



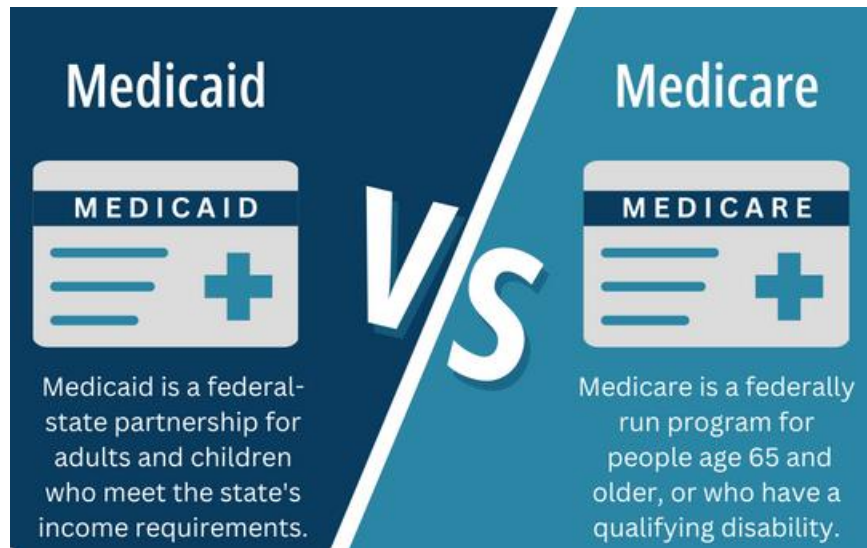
# Medicaid Expansion in Montana

February 2024

## What is Medicaid and Medicaid Expansion?

Medicaid is a joint federal-state program that provides health care coverage to individuals, including children, adults, pregnant women, people with disabilities, and seniors who qualify due to low income or other criteria. Unlike Medicare, Medicaid is state-administered, and states have some flexibilities in whom they cover, how programs are designed, and the reimbursement rates for providers. Before the Affordable Care Act,

Medicaid only covered a small number of adults and largely excluded childless adults and workers in low-wage jobs. In 2014, the federal government gave states the option to expand Medicaid coverage to adults age 19-64, with incomes up to 138 percent of the federal poverty level. This additional coverage is known as **Medicaid Expansion**. Forty-one states, including Montana, have expanded Medicaid.<sup>1</sup>



## History of Medicaid Expansion in Montana

**Medicaid Expansion Eligibility:**

\$20,783 a year for an individual

\$35,632 a year for a family of three

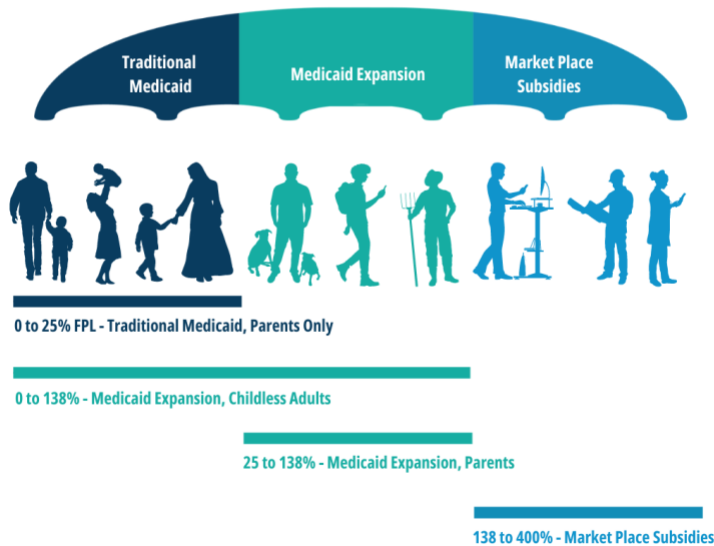
(2024 numbers)

In 2015, the Montana Legislature passed the Health and Economic Livelihood Partnership (HELP) Act to expand Medicaid coverage.<sup>2</sup> Because Medicaid previously only covered certain groups of people living on extremely low-incomes, the program had previously excluded many Montanans who worked low-wage jobs or worked part-time due to a disability or because of caretaking responsibilities. The HELP program saw immediate success, and for the first-time thousands of Montanans were able to afford health care.

In 2019, the Montana Legislature voted to continue Medicaid expansion.<sup>3</sup> This bill included a few changes to the program, including work reporting requirements. However, the federal government did not approve the work reporting requirements, and they have not gone into effect. Montana has also ended the requirement put in place in 2015 that some Medicaid

expansion enrollees pay premiums. The 2019 legislation included a termination clause, which scheduled

# Medicaid Coverage



Medicaid expansion to sunset on June 30, 2025.<sup>4</sup> Lawmakers must take action to **renew Medicaid expansion** before this date to ensure the continuation of health care coverage for 90,000 Montanans.

## Medicaid Expansion Keeps Thousands of Montanans Healthy

The number of Montanans on Medicaid expansion fluctuates with the economy and other circumstances, ranging from 87,000 in 2020 to 125,000 in 2023.<sup>5</sup> Individuals in need of health care coverage can apply in person at state-run Offices of Public Assistance, by mail, via telephone, or by filling out an on-line application on the state's website. Additionally, some individuals realize they are eligible for Medicaid when applying for health insurance on

the Federal marketplace ([www.healthcare.gov](http://www.healthcare.gov)). If an individual arrives at a hospital in need of care, the hospital may also make presumptive eligibility determinations for short-term, temporary coverage.<sup>6</sup> Presumptive eligibility allows eligible individuals to receive Medicaid coverage while their application is still being processed. States have 45 days to process income-based Medicaid applications, and individuals may be covered for up to 90 days prior to the start of their enrollment.<sup>7</sup>

The federal government requires states to provide certain types of care under their Medicaid programs, including: physician and hospital services; rural health clinic and federally qualified health center services; early and periodic screening, diagnostic, and treatment services; family planning, nurse midwife, and birth center services; laboratory and x-ray services; certified pediatric and family nurse practitioner services; transportation to medical care; and tobacco cessation counseling for pregnant women.<sup>8</sup> Montana also elects to cover: ambulance services; outpatient drugs; dental and denturist services; physical and occupational therapy; speech-language pathology; eyeglasses and optometry; home and community-based services; personal assistance services; targeted case management; community first choice services; and hospice.<sup>9</sup>

Medicaid expansion has helped thousands of people access necessary preventative care, including cancer screenings and diabetes screenings. In 2021 alone, more than 61,000 enrollees accessed preventative care services, 34,000 received mental health services, and 5,500 received treatment for substance use disorders.<sup>10</sup> Numerous studies point to the ways Medicaid expansion improves health of the recipients, including better self-reported health, reduced medical debt, and fewer premature deaths.<sup>11</sup>

## Medicaid Expansion Keeps Health Care Accessible for All Montanans

Not only does Medicaid expansion help individuals access care, it has helped support a stronger health care system across the state. Expansion strengthened the health care sector, and has led to more jobs

and higher earnings for health care workers.<sup>12</sup> Medicaid is widely accepted in Montana, with 93.5 percent of physicians accepting new patients taking Medicaid patients.<sup>13</sup>

For example, Medicaid expansion has also improved access to substance use disorder (SUD) treatment across the state, with the number of SUD provider locations in Montana growing from 95 to 208 post-expansion.<sup>14</sup> In total, funding for SUD treatment in Montana grew from \$5.1 million to \$24.3 million. Additionally, expansion keeps hospitals open and accessible to local residents by reducing the amount of uncompensated care costs that hospitals must absorb.

Medicaid expansion is particularly essential for rural communities. Two-thirds of Medicaid expansion enrollees live in rural communities, and uncompensated care at critical access hospitals and rural health clinics has declined by 35% since Medicaid expansion passed.<sup>15</sup> While 136 rural hospitals closed nationwide between 2010 and 2021 (74 percent of those were in non-expansion states), no rural hospitals have closed in Montana since the beginning of Medicaid expansion.<sup>16</sup>

Medicaid Expansion in Indian Country

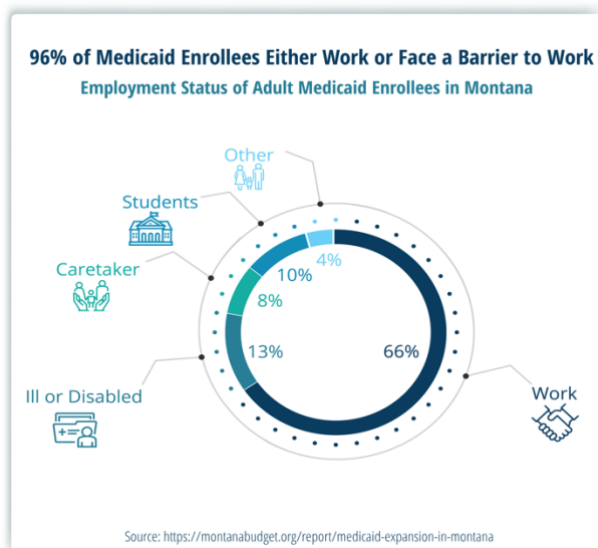
The United States has trust and treaty obligations to American Indians, including providing health care. Because these have never been fully met, health care access in Indian Country is underfunded.

The Indian Health Service (IHS) receives a set amount of funding for certain services. Medicaid expansion has allowed IHS facilities to bill Medicaid for some of these services (at no cost to the state), freeing up funds to offer better care.

Since expansion, seven Tribal Nations were able to expand their services to providing more preventative care, including prenatal care, mammograms, and colonoscopies.

## Medicaid Expansion Keeps People Working

The vast majority (76%) of Montanans on Medicaid work or are in school, with almost all of the remainder taking care of a family member or living with an illness or disability. In total, 97 percent of enrollees work or have a reasonable impediment to work. For the small remainder, Medicaid provides a vital safety net.<sup>17</sup>



Medicaid expansion is essential for individuals who are facing hard times, and most people stay on the program for only a short period.<sup>18</sup> For people living with chronic illnesses or disabilities, affordable health care can help improve access to jobs. People living with disabilities in states that expanded Medicaid were significantly more likely to be employed than those in states that did not, research shows.<sup>19</sup>

Employers also benefit from Medicaid. Expansion supports businesses who are too small or cannot afford to offer their workers health insurance. Six in 10 Montana businesses employ a worker on

expansion.<sup>20</sup> Many of the workers on Medicaid expansion work in Montana industries vital to our economy, including hospitality, agriculture, construction, and child care.<sup>21</sup> Medicaid expansion helped create and sustain over 7,500 new jobs, generated an estimated \$475 million in new personal income, and fueled \$775 million in economic activity in 2022.<sup>22</sup>



## Medicaid Expansion Keeps the State Budget Healthy

Medicaid expansion is funded by the state and federal government, with the federal government paying 90 percent of the costs. The federal government pays a significantly lower percentage of costs for traditional Medicaid.<sup>23</sup> When enrolled tribal members on either traditional Medicaid or Medicaid expansion seek care at Indian Health Service or Tribal Health Clinics, the cost is fully paid for by the federal government.<sup>24</sup>

While the state pays roughly 10 percent of the costs of Medicaid expansion, state costs are partially offset by savings in other areas. After expansion, states need to spend less of their state budget on uncompensated care to hospitals, traditional Medicaid, and corrections. In the state fiscal year 2022, the state estimated that Medicaid expansion saved the state \$27 million because of a higher federal match rate for some existing Medicaid populations who were transferred to Medicaid expansion, offsetting a quarter of the expansion costs.<sup>25</sup> In total, Medicaid expansion continues to infuse over \$900 million in new federal spending into Montana annually, creating jobs and economic activity.<sup>26</sup>



## Lawmakers Must Renew Medicaid Expansion

Medicaid expansion supports Montana's health care system, strengthens our labor force, improves our economy, and supports access to care for all Montanans. If expansion is not renewed in 2025, our health care system risks drastic consequences, including provider closures and rising rates of uninsurance. Montana lawmakers should permanently renew Medicaid expansion in 2025 to keep Montanans healthy.

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- <sup>1</sup> KFF, "[Status of State Medicaid Expansion Decisions: Interactive Map](#)," Dec. 2023.
- <sup>2</sup> Montana 64th Legislature, "[Montana Health and Economic Livelihood Partnership Act of 2015](#)," SB 405, enacted on Apr. 29, 2015.
- <sup>3</sup> Montana 66<sup>th</sup> Legislature, "[Generally revise healthcare laws and permanently expand Medicaid](#)," HB 658, enacted on May 9, 2019.
- <sup>4</sup> Mont. Code Ann. 53-6-1318.
- <sup>5</sup> Department of Public Health and Human Services, on file with author, and Department of Public Health and Human Services, "[Montana Medicaid Enrollment Dashboard](#)," Dec. 2023.
- <sup>6</sup> Department of Public Health and Human Services, "[Presumptive Eligibility](#)," accessed Dec. 2023.
- <sup>7</sup> 42 U.S.C. 435.912. and Admin. R. Montana, 37.82.704, 1998.
- <sup>8</sup> Centers for Medicare and Medicaid Services, "[Mandatory & Optional Medicaid Benefits](#)," accessed Dec. 2023.
- <sup>9</sup> Department of Public Health and Human Services, "[Medicaid in Montana](#)," accessed 2023.
- <sup>10</sup> Montana Health Care Foundation, "[Medicaid in Montana: How Medicaid Impacts Montana's State Budget, Economy, and Health](#)," Jan. 2023.
- <sup>11</sup> Manatt, "[Medicaid Expansion in Montana & Nationwide](#)," Jan. 9, 2024.
- <sup>12</sup> Ward, B., "[Economic Effects of Medicaid Expansion in Montana](#)," ABMJ Consulting, Jan. 2023.
- <sup>13</sup> Medicaid and CHIP Payment and Access Commission, "[Physician Acceptance of New Medicaid Patients: Findings from the National Electronic Health Records Survey](#)," Jun. 2021.
- <sup>14</sup> Montana Health Care Foundation, "[Medicaid in Montana: How Medicaid Impacts Montana's State Budget, Economy, and Health](#)," Jan. 2023.
- <sup>15</sup> Montana Health Care Foundation, "[Medicaid in Montana: How Medicaid Impacts Montana's State Budget, Economy, and Health](#)," Jan. 2023.
- <sup>16</sup> University of North Carolina, The Cecil G. Sheps Center for Health Services Research, "[Rural Hospital Closures](#)," accessed Jan. 2024.
- <sup>17</sup> Montana Health Care Foundation, "[Medicaid in Montana: How Medicaid Impacts Montana's State Budget, Economy, and Health](#)," Jan. 2023.
- <sup>18</sup> Ward, B., "[Economic Effects of Medicaid Expansion in Montana](#)," ABMJ Consulting, Jan. 2023.
- <sup>19</sup> Hall, J., et al, "Effect of Medicaid Expansion on Workforce Participation for People With Disabilities," American Journal of Public Health, Feb. 2017.
- <sup>20</sup> Wagner, B., "[The Economic Impact of Medicaid in Montana](#)," Department of Labor and Industry, accessed Jan. 2024.
- <sup>21</sup> Ward, B., "[Economic Effects of Medicaid Expansion in Montana](#)," ABMJ Consulting, Jan. 2023.
- <sup>22</sup> Montana Health Care Foundation, "[Medicaid in Montana: How Medicaid Impacts Montana's State Budget, Economy, and Health](#)," Jan. 2023.
- <sup>23</sup> KFF, "[Federal Medical Assistance Percentage \(FMAP\) for Medicaid and Multiplier](#)," accessed Jan. 2024.
- <sup>24</sup> Unlike IHS and tribal facilities, Urban Indian Organizations are not reimbursed at the 100 FMAP. Indian Health Service, "[100 Percent FMAP/Care Coordination Agreements](#)," accessed Jan. 2024.
- <sup>25</sup> Montana Health Care Foundation, "[Medicaid in Montana: How Medicaid Impacts Montana's State Budget, Economy, and Health](#)," Jan. 2023.
- <sup>26</sup> Montana Health Care Foundation, "[Medicaid in Montana: How Medicaid Impacts Montana's State Budget, Economy, and Health](#)," Jan. 2023.