers," Kaiser Family Foundation: Kaiser Commission on Medicaid and the Uninsured, November 2014, <http://files.kff.org/attachment/the-aca-and-recent-section-1115-medicaid-demonstration-issue-brief>.