



Healthy Montanans Build a Healthy Economy

Updated January 28, 2013

The 2013 legislative session holds a unique opportunity for Montana to invest in our workforce and boost our economy by expanding eligibility to Medicaid, thus covering tens of thousands of newly-eligible workers. Core Montana industries like tourism and ranching have the most workers who will benefit. If Montana chooses to expand eligibility, over \$6 billion in federal funding will be injected into our state economy over the next eight years, creating over 12,000 jobs annually. In addition, Montana will have a reduction in expensive uncompensated care, a healthier workforce, lower overall health insurance rates, and expanded economic activity. Medicaid expansion is an offer that is simply too good for Montana to refuse.

Background

If Montana acts now to increase Medicaid eligibility limits, 100% of the costs of expansion would be paid for by federal funding for the first three years.¹ The changes would extend the eligibility guidelines to include anyone with income below 138% of the federal poverty level (FPL).² Currently, an individual earning \$15,414 would meet the new 138% FPL limit. The eligibility limit would be \$26,344 for a family of three.³ If Montana expands, over 60,000 Montana adults will be newly eligible and enroll in Medicaid.⁴

Investing in Montana's Workforce Will Support Industries That Make Montana Great

Of the newly eligible, more than 43,000 working Montanans who presently do not have health insurance could be newly covered.⁵

Despite common misperceptions, most working-age people who lack insurance are employed.⁶ However, they often either are not offered insurance by their employers or cannot afford the health insurance that is offered. As a result of this lack of coverage, too many of Montana's workers put off needed care or risk financial ruin if they or a family member get sick.

Men and women working in dozens of industries and occupations that are critical to Montana's economic success would benefit from Medicaid expansion. Restaurants, construction, and ranching would be among the workplaces that experience the greatest benefits (Table 1). Medicaid expansion would provide employees in these critical industries with the coverage they and their families need.

Ranching, tourism, construction, childcare and eldercare are all important industries in Montana’s economy and heritage. Investing in employees who do this critical work in Montana will support the backbone of our economy. When workers have health insurance, productivity increases, while absenteeism and turnovers decrease.⁷ Thus, Medicaid expansion would not only benefit those working in Montana’s vital industries, but also their employers and customers.

Table 1: Workplaces with the Most Uninsured Workers Who Could Gain Medicaid Coverage in 2014

Total Uninsured Workers in Montana under 138% of FPL	43,640
<i>Industries with Most Uninsured Workers under 138% of FPL in MT</i>	
Restaurants and Other Food Service	6,690
Construction	4,550
Recreation and Gambling (casinos, ski resorts, etc.)	2,190
Animal Production (ranching, poultry farming, etc.)	1,700
Nursing Care Homes	1,590
Grocery Stores	1,560
Hotels and Motels	1,540
Child Day Care Services	1,270
Business Support Services (call centers, mail services, etc.)	1,020
Dry-Cleaning and Laundry Services	1,010

Source: Analysis of the 2011 American Community Survey. Adults are those aged 19 through 64. Workers are those who have worked within the past year. The ten industries above are those with the largest number of uninsured citizen workers in the Medicaid expansion income-eligibility range in Montana. All figures are rounded to the nearest ten workers.

Based on average annual wages, the list of workers who would benefit from expansion is long and diverse. Childcare workers, wait staff, cooks, teaching assistants, retail salespersons, security guards, and dozens of other occupations would be eligible for coverage starting in 2014 (Table 2).

Table 2: Occupations that Would Make a Family Eligible for Medicaid Expansion

Occupation	Average Annual Wages
Dishwashers	\$17,830
Child Care Workers	\$18,380
Waiters and Waitresses	\$18,650
Laundry and Dry-Cleaning Workers	\$19,420
Hotel, Motel, and Resort Desk Clerks	\$19,550
Home Health Aides	\$20,510
Lifeguards, Ski Patrol, and Other Recreational Protective Service Workers	\$20,540
Restaurant Cooks	\$20,800
Teacher Assistants	\$22,160
Nursing Aides, Orderlies, and Attendants	\$23,650
Retail Salespersons	\$24,620
Farmworkers & Laborers, Crop, Nursery & Greenhouse	\$24,680
Preschool Teachers, Except Special Education	\$24,700
Security Guards	\$25,300

Source: Department of Labor and Industry, Occupational Employment Statistics, 2010

Medicaid Expansion Will Provide a Much Needed Boost to Montana's Economy

By expanding eligibility for Medicaid, Montana will be able to leverage up to \$6.7 billion in federal funds from 2014 through 2021.⁸ This injection of federal dollars into Montana's economy could create as many as 12,700 jobs annually.⁹ Over the same time period, statewide earnings could increase by as much as \$4.2 billion.¹⁰

The federal dollars used to expand Medicaid coverage will not only provide health care coverage, they will also help to create jobs in communities across Montana. Expanding Medicaid will effectively increase demand for medical services, as newly covered individuals seek both preventative and critical care. This increased demand will allow medical facilities to purchase new equipment and hire more nurses, physician assistants, technicians, and other support staff.

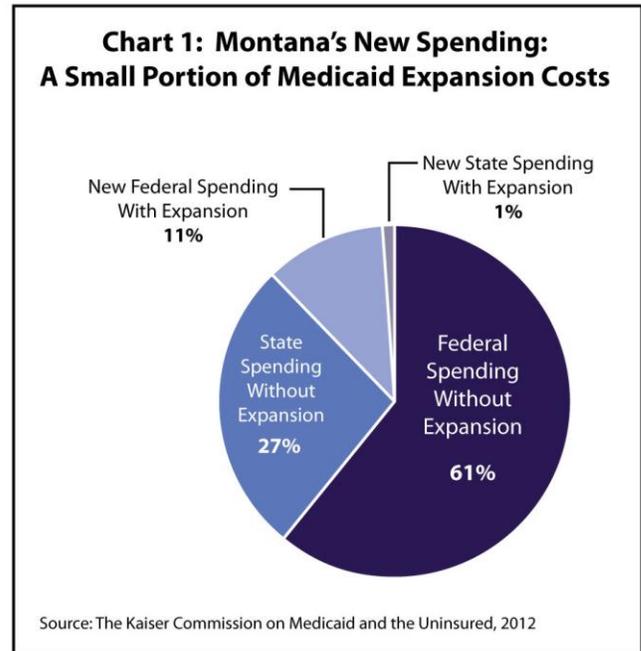
In addition, the newly insured will spend less of their disposable income on medical care and will have more to spend at the grocery store, the gas station, and other businesses across Montana. These additional dollars flowing into Montana's Main Streets will allow businesses to expand and hire additional employees.

Medicaid Expansion Will Be Low-Cost for Montana and Offset by Additional Saving

In exchange for expanded coverage, additional jobs, and a boost to our economy, Montana will be expected to cover a small amount of the costs of expanded Medicaid coverage. Additional savings are likely to offset these minimal costs. Federal funding will pay 100% of the cost for the first three years. Beginning in 2017, Montana will pick up a small portion of the costs, paying no more than ten percent from 2020 forward.¹¹ Montana's new spending will be a small fraction - just one percent - of the total costs of Montana and federal spending on Medicaid (Chart 1).

The additional costs to the state associated with Medicaid expansion could be completely offset by savings. Presently, medical treatment received by uninsured individuals often goes unpaid. Forty-five percent of this uncompensated care is paid by the federal government, 30% by state and local governments, and 25% from private sources.¹² If Montana chooses to expand Medicaid, state and local budgets will face lower costs for uncompensated care. Public facilities, such as chemical dependency centers, veterans' homes, and mental health hospitals and care centers will also benefit. Montana could save \$86.3 million in uncompensated care costs from 2014-2021.¹³

In addition, the increased economic activity, new jobs, and new labor income generated by expansion are expected to result in up to \$441 million in additional state and local tax revenue from 2014 through 2021.¹⁴ The additional revenue will offset much if not all of the state costs associated with expanding Medicaid eligibility.



Expanding Medicaid will be Good for Montana's Economy

Expanding eligibility for Medicaid does not only affect the newly insured. Medicaid expansion will provide an investment in the workforce of key Montana industries. Ranch workers, waitresses, childcare workers, and their employers and customers will benefit from improved productivity and reduced absenteeism and turnover. The federal dollars flowing into Montana's economy will create thousands of jobs and increase earnings by hundreds of millions of dollars. Montana cannot afford to pass up an offer this good.

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- ¹ P.L. 111-148, Patient Protection and Affordable Care Act, HR 3590, 111th Congress. March 23, 2010, <http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/html/PLAW-111publ148.htm>.
 - ² Health Reform specifies Medicaid expansion up to 133% of the FPL. However, 5% of income is disregarded, creating an effective eligibility level of 138% of FPL.
 - ³ U.S. Department of Health and Human Services, "2012 HHS Poverty Guidelines," 2012, <http://aspe.hhs.gov/poverty/12poverty.shtml>. Official federal poverty levels change every year, thus the income guidelines may be slightly higher in 2014.
 - ⁴ Many organizations have estimated the number of people who would be newly eligible and enroll. The Urban Institute estimates 64,000. John Holahan et al., "The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis," The Kaiser Commission on Medicaid and the Uninsured, November 2012, <http://www.kff.org/medicaid/8384.cfm>.
 - ⁵ Center on Budget and Policy Priorities analysis of U.S. Census Public Use Microdata Sample (PUMS) 2011 data.
 - ⁶ Center on Budget and Policy Priorities analysis of U.S. Census Public Use Microdata Sample (PUMS) 2011 data.
 - ⁷ Groman, Rachel, "The Cost of Lack of Health Insurance," American College of Physicians, 2004, http://www.acponline.org/advocacy/where_we_stand/access/cost.pdf.
 - ⁸ The Bureau of Business and Economic Research, "An Estimate of the Economic Ramifications Attributable to the Potential Medicaid Expansion on the Montana Economy," University of Montana, January 2013.
 - ⁹ Ibid.
 - ¹⁰ Ibid.
 - ¹¹ Medicaid is a partnership between states and the federal government. In Montana, the federal government currently contributes approximately two-thirds of the costs. For anyone who was already eligible for Medicaid, the same cost sharing arrangement will apply under health reform. For people newly eligible under health reform, the federal government will cover 100% of the costs for the first three years (2014-2016) phasing down to 90% for 2020 and beyond. Kaiser Family Foundation, "Summary of New Health Reform Law," <http://www.kff.org/healthreform/upload/8061.pdf>.
 - ¹² Buettgens, Matthew et al., "Consider Savings as Well as Costs: State Governments Would Spend at Least \$90 Billion Less With the ACA than Without It from 2014 to 2019," Robert Wood Johnson Foundation and The Urban Institute, July 2011, <http://www.rwjf.org/content/dam/files/legacy-files/article-files/3/72582qsfull201107.pdf>.

¹³ The Bureau of Business and Economic Research, "An Estimate of the Economic Ramifications Attributable to the Potential Medicaid Expansion on the Montana Economy," University of Montana, January 2013.

¹⁴ Ibid.