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# Repealing the Medicaid Expansion: Implications for Montana

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**Deborah Bachrach**, Partner  
**Patti Boozang**, Senior Managing Director  
**Anne Karl**, Partner  
**Kier Wallis**, Senior Manager



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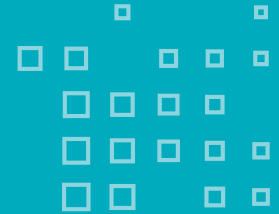
### For more information, contact:

Deborah Bachrach  
Partner  
212.790.4594  
[dbachrach@manatt.com](mailto:dbachrach@manatt.com)

Patti Boozang  
Senior Managing Director  
212.790.4523  
[pboozang@manatt.com](mailto:pboozang@manatt.com)

Anne Karl  
Partner  
212.7904578  
[akarl@manatt.com](mailto:akarl@manatt.com)

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## I. Introduction

Congress is currently debating whether and how to repeal and replace the Affordable Care Act (ACA).<sup>1</sup> This report provides an analysis of the potential impact to the State of Montana of a possible repeal of one portion of the ACA—the Medicaid expansion and the enhanced federal match to cover that expanded care. Federal decisions regarding Medicaid expansion would affect access to healthcare for over 71,000 Montanans covered under Montana’s bipartisan Health and Economic Livelihood Partnership (HELP) Act. In Montana and the 30 other states that expanded Medicaid, over 11 million people have gained coverage since 2014; all are at risk of losing that coverage should Congress determine to repeal the ACA’s Medicaid expansion.

This report analyzes the impact of Medicaid expansion in Montana and contemplates the ramifications of its repeal on

access to coverage and care, the State budget, and the broader economy, finding that expansion in Montana has resulted in:

- Increased access to and utilization of preventive care services, with over 30,000 newly eligible adults accessing preventive care services in the first year of implementation;
- Increased State capacity to diagnose and treat substance use disorders (SUD);
- Increased utilization of inpatient and outpatient hospital services, with initial data indicating appropriate utilization of lower acuity (non-emergency) settings;
- An approximately 25% decline in bad debt and charity care in Montana hospitals;
- Nearly \$284 million in federal dollars to cover the enhanced coverage and services;

### Montana’s Medicaid Expansion: Quick Facts

- Over **71,000** gained coverage.
- Approximately **one-half** of all new enrollees accessed at least one preventive health service in 2016.
- Montana received an additional **\$284 million** in federal funds through the State budget in 2016 to cover newly eligible adults.
- Montana saved over **\$22 million** in state dollars.
- Hospital uncompensated care decreased by **25%**.

- Over \$22 million in State savings as adults previously covered with limited benefits at a reduced federal match were transferred to Medicaid expansion;
- Millions of dollars in additional

state savings and freed-up state dollars from federal dollars replacing state funding for targeted services to uninsured populations, including SUD treatment, mental health services and

- inpatient medical treatment for incarcerated individuals; and
- Broader economic benefits in the healthcare industry and beyond, with over 10,000 jobs at stake if Medicaid expansion were eliminated.

## II. Medicaid Expansion in Montana

In January 2016, Montana extended Medicaid coverage to adults with incomes up to 138% of the federal poverty level (FPL) (\$16,394 for a single adult in 2017) through the bipartisan HELP Act. The State implemented its expansion through a Section 1115 Demonstration waiver from the federal Centers for Medicare and Medicaid Services (CMS), designed to tailor the features of expansion to the policy objectives of the HELP Act including:

- Increasing the availability of high-quality healthcare to Montanans;

- Providing greater value for the tax dollars spent on the Montana Medicaid program;
- Reducing healthcare costs;
- Providing incentives that encourage Montanans to take greater responsibility for their personal health;
- Boosting Montana’s economy; and
- Reducing the costs of uncompensated care and the resulting cost-shifting to patients with health insurance.<sup>2</sup>

To date, over 71,000 adults have gained coverage under the HELP Program. Figure 1 below depicts

eligibility levels in Montana’s Medicaid program before and after expansion.

Key features of Montana’s unique Medicaid expansion model include:

- **Third-party Administrator.** Montana is using Blue Cross Blue Shield as a third-party administrator (TPA) to deliver services to individuals with incomes above 50% FPL. The TPA manages and reimburses a provider network, collects enrollee premiums, tracks cost-sharing and runs a wellness program.

**Figure 1. Medicaid Eligibility Levels Pre- and Post-Expansion**

Category <sup>3</sup>	Pre-Expansion Eligibility <sup>4</sup>	Post-Expansion Eligibility <sup>5</sup>
<b>Children</b>	148% FPL	148% FPL
<b>Pregnant Women</b>	162% FPL	162% FPL
<b>Parent/Caretaker</b>	52% FPL	138% FPL
<b>Newly Eligible Adults</b>	N/A	138% FPL

- Premiums.** New adults receiving services through the TPA are required to pay premiums equal to 2% of their household incomes, and new adults with incomes above 100% FPL are subject to penalties if they fail to pay their premiums.<sup>6</sup>
- Co-Payments.** Unless exempt, all new adults are required to pay the maximum co-payments allowable under federal law. Co-payments do not apply to preventive services,<sup>7</sup> emergency services, pregnancy-related services, family planning services, immunizations or medically necessary health screenings ordered by a healthcare provider.

### III. Impact on Access to Care

Medicaid expansion has increased access to care for many Montanans, enabling them to stay healthy, regain their health, or manage their chronic conditions. Gaining coverage under Medicaid expansion is a major milestone for these individuals.

#### a. Preventive Services

In the first full year of the HELP program, over 33,600 newly eligible adults accessed preventive services.<sup>8</sup> In other words, half of all new enrollees received one or more preventive services, ranging from abdominal aortic aneurysm screenings to colorectal and cervical cancer screenings. Dental preventive services were the most commonly utilized with over 15,000 HELP enrollees receiving a dental service in the first year. This is nearly double the next most commonly utilized preventive service—cholesterol screening—suggesting that before Medicaid expansion, a large

number of low-income adults in Montana did not have access to needed dental care. The Montana Primary Care Association, as well as tribal health providers interviewed for this paper, reported a substantial increase in the dental services they provide. Oral health is inextricably linked

to overall health and quality of life, impacting individuals’ ability to eat, speak, gain employment and socialize—critical aspects to being a healthy and productive member of society.<sup>9</sup> The ten most commonly used preventive services are below.

**Figure 2. Ten Most Commonly Used Preventive Services Among Newly Eligible Adults**

Preventive Service	Unduplicated Number of Clients
Dental Preventive	15,778
Cholesterol Screening	8,218
Preventive/Wellness Exams	6,573
Diabetes Screening	5,222
Colorectal Cancer Screening	4,807
Vaccines	4,711
Cervical Cancer Screening	4,359
Chlamydia Screening	4,154
Gonorrhea Screening	3,964
Abdominal Aortic Aneurysm Screening	2,452

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Additionally, community health centers report that new Medicaid enrollees are using primary and preventive care at higher rates than when they were uninsured. Providers noted an uptick in individuals seeking care to better manage their chronic conditions, which providers expect will lead to less emergency room use in the future.

The data provide a snapshot of the ways in which Medicaid coverage has enabled Montanans to access preventive services. It can also be seen through a different lens: namely, the care these individuals would no longer be able to access if expansion is repealed and coverage withdrawn. With the vast majority of newly eligible adults in families with household incomes below the federal poverty level, few if any will be able to afford coverage in the individual or employer-sponsored markets. The premium cost of a silver plan for a 40-year-old living in Kalispell ranges from \$402 to \$565 per month or \$4,824 to \$6,780 annually.<sup>10</sup> For an individual at 138% FPL this is likely unaffordable as their income is just over \$16,000 annually; it will be even more unaffordable for an individual with income at 100% of the FPL which is just over \$11,000 per year. Should Medicaid expansion be repealed, these new adults would likely return to the ranks of the uninsured.

### **b. Treatment of Substance Use Disorders (SUD)**

Prior to expansion, Montana Medicaid did not have a significant role in covering and paying for the treatment of SUD, covering comprehensive SUD services only for those under the age of 21. Medicaid expansion provided the State with a new and powerful tool to address the twin challenges of alcohol and drug abuse—issues at the top of the list of health concerns in communities across the State.<sup>11</sup>

The concern is not surprising. Only a handful of states have rates of alcohol dependence or abuse exceeding those of Montana.<sup>12</sup> More than 13% of deaths among individuals age 20 to 64 in the state are due to excessive drinking—one of the highest rates in the nation, with approximately 390 alcohol-attributable deaths in Montana annually.<sup>13</sup> Although alcohol abuse is more prevalent in Montana, opioid and methamphetamine use are a significant cause for concern as well. Drug overdoses account for nearly 250 deaths in Montana each year,<sup>14</sup> and prescription drug overdoses were responsible for an average of about 2,500 inpatient hospital admissions and emergency department visits annually during 2010–2012.<sup>15</sup> At a recent drug summit convened by the Montana Legislature, criminal

justice and public health officials sounded the alarm over the rapidly growing prevalence of methamphetamines.<sup>16</sup>

As a result of expansion, Medicaid now offers a powerful tool to drive better coverage to address Montana's SUD crisis. This expanded coverage has allowed the State to begin taking on long-standing challenges in the State's SUD system that have historically impeded SUD service access and quality, including: a significant reliance on inpatient and residential treatment settings; capacity limitations with regard to outpatient treatment and recovery services; lower than average use of medication-assisted treatment (MAT); and one of the nation's lowest rates of buprenorphine treatment capacity for individuals who are opioid dependent.

If Medicaid coverage is eliminated, the State's ability to tackle these significant SUD challenges would be seriously hampered.

### **c. Inpatient and Outpatient Care**

Among hospitals submitting information to the Montana Hospital Association's Databank, inpatient and outpatient utilization increased after Medicaid expansion. Comparing the 12-month period ending in September 2015 (prior to expansion) to the 12-month period ending in September 2016 (the

first nine months of expansion), inpatient utilization increased by 2.99%.<sup>17</sup> Over the same time period, hospital-based outpatient visits increased by 5.99% and emergency department utilization grew by 2.53%.

The relative increase in outpatient care as compared to inpatient and emergency department utilization suggests that Medicaid expansion was associated with appropriate utilization of lower acuity settings. According to the Montana Hospital Association, individuals with Medicaid coverage are receiving healthcare services on par with individuals who have commercial coverage.<sup>18</sup>

In addition, expansion has greatly improved access to care

among American Indians. Prior to Medicaid expansion, tribal health providers were only able to refer patients for specialty care “when life or limb was at risk”—priority level 1 on a scale of 1 to 5—due to high uninsured rates and limited funds for care delivered outside of tribal facilities.

Many American Indians gained coverage under expansion, creating a new funding source for specialty care. As a result, many tribal health providers are now able to make referrals for non-emergency specialty services—now at priority level 4—granting many American Indians access to critical services they had foregone prior to expansion. According to one health center, if expansion was repealed and referrals returned

to their previous state, “it would be devastating for the Indian community.”<sup>19</sup> Significantly, under the ACA, these services for American Indians will always be reimbursed with a 100% federal match, with important health gains for this population at no cost to the State.

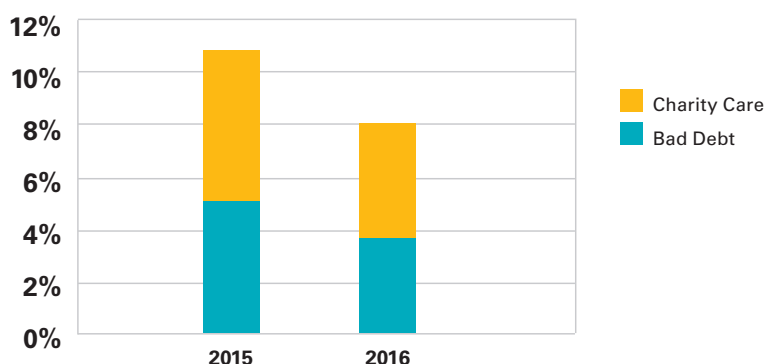
#### d. Uncompensated Care

Hospitals have seen a dramatic decline in both bad debt and charity care since expansion took effect. For the first three quarters of 2016, bad debt and charity care declined by approximately 25% as compared to the first three quarters of 2015 before expansion took effect.<sup>20</sup> Figure 3 shows the decline in bad debt and charity care as a percent of net patient revenue.

### Tribe Invests Expansion Savings

The Northern Cheyenne Tribe is using savings created by the Medicaid expansion to contribute to a new tribally sponsored insurance program for tribal members.

**Figure 3. Hospital and Critical Access Hospital Charity Care and Bad Debt (as a % of Net Patient Revenue)**



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## IV. State Budget Impact

Medicaid expansion has had a significant positive impact on Montana's State budget, bringing in nearly \$284 million in federal funding through the State budget in 2016 for coverage of the newly eligible adults.

The ACA provides for enhanced federal funding for the Medicaid expansion, paying 100% of the costs of coverage in 2016, and phasing down each year to 90% in 2020 and beyond (see

Figure 4 for an overview of the percentage of costs the State must cover).<sup>21</sup>

Montana assumed a portion of the costs of coverage for new adults on January 1, 2017. However, even with Montana bearing a portion of the cost of expansion in 2017, the savings to the State budget to date have outweighed the additional costs of expansion. The State costs and savings associated with

Montana's Medicaid expansion are described in more detail in Figure 5.

All dollar figures provided are for State Fiscal Year (SFY) 2017, which spans from July 1, 2016 through June 30, 2017, unless otherwise noted. Actual costs and savings from July through December 2016 were annualized to project costs and savings for SFY 2017.<sup>22</sup>

**Figure 4. Enhanced Federal Matching Rate for Newly Eligible Adults up to 138% FPL**

<b>Year</b>	<b>State Share</b>	<b>Federal Share</b>
<b>2016</b>	0%	100%
<b>2017</b>	5%	95%
<b>2018</b>	6%	94%
<b>2019</b>	7%	93%
<b>2020+</b>	10%	90%



## Federal Funds for Expansion at Risk

The February 16, 2017 House Republican repeal and replace plan would repeal the Medicaid expansion. For a limited period of time, federal funds would remain available to cover the costs of individuals previously enrolled in coverage, though the proposal appears to prohibit new expansion enrollment. While the proposal indicates that states could cover the expansion adults in the future with a regular federal match (65% in Montana and assuming Montana could fund the 35% State share), it is unclear if federal funds for expansion adults would be included in the House proposal to cap federal Medicaid funds to states.

### a. State Costs

**Costs of New Adults.** The State projects that claims for the expansion adults in SFY 2017 will total \$361.4 million. The federal government bears the full cost of claims incurred between July 1 and December 31, 2016, and Montana must cover 5% of the cost of claims incurred between January 1 and June 30, 2017. For SFY 2017, the State projects that its share of the Medicaid costs of the new adults will be \$12.1 million, approximately \$186 per new adult.<sup>23</sup>

#### **Administrative Costs.**

To implement expansion, the State estimates it will incur additional administrative

expenses of approximately \$15 million for SFY 2017. The federal and state governments split most Medicaid administrative costs evenly, leaving Montana responsible for \$5 million in additional costs, equal to just 2% of the federal funding the State received for coverage of the newly eligible adults.

### b. State Savings

**Savings from Enhanced Federal Matching Funds.** When Montana expanded Medicaid, certain individuals covered under its existing Medicaid program transitioned to the expansion group and were considered to be “newly eligible adults” for

whom the State could claim enhanced match (100% in 2016 and 95% in 2017). Generally, these were individuals who were eligible for more limited coverage prior to expansion. For these Medicaid enrollees, the State was able to expand their coverage and replace State general fund dollars with federal dollars.<sup>24</sup> The State went from covering 35% of the cost of care to 0% in 2016 and 5% in 2017, resulting in savings for Montana. Specifically, Montana projects \$22 million in savings related to replacing State dollars with federal dollars, as is further described in Figure 5. Together, these savings total \$22 million to the State budget.

**Figure 5. Savings from Enhanced Federal Matching Funds in SFY 2017**

Population	Savings
Adults Previously Enrolled Through Certain Waivers	\$ 18.8 M
Adults Previously Enrolled in the Breast and Cervical Cancer Treatment Program	\$ 347 K
Adults Previously Enrolled in the Medically Needy Spend Down Program	\$ 3.1 M
Total Savings to State Budget	\$ 22.3 M

**Savings from Replacing General Funds with Medicaid Funds.**

The State accrued additional savings by replacing state general fund spending on uninsured populations with federal Medicaid funds. In short, when the State expanded Medicaid, 71,000 people gained coverage and providers gained a new source of payment. No longer did the State need to fund special programs to address pressing healthcare needs of uninsured Montanans who now have Medicaid coverage for that targeted care

as well as more comprehensive healthcare services.

- Inpatient Care of Inmates. The State is required to provide necessary healthcare for individuals in the custody of the Department of Corrections. Under expansion, Montana garnered considerable savings related to coverage of inpatient care for inmates. Under federal law, state Medicaid programs (matched by federal dollars) may pay for the costs of inpatient

hospitalizations for inmates who qualify for Medicaid. Prior to expansion, most inmates did not qualify for Medicaid and the State paid for 100% of costs associated with inmate hospitalizations. After expansion, however, many inmates do qualify for Medicaid, and the Medicaid program now covers the costs of their inpatient hospitalizations. In the first half of SFY 2016, the Department of Corrections paid roughly \$2.4 million

**Access to Coverage and Care is Essential for Former Inmates**

The Montana Department of Corrections is assisting inmates in applying for and enrolling in Medicaid before release, thereby assuring they have access to the medications and physical and behavioral health services they require. By ensuring that former inmates – a population with disproportionate rates of serious mental illness and substance use disorders – have access to essential coverage and care, the State expects to be able to reduce unnecessary emergency department use and rates of recidivism.

in state general funds for inpatient care provided to inmates.<sup>25</sup> According to the State, during the first six months of expansion, the Department of Corrections realized \$1.3 million in savings, enabling the Department to reduce its supplemental budget request.<sup>26</sup>

- SUD Services. As noted above, prior to expansion, Medicaid played a limited role in the treatment of SUD. Today, Medicaid is a key payer of SUD services, which have historically been funded by a patchwork of federal

grant dollars and substantial State funds. In SFY 2016, after just six months of expansion, Montana freed up approximately \$1.5 million in State general funds as SUD services for adults previously supported with non-Medicaid dollars were replaced by federal Medicaid funds.

- Mental Health Services. Additionally, prior to expansion, limited State and local dollars were used to provide mental health services through the Mental Health Services Program to Montanans up to 150% FPL

who would otherwise lack coverage. In SFY 2015, the State spent \$1,632,897 on 2,119 people fitting these eligibility requirements. In 2016, the first calendar year following expansion, a substantial portion of these individuals were transferred to full coverage under Medicaid, and the State spent just \$286,899 on the Mental Health Services Program. Expansion has allowed the State to refocus these limited State dollars toward providing much-needed mental health services for inmates in local jails.

## V. Community and Economic Impact

In addition to the positive fiscal impact on the State budget and enhanced access to healthcare services, Medicaid expansion has contributed to growth in the healthcare industry and the overall economy in Montana. Because of expansion, Montana will have received over **\$284 million** in federal dollars to cover healthcare services for the newly eligible population in 2016 alone. Those federal dollars are circulating throughout the Montana economy, not only benefiting patients and providers but also creating jobs, increasing labor

income and spurring economic activity. In fact, the Economic Policy Institute recently estimated that Montana could lose over 10,000 jobs if Medicaid expansion were eliminated.<sup>27</sup> Medicaid expansion has made a positive mark on the broader economy in communities across Montana by strengthening hospitals and linking Montanans to high-quality jobs. Elsewhere, it has been documented that the State can expect to see increased tax revenue as a result of the labor income resulting from jobs created by expansion. This additional

revenue represents a significant additional benefit to the State budget.<sup>28</sup>

**Hospitals.** Due to the combined increase in Medicaid enrollment and the sharp decline in bad debt and charity care, Montana's hospitals are stronger financially because of expansion. Hospitals' financial health is critical, especially in rural areas where hospitals are major employers and cornerstones of the local economy. According to Montana Hospital Association President/CEO Dick Brown, "Thousands of Montanans living in rural

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## Indian Country Jobs at Risk Under Repeal

The Blackfeet Community Hospital in Browning, Montana needed to enhance its administrative infrastructure to keep pace with the growing number of insured patients – one in seven residents of the Blackfeet reservation now has Medicaid coverage. As a result, the hospital has hired new administrators, including Blackfeet tribal members, to respond to the influx of patients and the local community college launched curriculum focused on insurance claims processing. According to Montana’s director of American Indian Health, Mary Lynn Billy-Old Coyote, “To me, there’s opportunity there to not only build healthcare, but to build your entire community and build jobs.”<sup>29</sup>

communities across the state depend on the local hospital as their safety net for healthcare services. The financial strength of many of these hospitals has improved, and continued efforts

to ensure access to healthcare services in these communities will enhance their long-term viability.” The healthcare industry is the state’s largest private-sector employer, with

growth expected to continue as Montana’s population ages and demands more healthcare services.<sup>30</sup>

## VI. Conclusion

Based on the findings of this report, the consequences of a potential repeal of Medicaid expansion would be far-reaching in Montana. Medicaid expansion will save the state over \$22 million in SFY 2017, and free up millions of additional dollars in state and federal funding for

SUD and mental health services. In addition to the State budget ramifications, hospitals and health centers across Montana would see reimbursements decline and uncompensated care costs increase, potentially causing them to cut jobs or services. Tribal leaders could

again be forced to limit access to essential care. Finally, thousands of Montanans could lose access to affordable preventive medical care, leading them to defer services until an emergency forces a costly trip to the hospital.

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<sup>1</sup> On February 16, 2017, the House leadership released its plan to repeal and replace the ACA, including repealing the Medicaid expansion in its current form.

<sup>2</sup> Montana Department of Public Health and Human Services, *Montana HELP Program Section 1115 Research and Demonstration Waiver Application*, July 7, 2015, <http://dphhs.mt.gov/Portals/85/Documents/MedicaidExpansion/MontanaSection1115and1915b4Waivers.pdf>.

<sup>3</sup> Eligibility for the aged, blind and disabled populations did not change post-expansion.

<sup>4</sup> Montana Department of Public Health and Human Services Report to the 2017 Legislature, January 9, 2017, <http://dphhs.mt.gov/Portals/85/Documents/biennialreports/FINAL%20PRINTED%20%201-7-17%202017%20MEDICAID%20REPORT.pdf>.

<sup>5</sup> Medicaid.gov, *Medicaid and CHIP Eligibility Levels as of June 1, 2016*, <https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-eligibility-levels/index.html>.

<sup>6</sup> Individuals with incomes from 101% to 138% of the FPL who fail to pay premiums will be given a 90-day grace period, after which they will be dis-enrolled from coverage and may re-enroll upon payment of premiums owed or upon a quarterly debt assessment against their State taxes. Individuals with incomes at or below 100% of the FPL who fail to pay premiums will incur a debt to the State, but will not be dis-enrolled from coverage.

<sup>7</sup> Preventive services include, among other things, regular health screenings, immunizations and contraception.

<sup>8</sup> Data from DPPHHS reflects paid claims through December 22, 2016.

<sup>9</sup> National Institute of Dental and Craniofacial Research, *Oral Health in America: A Report of the Surgeon General*, <https://www.nidcr.nih.gov/DataStatistics/SurgeonGeneral/sgr/part3.htm>.

<sup>10</sup> 2017 Individual Marketplace Rates for Montana Health Co-Op, PacificSource, and Blue Cross Blue Shield, September 14, 2016, published at <http://csimt.gov/news/lindeen-finds-blue-cross-rate-increases-unreasonable/>.

<sup>11</sup> Among 31 counties surveyed between 2012 and 2014, 24 identified alcohol or substance abuse as their top concern and the remainder identified this issue in their top three concerns. See Brandon Green, *Data Review for 2017 Behavioral Health Access Act*, DPPHHS, January 2017.

<sup>12</sup> Substance Abuse and Mental Health Services Administration, *2013-2014 National Survey on Drug Use and Health: Model-Based Prevalence Estimates (50 States and the District of Columbia)*, <https://www.samhsa.gov/data/sites/default/files/NSDUHsaePercents2014.pdf>.

<sup>13</sup> Centers for Disease Control and Prevention, *Contribution of Excessive Alcohol Consumption to Deaths and Years of Potential Life Lost in the United States*, [https://www.cdc.gov/pcd/issues/2014/13\\_0293.htm](https://www.cdc.gov/pcd/issues/2014/13_0293.htm).

<sup>14</sup> Montana Department of Public Health and Human Services, Office of Epidemiology and Scientific Support, *Drug Poisoning Deaths in Montana*, April 2016, [http://dphhs.mt.gov/Portals/85/publichealth/documents/Epidemiology/VSU/VSAUDrugDeaths\\_2003-2014%20FIXED%20T43.pdf?ver=2016-05-20-134905-287](http://dphhs.mt.gov/Portals/85/publichealth/documents/Epidemiology/VSU/VSAUDrugDeaths_2003-2014%20FIXED%20T43.pdf?ver=2016-05-20-134905-287).

<sup>15</sup> Montana Department of Public Health and Human Services, Office of Epidemiology and Scientific Support, *Drug Poisoning Deaths Attributed to Prescription Drugs Montana Residents, 2003 - 2012*, August 2014, <http://dphhs.mt.gov/Portals/85/publichealth/documents/Epidemiology/MTHDDS/Special%20Reports/Drugdeathshosp.pdf>.

<sup>16</sup> The Associated Press, *Montana officials alarmed as they fight surge in meth use*, February 18, 2017, <http://wtop.com/health/2017/02/montana-officials-alarmed-as-they-fight-surge-in-meth-use/>.

<sup>17</sup> The hospital utilization data must be interpreted cautiously for several reasons. First, the Montana Hospital Association's Databank includes information from hospitals representing roughly half of all hospital utilization and revenue; it is unknown whether the hospitals not included saw similar shifts in utilization. Additionally, the hospital data is for a 12-month period that includes three months prior to expansion, as well as a ramp up period in the months following expansion.

<sup>18</sup> Interview with Montana Hospital Association, January 18, 2017.

<sup>19</sup> Interview with North Cheyenne Health Center, February 1, 2017.

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<sup>20</sup> Montana Hospital Association, *Montana Medicaid Expansion Third Quarter Hospital Impact Report*, February 2017.

<sup>21</sup> Montana's standard federal match rate is 65%, meaning that, for every dollar of medical expenses for Montana's nonexpansion population, the federal government pays 65 cents and the State pays 35 cents.

<sup>22</sup> Annualized estimates for SFY 2017 are the most accurate measure available for two reasons. First, the expansion took place in the middle of SFY 2016, and thus SFY 2017 will be the first full year of expansion. Second, enrollment and utilization stabilized by July 2016 after an initial ramp-up period, and thus SFY 2017 costs better reflect the ongoing State budget impact.

<sup>23</sup> To minimize administrative costs, the State obtained permission from the federal government to have Medicaid eligibility determinations in effect for 12 months. By doing so, the State avoids the need to redetermine Medicaid eligibility as individuals' incomes change throughout the year and minimizes churn onto and off of the program. CMS provides a slightly lower matching rate to allow for this administrative feature. As a result, the State will pay slightly more than \$8.8 million toward the cost of coverage for the expansion population.

<sup>24</sup> State savings are estimated by taking the difference between nonfederal share that would have been paid for the population using regular FMAP versus newly eligible FMAP for a given year. CMS permits states to receive enhanced match for some adults previously enrolled in Medicaid if those adults were eligible only to receive a narrow set of Medicaid benefits, for example.

<sup>25</sup> Montana Legislative Finance Committee, *Health and Economic Livelihood Plan Progress Report*, September 29, 2016, [http://leg.mt.gov/content/Publications/fiscal/interim/2016financecmty\\_sept/Health%20and%20Economic%20Livelihood%20Plan.pdf](http://leg.mt.gov/content/Publications/fiscal/interim/2016financecmty_sept/Health%20and%20Economic%20Livelihood%20Plan.pdf).

<sup>26</sup> Estimate calculated by Manatt Health based on average inpatient claims information provided by the Department of Corrections for the first half of SFY 2016 multiplied by half the total inpatient admissions during SFY 2016.

<sup>27</sup> Josh Bivens, Economic Policy Institute, *Repealing the Affordable Care Act Would Cost Jobs in Every State*, January 31, 2017.

<sup>28</sup> See, e.g., Bureau of Business and Economic Research, University of Montana, prepared for the Office of Commissioner of Securities and Insurance, State of Montana, *An Estimate of the Economic Ramifications Attributable to the Potential Medicaid Expansion on the Montana Economy*, January 2013.

<sup>29</sup> Eric Whitney, Montana Public Radio, *Obamacare Brought Jobs To Indian Country That Could Vanish With Repeal*, February 9, 2017, <http://www.npr.org/sections/health-shots/2017/02/09/513723730/obamacare-brought-jobs-to-indian-country-that-could-vanish-with-repeal>.

<sup>30</sup> University of Montana, Bureau of Business and Economic Research, *Health Care in Montana: The next 10 years*. Presentation by Bryce Ward available at <http://www.bber.umt.edu/pubs/health/healthoutlook2016.pdf>.



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