



Expanding Health Coverage Talking Points for Advocates November 2014

Estimates assume a start date of July 1, 2015.

How will expansion help Montanans?

Topline message: Accepting federal funds to provide health coverage through Medicaid expansion or private insurance is a good deal for Montana. It will help up to 70,000 of our friends and neighbors get the health care they need and deserve.

The facts:

- It will help up to 70,000 low- and middle-income Montanans get health care coverage.¹ (Estimates range from 69,000-80,000.)²
- This includes 4,400 veterans with no insurance and 2,600 veterans with access only to VA care. That is roughly half of the uninsured veteran population. Additionally, it includes 2,500 family members.
- It also includes 20,000 American Indians.³ Montana has the highest rate of uninsured American Indians in the country.

How it works:

- People earning less than 138% of the Federal poverty line (FPL) would qualify (roughly \$16,000 for a single person; \$27,000 for a family of three).
- The Federal government would pay 100% of the costs through 2016, and gradually reduce their share, but never pay less than 90%.
- Expansion would bring in \$5.4 billion in federal dollars into Montana between Jul 1, 2015 – 2021.⁴

By the numbers:

- **70,000** – the number of people who will be eligible under expansion
- **138%** - the Federal poverty line under which a person qualifies
- **\$16,000** – rough qualifying income for a single person
- **\$27,000**– rough qualifying income for a family of three
- **\$5.4 billion** – federal funds invested between Jul 1, 2015 – 2021.
- **12,000** – the average number of jobs supported by expansion
- **10%** – the state’s maximum share of costs
- **\$365.8 million** – increased state and local tax revenues between Jul 1, 2015 – 2021.
- **\$33 million** – reduced uncompensated care costs between Jul 1, 2015 – 2021.
- **\$140.5 million** – net cost to state between Jul 1, 2015 – 2021.
- **\$3.5 billion** – increased labor earnings between Jul 1, 2015 – 2021.
- **90%** - percent of providers in Montana that accept Medicaid.
- **28** – states that expanded Medicaid 5 of which did so through a Section 1115 waiver.

Will expansion help businesses and the economy?

Topline message: Expanding health coverage through Medicaid or a private option utilizing federal funding will boost Montana's economy.

The facts:

- Expansion will help working Montanans. Of those eligible, 43,000 are working and do not have health insurance.⁵
- Workers are in key Montana industries: food service, construction, recreation, and child and nursing care providers, etc.
- Expansion will support 11,500-12,700 new jobs, mostly in health care. These jobs have an average annual income of \$42,000, higher than the state's average.⁶
- Statewide earnings could increase by \$3.5 billion between Jul 1, 2015 – 2021.⁷
- Medicaid expansion will provide an economic benefit to Indian Country.⁸

Can Montana afford expansion?

Topline message: Expansion is a good deal for Montana. Accepting federal funds will help our communities by reducing uncompensated care and keep rural hospitals open.

The facts:

- The federal government will pay the majority of the costs, and the state will never pay more than 10%.⁹
- Expansion will bring in \$5.4 billion federal dollars between Jul 1, 2015 – 2021.¹⁰
- Expansion will result in additional state and local tax revenue, as well as reduction in uncompensated care costs. This will offset some of the expense to the state.
- Between July 1, 2015 – 2021, the state would bring in \$365.8 million in additional tax revenue, and spend \$33 million less uncompensated care costs. The state would spend \$539.3 on expansion. This would total a net cost to the state of \$140.5 million during that time period.¹¹
- New state spending will equal a small fraction (1%) of total Medicaid expenses, including state spending without expansion, federal spending without expansion, new federal spending with expansion, and new state spending with expansion.¹²
- The growth of state spending is projected to be slower in states that expand Medicaid.¹³

How have some states provided health insurance coverage through alternative proposals?

Topline Message: All Montanans benefit from living in a healthy and thriving state. Accepting federal funds for expansion will help create jobs, boost our economy, support hospitals, and build healthy communities.

- Twenty-eight states extended affordable health care coverage for low-income individuals, including five states that utilized the federal 1115 waiver process.
- Section 1115 waivers, also known as demonstration waivers, allow states to pursue alternative ways to cover individuals, as long as the project promotes the objectives of Medicaid and doesn't cost the federal government more than straightforward Medicaid expansion.¹⁴
- States, such as Arkansas, have designed plans to cover individuals below 138% FPL through the private insurance market and then provide premium assistance to help pay for insurance. Over 200,000 Arkansans gained health care coverage through the marketplace, with premium assistance from what is commonly known as the "private option." And 46% of these enrollees are between the ages of 19 and 34, a key demographic for insurance plans since younger people tend to be healthier and cheaper to insure, keeping premiums down overall.¹⁵
- Giving up to 70,000 Montanans health care coverage is a vital move for Montana's economy, and the state should consider viable options to provide quality health care coverage to this population.

What happens if the federal government changes its mind?

Topline message: Although the health care law mandates that the federal government cover 90% of costs, Montana can always decide to stop participating should anything change.

The facts:

- There is no evidence to support the claim that the federal government will change the funding formula.
- The federal government has only changed the amount of matching funds the federal government gives states, the Federal Medical Assistance Percentages (FMAP) formula, three times, twice to raise the federal share. The one time it cut the FMAP was temporarily in the 1980s.¹⁶
- Centers for Medicare and Medicaid Services (CMS) has said states can drop coverage for the expansion population at any time.¹⁷

Do doctors and nurses support expansion? Do Montana providers have the capacity to expand?

Topline Message: The Montana medical community supports expansion.

The facts:

- The Montana Medical Association, MHA – An Association of Montana Health Care Providers, Montana Nurses Association, Montana Primary Care Association, and Montana Public Health Association support Medicaid expansion.
- The Affordable Care Act (ACA) has provisions to encourage health providers to practice in rural areas.
- Expansion will increase compensation for providers by covering previously uninsured patients. Increased demand for services could help attract more health care providers.¹⁸
- Expansion will reduce uncompensated care.
- When the ACA was drafted, it was assumed states would expand Medicaid. Accordingly, payments to hospitals that serve large numbers of Medicaid and low-income uninsured patients (known as disproportionate share hospital payments, or DSH payments) were reduced in the law. Without expansion, DSH payments will still be decreased, and Montana hospitals will face increased financial pressure.¹⁹
- Unlike most states, Montana reimburses for Medicaid at a greater rate than what it reimburses for Medicare.²⁰
- The Indian Health Service (IHS) will benefit. By having more insured patients using their facilities, funds will be freed up to improve other services.²¹
- Costs for uncompensated care often fall on providers and are shifted to insurers who then charge higher premiums.²²

What about the national debt?

Topline Message: If Montana chooses not to expand and accept federal funds, our tax dollars will pay for expansion in other states like California and New Jersey, instead of improving lives right here in Montana.

The facts:

- Spending on Medicaid is not out of control. The Congressional Budget Office (CBO) expects federal government to spend \$1.2 trillion less on Medicaid and Medicare between 2010 and 2020 than originally projected in 2010.²³
- Growth in health care costs has slowed for four consecutive years.²⁴

Is Medicaid good insurance?

Topline Message: Medicaid is good insurance. It is an efficient program that provides quality health care.

The facts:

- 90% of providers in Montana accept Medicaid, much higher than the national average. This amounts to 15,000 doctors, hospitals, clinics and other providers.²⁵
- Previous expansions of Medicaid have shown a reduction in mortality when states that voluntarily expanded are compared to neighboring states that did not.²⁶
- Administrative costs for Medicaid are half of those in the private sector.²⁷
- Medicaid has grown at a slower rate than private insurance companies' costs.²⁸

I don't qualify for Medicaid. How will expansion affect me?

Topline Message: All Montanans benefit from living in a healthy and thriving state. Expansion will help create jobs, boost our economy, support hospitals, and build healthy communities.

¹ Montana Budget and Policy Center, "Medicaid Expansion: A Critical Move for Montana," October 2013.

<http://www.montanabudget.org/medicaid-expansion-a-critical-move-for-montana/>

² 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

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³ Montana Budget and Policy Center, "Medicaid Expansion: A Critical Move for Montana," October 2013.

<http://www.montanabudget.org/medicaid-expansion-a-critical-move-for-montana/>

⁴ Author's calculations, from 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.

⁵ Montana Budget and Policy Center, "Healthy Montanans Build a Healthy Economy," updated January 2013,

<http://www.montanabudget.org/healthy-montanans-build-healthy-economy/>.

⁶ 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.

⁷ Author's calculations, from Bureau of Business and Economic Research, "An Estimate of the Economic Ramifications Attributable to the Potential Medicaid Expansion on the Montana Economy," January 2013,

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⁸ Montana Budget and Policy Center, "Medicaid Expansion: A Critical Move for Montana," October 2013.

<http://www.montanabudget.org/medicaid-expansion-a-critical-move-for-montana/>

⁹ 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>.

¹⁰ 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.

¹¹ Author's calculations, from 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 Montana Budget and Policy Center, "Healthy Montanans Build a Healthy Economy," updated January 2013,

<http://www.montanabudget.org/healthy-montanans-build-healthy-economy/>

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- ¹⁵ David Ramsey, "More than 200,000 have gained coverage via the Medicaid expansion private option," The Arkansas Times, September 8, 2014, <http://www.arktimes.com/ArkansasBlog/archives/2014/09/08/more-than-200000-have-gained-coverage-via-the-medicaid-expansion-private-option>. Karen Bouffard, "New Michigan Enrollment exceeds 400k," The Detroit Times, September 25, 2014, <http://www.detroitnews.com/story/news/politics/2014/09/25/new-michigan-medicaid-enrollment-exceeds-k/16209081/>
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