Analysis of the Impact of Medicaid Expansion on Montana

Presented to:

MHA MONTANA HOSPITAL ASSOCIATION

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Section 1 Executive Summary

Since 2016, Medicaid expansion has provided Medicaid coverage to almost 95,000 Montanans through the Montana Health and Economic Livelihood Partnership (HELP) Act.[1] The HELP Act is scheduled to end on June 30, 2019, and Montana is currently evaluating the continuation of the program. The federal dollars Montana received as part of Medicaid expansion resulted in over $2 billion of additional economic activity from Fiscal Year (FY) 2016 to FY 2018. The federal government currently contributes 93 percent of the costs for Medicaid expansion but plans to decrease its contribution to 90 percent beginning in 2020 and onward, at which time the State will be responsible for 10 percent of Medicaid expansion costs.

Navigant Consulting analyzed the impact of Medicaid expansion on Montana's economy and access to care. We used our established methodology for assessing the impact of Medicaid programs, which incorporates our experience working with more than 45 Medicaid programs.

Montana's Medicaid expansion had a significant positive economic impact and improved access to care for Medicaid expansion beneficiaries.	
95,000 Montanans have health insurance through Medicaid expansion	• Expansion increased coverage to adults with incomes up to 138 percent of the federal poverty level (FPL) • Traditional Medicaid enrollment has remained stable between FY 2016 and FY 2018, while expansion enrollment has also stabilized in FY 2018 • Montana has the second lowest percentage of Medicaid expenditures as a percentage of state general fund compared to other states in CMS Region 8 • 84% of Montana private sector workers had at least one co-worker enrolled in Montana Medicaid in 2017
Expansion led to over $2 billion in new economic activity between FY 2016 and FY 2018, and 9,715 jobs created and supported annually	• Montana received $651 million federal dollars in FY 2018 alone to finance Medicaid expansion; these dollars are at risk if expansion ends • Expansion led to over $2 billion in total additional economic activity between FY 2016 – FY 2018 • Approximately 9,715 new jobs created/supported, and $793 million associated wages between FY 2016 – FY 2018 is due to Medicaid expansion • Investment in the healthcare sector, such as nursing and residential care facilities, creates significantly more jobs than other industries, such as construction • On a per capita basis, all regions in Montana benefited equally from Medicaid expansion

Medicaid expansion supports and sustains hospitals	• Hospital inpatient volume and revenues have increased since Medicaid expansion • Medicaid discharges represented approximately 26% of total hospital discharges in FY 2017 • No Montana hospitals closed between 2016 – 2018[2] • Medicaid expansion has helped "keep the doors open" for Montana hospitals, including hospitals that are essential to their communities
More Montanans have access to healthcare services due to Medicaid expansion	• 16% improvement in the percentage of adults who could not see a doctor due to cost • 7,901 expansion beneficiaries received breast cancer screenings • 2,554 possible colon cancer cases were averted due to expansion • 945 beneficiaries were newly diagnosed with diabetes • 2,068 beneficiaries were newly diagnosed with hypertension • 92,380 individuals received preventive care • Almost 10,000 adults received substance use treatment services through Medicaid expansion[A] • The majority of beneficiaries self-reported increased access to medical care due to expansion • Montana was above the national average for the change in uninsured rates from 2013 – 2016 and second highest among comparison states – 56% decrease in uninsured rate in Montana – United States average was 31% for the same period
Losing the federal investment gained through Medicaid expansion will put jobs and wages at risk	• Navigant estimates the annual economic impact of Medicaid expansion for 2019 and beyond will be: – Nearly $600 million per year in additional gross domestic product (GDP) – Over 9,000 annual jobs supported – Approximately $400 million in additional wages • Continued federal investment received through Medicaid expansion is needed to support new jobs and wages supported through the HELP Act

[A] Includes total number of adults receiving substance use outpatient or residential services as of January 2019.

Section 2 Introduction

Purpose of the Report

In 2016 Montana expanded Medicaid coverage to 94,967[3] Montanans with incomes up to 138 percent of the FPL. The effort began with the passage of Senate Bill Number 405, which developed the Montana HELP Act. Unless reauthorized by the Montana legislature, the HELP Act expires on June 30, 2019.

The Montana Hospital Association (MHA) engaged Navigant Consulting to analyze Medicaid expansion's impact on two fronts:

1. Montana's economy
2. Access to care

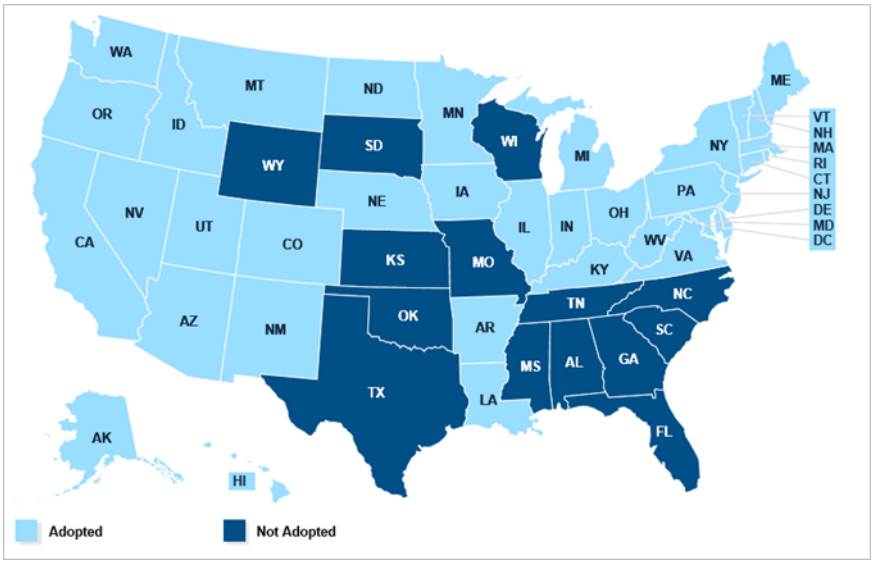
Facts at a Glance

- $1.2 billion in federal funding for Medicaid expansion from Fiscal Year (FY) 2016 to FY 2018
- $58 million in State spending for Medicaid expansion (FY 2016 to FY 2018)
- $8 million in beneficiary premiums collected (FY 2016 to FY 2018)

The Affordable Care Act (ACA) and Medicaid Expansion

The Affordable Care Act (ACA) allows states to expand Medicaid coverage for adults with incomes at or below 138 percent of the FPL. As of January 2019, 36 states and Washington D.C. have expanded Medicaid, as shown in Figure 1. Montana began enrolling beneficiaries within Medicaid expansion on January 1, 2016.[4]

Figure 1. Status of Medicaid Expansion by State as of January 2019



Source: *Henry J. Kaiser Family Foundation*

Medicaid Expansion in Montana

Key Takeaways:

- ✓ *Montana implemented Medicaid expansion in 2016 under the Health and Economic Livelihood Partnership (HELP) Act*
- ✓ *95,000 Montanans, living in every county in Montana, have health insurance through Medicaid expansion*
- ✓ *Most Medicaid expansion beneficiaries earn incomes at or below 50 percent of the federal poverty level*

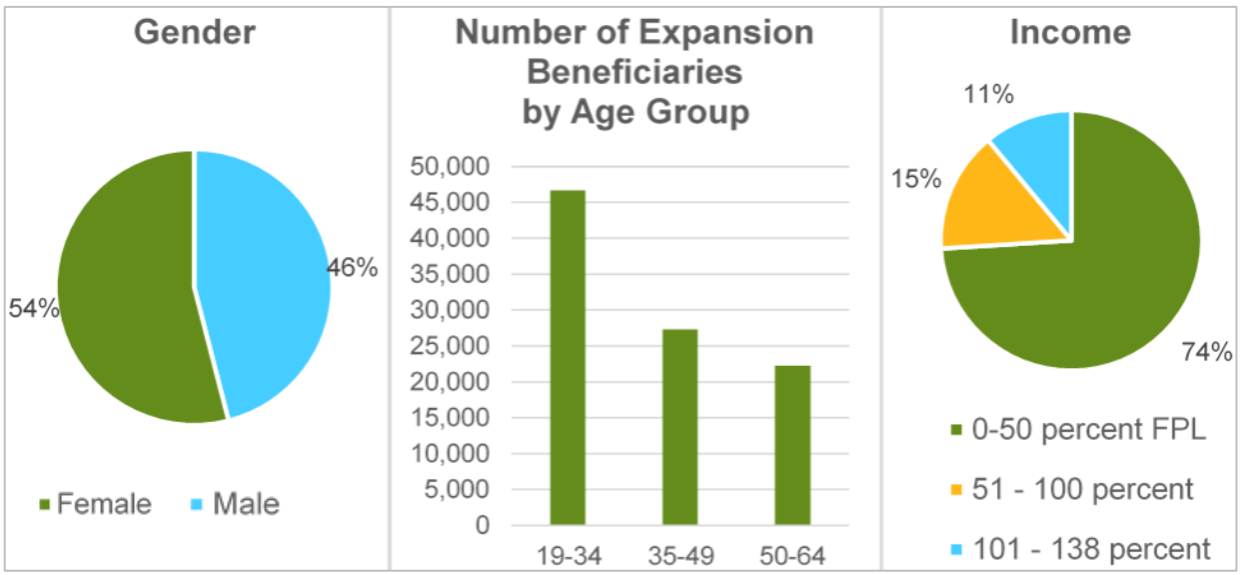
In 2015, with bipartisan support, the Montana legislature passed Senate Bill Number 405, creating the Montana Health and Economic Livelihood Partnership (HELP) Act to expand healthcare coverage to additional individuals, improve access to healthcare services, and control healthcare costs. The bill expanded Medicaid to adults with incomes up to 138 percent of the FPL.

These newly covered Medicaid-eligible adults are required to pay a premium of two percent of their household incomes. Individuals with household incomes below 100 percent of the FPL ($1,005) are not required to pay the premium.[5]

The HELP Act appropriated state general funds to cover the cost of expansion until 2019. The current Medicaid expansion program and associated coverage for individuals expires on June 30, 2019 unless the State reauthorizes funding.[6]

Medicaid expansion beneficiaries live in every county across the State. They represent as little as 3.7 percent of the population in counties like Carter and up to 20 percent of the population in Glacier County. Most beneficiaries are women between the ages of 19-34 years old who have incomes below 50 percent of the FPL. Figure 2 provides high-level demographics of expansion beneficiaries.

Figure 2. Montana Medicaid Expansion Demographics



Source: *Montana Department of Public Health and Human Services Medicaid Expansion Member Profile as of July 1, 2018.*

Section 3 Economic Impact of Medicaid Expansion in Montana

States receive federal dollars to cover a portion of the cost of Medicaid and related healthcare services. Each state is assigned a Federal Medical Assistance Percentage (FMAP) that determines the amount of federal dollars paid for a portion of the cost required to deliver medical and some social services.

States must match federal dollars to contribute and fund a portion of the cost of care. To incentivize expansion, the federal government provided a federal match of up to 100 percent for Medicaid expansion costs. After 2016, the FMAP for Medicaid expansion declined gradually, reducing the share of federal funds available to reimburse Medicaid costs for Medicaid expansion beneficiaries.[7]

The federal government will contribute the following percent of Medicaid expansion costs in Montana:

- *2016:* 100%
- *2017:* 95%
- *2018:* 94%
- *2019:* 93%
- *2020 and beyond:* 90%

The fiscal impact of Medicaid expansion is broad and impacts state budgets, employers, hospitals and health systems, and Medicaid beneficiaries and their families. The Henry J Kaiser Family Foundation conducted a literature review of the economic impact of Medicaid expansion and found the following:

- Expansion states receive new federal dollars through an increased federal match
- Many states realized budget savings, revenue gains, and economic growth
- Low-income individuals achieved reduced stress and potentially increased financial security

Several states, such as Colorado and Michigan, documented job growth and creation because of Medicaid expansion.[8] Our analysis supports a similar finding for Montana's Medicaid expansion.

Medicaid Enrollment and Spending

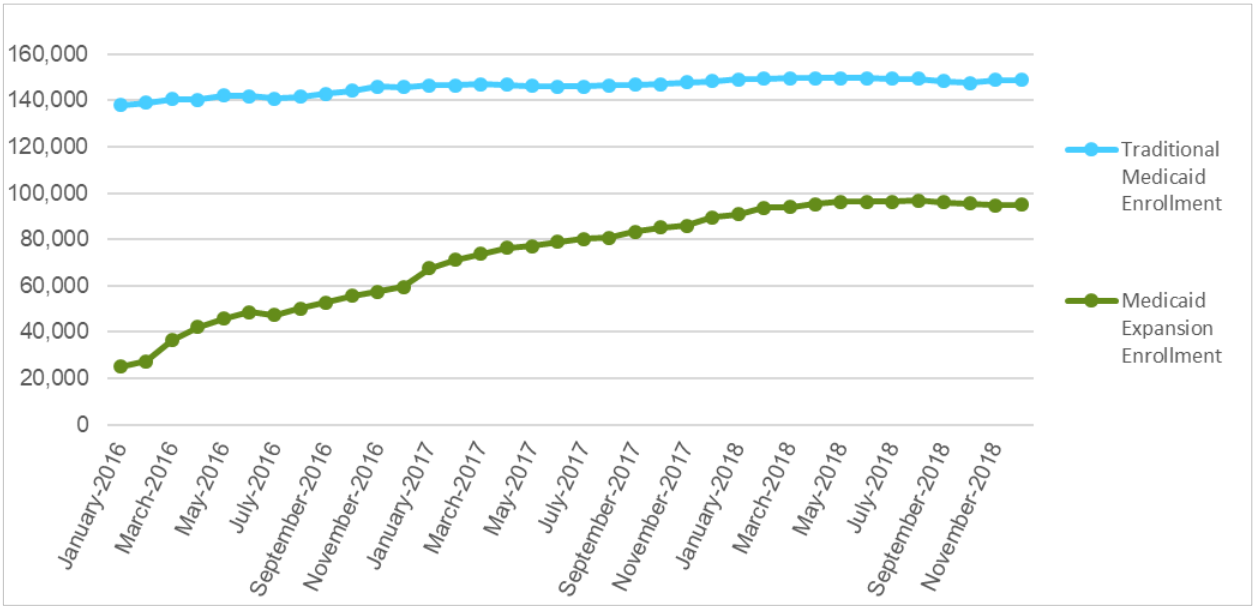
Key Takeaways:

- ✓ *Traditional Medicaid enrollment has remained steady since Medicaid expansion*
- ✓ *After an initial increase between FY 2016 – FY 2017, Medicaid expansion enrollment has also remained steady since 2018*
- ✓ *In FY 2018, the federal government contributed $651 million to finance Medicaid expansion*

Montana expanded its Medicaid program to include newly eligible adults on January 1, 2016. Medicaid expansion enrollment in Montana increased steadily through FY 2017, at which point

expansion enrollment remained consistent. Since the second half of FY 2018, the State has observed very little shift in both traditional Medicaid and Medicaid expansion enrollment.

Figure 3: Medicaid Enrollment in Montana, FY 2016 to FY 2018[9]



Source: *Montana Department of Public Health and Human Services.*

Total claims payments for both traditional Medicaid and expansion populations reflect the relative enrollment levels and trends. As shown in Figure 4 below, paid claims for traditional Medicaid was relatively flat at $1.2 billion for each year from FY 2016 to FY 2018.[B] As Medicaid expansion enrollment increased, paid claims increased as well, totaling $693 million in FY 2018.

Figure 4: Medicaid Spending in Montana, FY 2016 – FY 2018[10] (in millions)

Medicaid Category	FY 2016	FY 2017	FY 2018	3 Year Total
Traditional Medicaid	$1,167	$1,200	$1,168	$3,535
Medicaid Expansion				
Total Dollars	$138	$410	$693	$1,242
Federal Responsibility	$137	$388	$651	$1,175
Medicaid Premiums	$1	$3	$4	$9
State Responsibility	$0	$19	$39	$58

Source: *Montana Department of Public Health and Human Services.*

[B] In comparing enrollment trends with expenditures, it is necessary to note that expenditure data is available by state fiscal year, which ends in June. For that reason, FY 2016 fiscal year expenditure data includes half of calendar year 2015.

Economic Impact of Medicaid Expansion Dollars: FY 2016 to FY 2018

Key Takeaways:

- ✓ *Navigant estimates that $1.2 billion of federal dollars associated with Montana Medicaid Expansion in FY 2016 – FY 2018 is responsible for:*
  - *Over $2 billion in additional economic activity*
  - *The creation and support of approximately 9,715 new jobs and $793 million in associated wages over this three-year period*
- ✓ *Navigant found that investment in the healthcare sector, such as nursing and residential care facilities and social assistance, creates significantly more jobs than other industries, such as construction*

To estimate the economic impact of the federal portion of Medicaid expansion dollars on Montana's economy, Navigant used the Regional Input-Output Modeling System (RIMS-II) from the United States Bureau of Economic Analysis.[C] The RIMS-II system incorporates a set of industry and geography-specific multipliers that use an investment in an industry in a region to estimate that investment's economic impact on the region.

*The three-year impact of the $1.2 billion federal investment in Montana's Medicaid expansion resulted in an impact of **over $2 billion in additional economic activity and an estimated $1.2 billion** in increased gross domestic product (GDP, or value-add) for the State of Montana from FY 2016 to FY 2018:*

- *FY 2016:* $140 million
- *FY 2017:* $398 million
- *FY 2018:* $665 million

The economic impact of Medicaid expansion in Montana is determined by estimating additional total economic output, additional GDP, additional jobs created (and supported on an ongoing basis), and additional wages associated with those jobs. Economic output is the total value of all sales of goods and services associated with Medicaid expansion, including any intermediate steps in producing those goods and services. Additional GDP is the measure of final additional value added to those goods and services, excluding intermediate steps in their production.

Navigant investigated the RIMS-II multipliers for the Billings core-based statistical area (CBSA), the Missoula CBSA, the Great Falls CBSA, for areas within Montana outside those regions, and the State of Montana overall. These multipliers were very similar across the regions.

[C] The United States Bureau of Economic Analysis does not endorse any resulting estimates and/or conclusions about the economic impact of a proposed change on an area.

Figure 5: RIMS-II Multipliers

Industry Category for Healthcare Related Fields	Economic Output Multiplier	GDP Multiplier	Direct Jobs Multiplier (Jobs per $1 Million Invested)	Wages Multiplier
State of Montana (Overall)				
Ambulatory healthcare services[D]	1.7481	1.0632	15.4987	0.7148
Hospitals[E]	1.7507	0.9952	14.4770	0.6661
Nursing and residential care facilities	1.7631	1.0722	24.4875	0.7166
Social assistance	1.7761	1.0509	31.6893	0.7072
Missoula MT CBSA				
Ambulatory healthcare services	1.6719	1.0318	13.5999	0.6170
Hospitals	1.6667	0.9575	12.6448	0.5741
Nursing and residential care facilities	1.6917	1.0447	21.9012	0.6255
Social assistance	1.6958	1.0212	28.7140	0.6220
Billings MT CBSA				
Ambulatory healthcare services	1.7639	1.0835	15.3929	0.6992
Hospitals	1.7485	1.0050	14.3289	0.6505
Nursing and residential care facilities	1.7849	1.0993	24.3327	0.7051
Social assistance	1.7873	1.0718	31.3222	0.6943
Great Falls MT CBSA				
Ambulatory healthcare services	1.6418	0.9996	14.5977	0.6845
Hospitals	1.6623	0.9410	13.4844	0.6275
Nursing and residential care facilities	1.6346	0.9940	22.8508	0.6690
Social assistance	1.6494	0.9745	29.4818	0.6535

Source: *United States Bureau of Economic Analysis.*

For the purposes of this study, the three year (FY 2016 – FY 2018) total federal spending on Medicaid expansion is used for the investment input. The investment is categorized into the available healthcare investment categories as appropriate (Hospitals, Ambulatory Facilities, Residential Care, and Social Assistance).

[D] "Ambulatory healthcare services" includes physicians, rural health clinics, pharmacy, and other ambulatory care providers.
[E] "Hospitals" includes inpatient and outpatient hospital services.

Hospital payments include inpatient and outpatient payments as well as the Hospital Utilization/Disproportionate Share Hospital (DSH) payment. Ambulatory services include payments made to both ambulatory clinics as well as physician and non-physician providers. Nursing and residential care facilities include Nursing Home and Swing Bed payments. Social assistance group includes payments to disability and behavioral health programs.

The RIMS-II model multipliers are then applied to the calculated investment in each of these categories to estimate the total economic impact.

Figure 6: Sample Calculation

Navigant assigned the federal portions of the Medicaid expansion expenditures into one of the following categories as described above:

1. *Payment to Hospitals*
2. *Payment for Ambulatory Healthcare Services*
3. *Payment for Nursing and Resident Care Facilities*
4. *Payment for Social Assistance Programs*

The sample calculation estimates the economic impact of the federal portion of the payments to Montana hospitals in the Missoula region from FY 2016 through FY 2018. The totals shown in this report include the hospital total below in addition to total for the other three industry categories given above. The federal portion of Medicaid expansion payments to Montana hospitals in the Missoula region from FY 2016 to FY 2018 was $66 million. We applied the RIMS-II multipliers for the appropriate geography (Missoula) and industry category (Hospitals) to this $66 million.

		Impact of Medicaid Expansion Payments to Hospitals in Missoula CBSA for FY 2016 to FY 2018 (Dollars in Millions)			
		Total Economic Output	***GDP (Value Add)***	***Annual Jobs* Supported***	***Wages Associated with Jobs Supported***
A	*Investment*	***$66 million***			
B	*RIMS-II Multiplier for Missoula*	1.6667	0.9575	12.6448	0.5741
= A x B	*Total Impact*	*$110 million*	*$63 million*	*479 jobs**	*$38 million*

** Employment consists of full- and part-time jobs. Navigant modeled the estimated annual jobs created or supported as an annual estimate to prevent counting the same jobs twice during the multi-year period from FY 2016 to FY 2018. Navigant used FY 2018 investment as the baseline (because Medicaid expansion was fully ramped-up during FY 2018) combined with the RIMS-II multipliers to develop the jobs supported/created estimate. In Navigant's example, the FY18 Hospital investment in Missoula was $38M, which when combined with the 12.6448 multiplier results in 479 jobs.*

Summary: *The $66M federal portion of Medicaid expansion dollars that was paid to hospitals is estimated to create $110M in total economic impact, $63M in value-add to the Montana economy in the Missoula region, and 479 new jobs with associated $38M in wages.*

The figure below summarizes our findings based on application of the RIMS-II Model. We found that the three-year impact of the $1.2 billion federal investment in Montana's Medicaid expansion resulted in an impact of over $2 billion in additional economic activity and an

estimated $1.2 billion in increased GDP, or value-add for the State of Montana. In other words, the $1.2 billion in additional GDP in Montana occurred because of Medicaid expansion.

Medicaid expansion has had an *economic impact beyond hospitals* – Montana's GDP received an estimated increase of $1.2 billion due to expansion.

Prorating this total GDP impact over the three-year period by relative Medicaid spending in those years, the gross domestic product for each year is $140, $398, and $665 million impact in FY 2016, FY 2017, and FY 2018 respectively. The figure below shows the investment and impacts by healthcare sector in Montana.

Figure 7: Overall Estimated Economic Impact on the State of Montana (FY 2016 - FY 2018) (in millions)

Healthcare Category	Federal Dollars Invested in Montana (FY 2016 - 2018)	Estimated Impact on Total Economic Output	Estimated Impact on GDP (Value-Add)
Ambulatory healthcare services (e.g., physicians, rural health clinics, pharmacy, and other ambulatory care providers)	$516.0	$894.5	$545.9
Hospitals (includes inpatient and outpatient hospital services)	$558.0	$967.5	$551.4
Nursing and residential care facilities	$12.3	$21.6	$13.2
Social assistance	$88.9	$156.4	$92.9
Total	**$1,175.4**	**$2,040.0**	**$1,203.4**

We estimate that the $1.2 billion of federal dollars associated with Montana Medicaid expansion in FY 2016 – FY 2018 is responsible for the creation of approximately 9,715 new jobs and $793 million in associated wages. Further federal investment will sustain these new jobs and related wages.

Figure 8: Estimated Jobs and Wages as a Result of Medicaid Expansion (FY 2016 - FY 2018)

Healthcare Category	Federal Dollars Invested in Montana (FY 2016 - 2018) (millions)	Estimated Annual Jobs Created / Supported[F]	Estimated Wages Associated with Jobs (FY 2016 - FY 2018) (millions)
Ambulatory healthcare services	$516.0	3,794	$360.5
Hospitals	$558.0	4,549	$362.7
Nursing and residential care facilities	$12.3	132	$8.6
Social assistance	$88.9	1,241	$61.5
Total	**$1,175.4**	**9,715**	**$793.2**

Further, the multipliers used in the RIMS-II model estimate the number of jobs created locally by Medicaid expansion investment. The multipliers suggest that investment in the healthcare sector, including hospitals, ambulatory services, nursing and residential care facilities, and social assistance is relatively high compared to most other industries.

The figure below details RIMS-II multipliers for the State of Montana and shows the number of jobs created or supported per $1 million invested for a number of industries, with the healthcare sectors used in this report highlighted. The larger the ratio, the more jobs are created or supported.

Investment in healthcare has a larger multiplier effect than many other industries, which is the reason Medicaid expansion has had such a large economic impact.

Figure 9: Example Jobs Created or Supported for Investment based on RIMS-II Multipliers for Montana

Industry	Estimated Jobs Created / Supported for Every $1 Million Invested
Social assistance	31.69
Educational services	27.17
Securities, commodity contracts, and investments	24.65
Nursing and residential care facilities	24.49

[F] Employment consists of full- and part-time jobs. Navigant modeled the estimated annual jobs created or supported as an annual estimate to prevent counting the same jobs twice during the period from FY 2016 to FY 2018. Navigant used FY 2018 as a baseline (because Medicaid expansion was fully ramped-up during FY 2018) combined with the RIMS-II multipliers for the healthcare categories to develop this estimate.

Industry	Estimated Jobs Created / Supported for Every $1 Million Invested
Food services and drinking places	24.49
Administrative and support services	22.66
Food and beverage stores	20.83
Warehousing and storage	18.67
Accommodation	17.34
Professional, scientific, and technical services	16.84
Ambulatory health care services	15.50
Amusements, gambling, and recreation industries	15.44
Construction	14.69
Real estate	14.49
Hospitals	14.48
Publishing industries, except internet (includes software)	12.75
Insurance carriers and related activities	12.67
Management of companies and enterprises	12.6
Data processing, internet publishing, and other information services	11.49
Motion picture and sound recording industries	11.32
Waste management and remediation services	10.75
Federal Reserve banks, credit intermediation, and related activities	10.48
Support activities for mining	9.04
Rental and leasing services and lessors of intangible assets	8.58
Broadcasting and telecommunications	8.31
Computer and electronic product manufacturing	8.08
Motor vehicles, bodies and trailers, and parts manufacturing	7.39
Utilities	6.03
Mining, except oil and gas	5.75
Oil and gas extraction	4.49

Economic Impact by Area of the State (FY 2016 to FY 2018)

Key Takeaways:

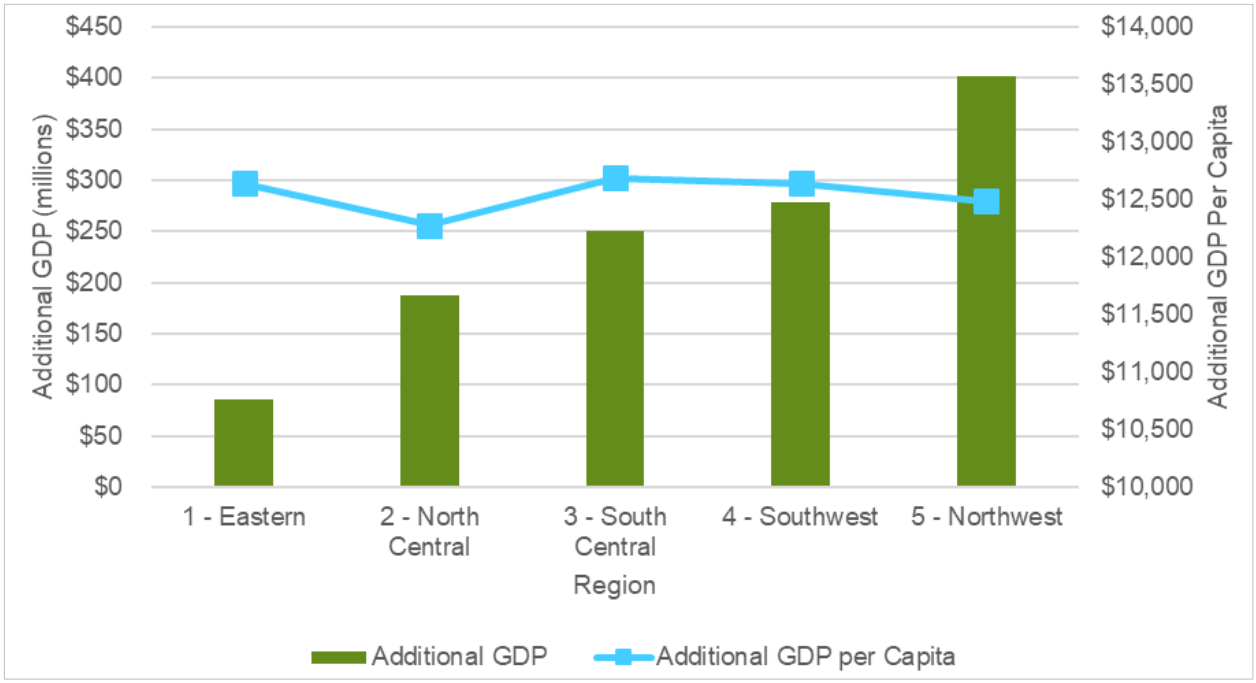
- ✓ *On a per capita basis, all regions benefited similarly from Medicaid expansion*
- ✓ *In terms of raw economic activity and new jobs from the impact of Medicaid expansion from FY 2016 to FY 2018, the highest impact was in:*
  - *The Montana Health Planning Regions designated as Northwest (Missoula) and Southwest (Bozeman, Butte, and Helena)*
  - *The counties of Yellowstone (Billings) and Missoula*

Using the 2018 demographics of Medicaid expansion beneficiaries, we allocated impacts to the Health Planning Regions of Montana.[G] Medicaid expansion dollars from the federal government from FY 2016 to FY 2018 impacted the Northwest and Southwest regions to the greatest extent. The Northwest region contains the urban area of Missoula, and the Southwest region contains the cities of Bozeman, Butte, and Helena. However, when we adjusted the impacts of Medicaid expansion by the number of residents in each region, we found that all regions benefited equally from Medicaid expansion.

Figure 11 below shows the impact by county based on Medicaid expansion in Montana. Yellowstone and Missoula counties, where Billings and Missoula are located, had the highest GDP impact from Medicaid expansion from FY 2016 to FY 2018.

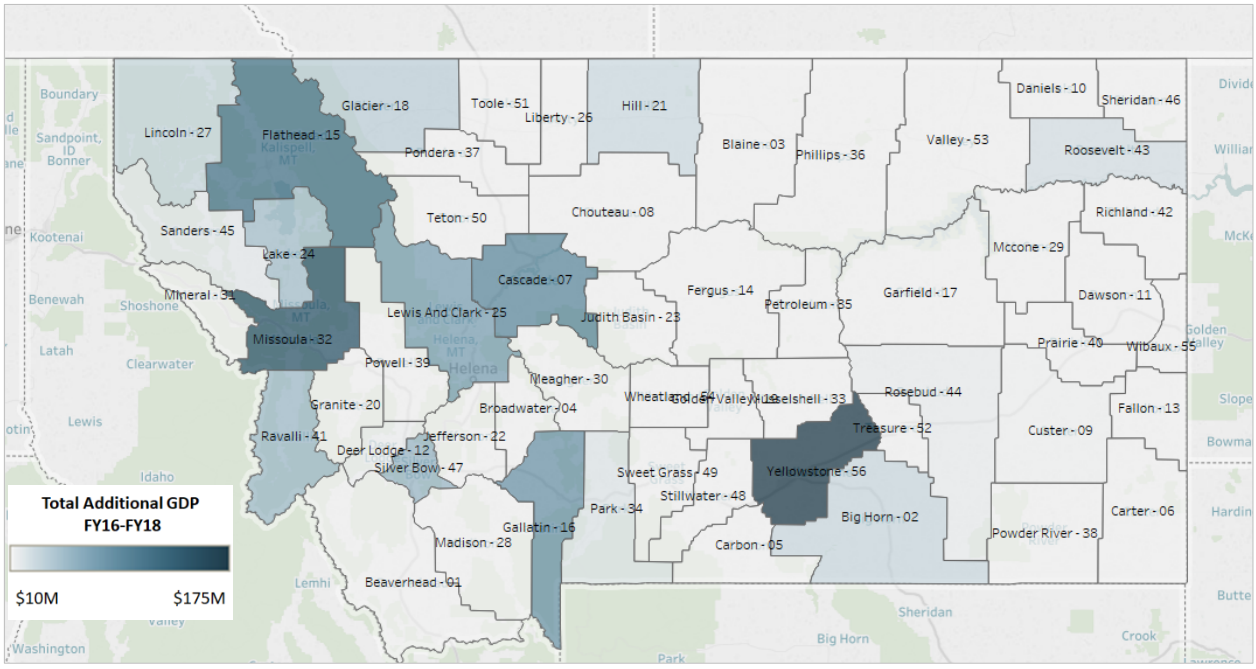
[G] For reference, the map of Montana's Health Planning regions and economic benefits for each county are included in Appendix A.

Figure 10: Estimated Annual Gross Domestic Product and GDP per Capita by Health Planning Region



Source: *Navigant analysis.*

Figure 11: Estimated Annual Gross Domestic Product and Jobs by County



Source: *Navigant analysis.*

Economic Impact of Medicaid Expansion Dollars: FY 2019 and Forward

Key Takeaways:

- ✓ *Navigant estimates the economic impact of Medicaid expansion for 2019 will be:*
  - *$600 million per year in additional GDP*
  - *Over 9,000 annual jobs supported and almost $400 million in personal income*

As we noted earlier, enrollment in Medicaid expansion has remained constant for most of 2018. Using 2018 enrollment levels, we estimated the average annual economic impact using the RIMS II model. For the purposes of this calculation, we assumed that the federal government will continue to contribute 90 percent of the costs for providing services to Medicaid expansion beneficiaries.

From 2020 onward, the federal government will match costs for Medicaid expansion beneficiaries at 90 percent, which means the State of Montana would have to pay for 10 percent of costs.

We estimate that the annual impact on the State of Montana will be approximately $600 million per year. This impact is associated with over 9,000 jobs and almost $400 million in personal income, as shown in the figure below.

Figure 12: Projected Annual Jobs and Wages Moving Forward

Healthcare Category	Additional Gross Domestic Product in Montana (millions)	Estimated Jobs Created / Supported	Estimated Wages Associated with Jobs (millions)
Ambulatory healthcare services	$250.3	3,595	$165.3
Hospitals	$300.7	4,309	$197.7
Nursing and residential care facilities	$5.5	125	$3.6
Social assistance	$39.5	1,175	$26.1
Total	**$596.0**	**9,204**	**$392.8**

Impact on Hospitals

Key Takeaways:

- ✓ *As the number of Medicaid expansion beneficiaries increased, uncompensated care levels at Montana hospitals declined*
- ✓ *Hospital inpatient volume and revenues have increased since Medicaid expansion*
- ✓ *Medicaid discharges represent a greater percentage of overall total hospital discharges*
- ✓ *Despite financial risk prior to Medicaid expansion, no Montana hospitals have closed since Montana expanded Medicaid*

Hospitals are required to treat patients in an emergency regardless of their ability to pay for services, and this uncompensated care can have substantial negative effects on hospitals. A hospital may be forced to close if uncompensated care accounts for a significant portion of the budget. The cost for uncompensated care is often paid for, directly or indirectly, by Montanan residents and businesses. Medicaid expansion provided coverage to newly insured individuals and identified funding sources for some portion of uncompensated care costs.

A recent study published in *Health Affairs* found that hospitals in non-expansion states were over 6 times (84 percent) more likely to close compared to those in expansion states.[11] Our analysis supports a similar finding – that Medicaid expansion has helped "keep the doors open" for Montana hospitals.

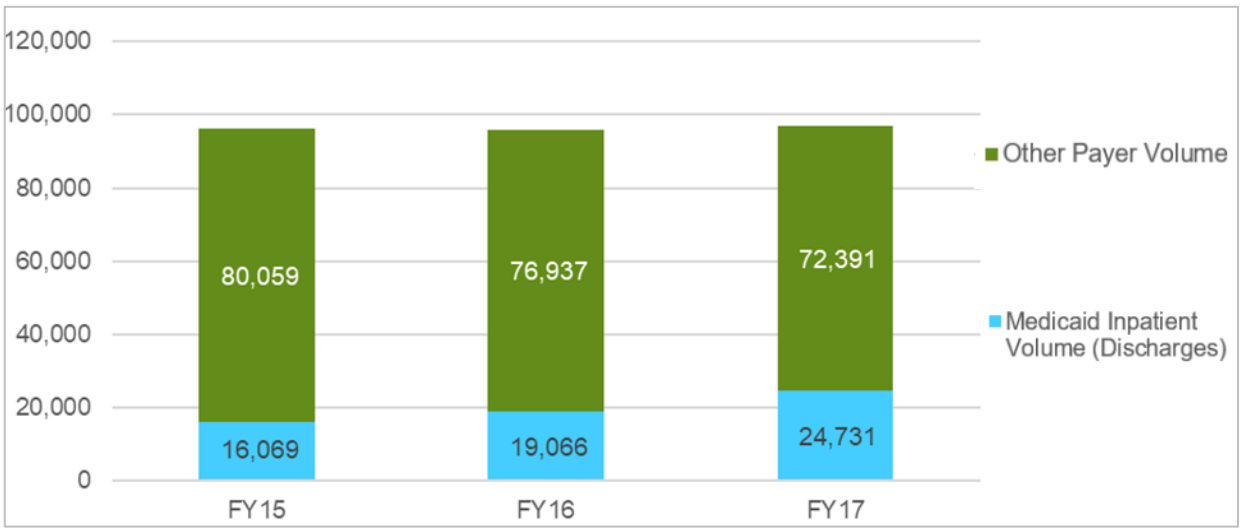
A Navigant analysis of the financial viability (total operating margin, days cash on hand, and debt-to-capitalization ratio) of rural hospitals nationally and in Montana shows that many rural hospitals are at high financial risk. These hospitals are considered essential to their communities based on trauma status, service to vulnerable populations, geographic isolation, and economic impact on community – and can be supported, in part, through Medicaid expansion dollars.

Navigant Consulting, Inc. *Rural Hospital Sustainability: New Analysis Shows Worsening Situation for Rural Hospitals, Residents*, February 2019. https://www.navigant.com/-/media/www/site/insights/healthcare/2019/navigant-rural-hospital-analysis-22019.pdf

1. Hospital Volume and Revenue

As expected, hospital inpatient volume and revenues have increased since Montana implemented Medicaid expansion in calendar year 2016.

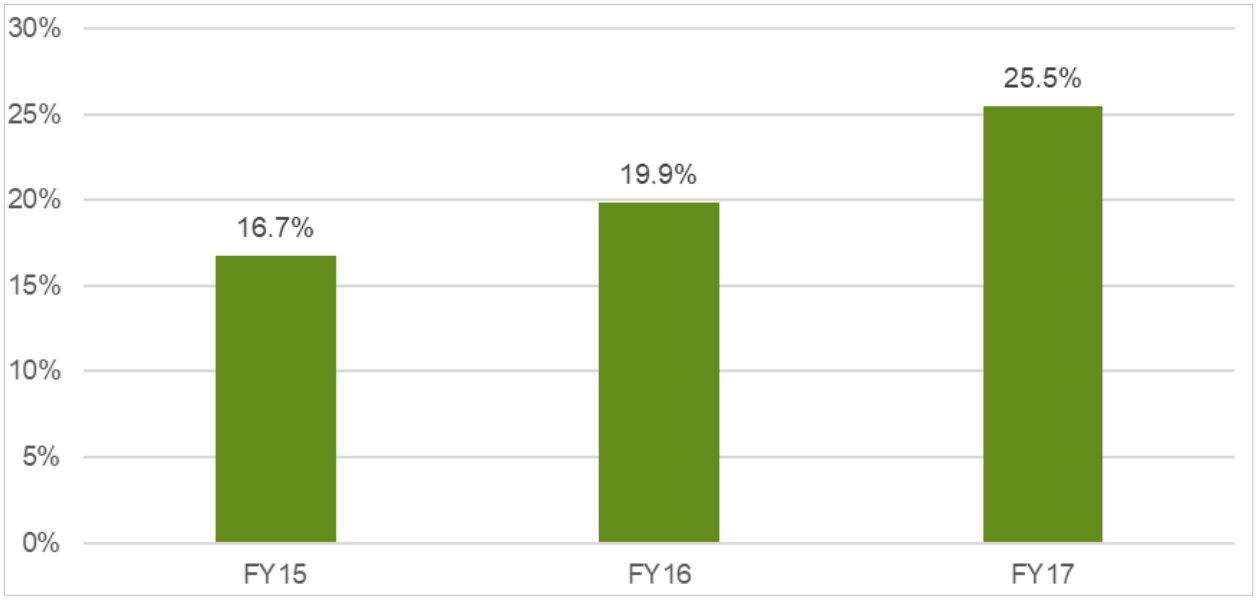
Figure 13: Inpatient Hospital Volume by Payer in Montana



Source: *MHA survey data, FY 2015 – FY 2017.*

Year over year increases in Medicaid inpatient volume were 19 percent from FY 2015 to FY 2016 and 30 percent from FY 2016 to FY 2017 in a time when overall facility inpatient volume increased slightly (about 1 percent in total from FY 2015 to FY 2017). Similar to experiences of other states implementing Medicaid expansion, the proportion of inpatient volume that was Medicaid beneficiaries increased substantially during this period.

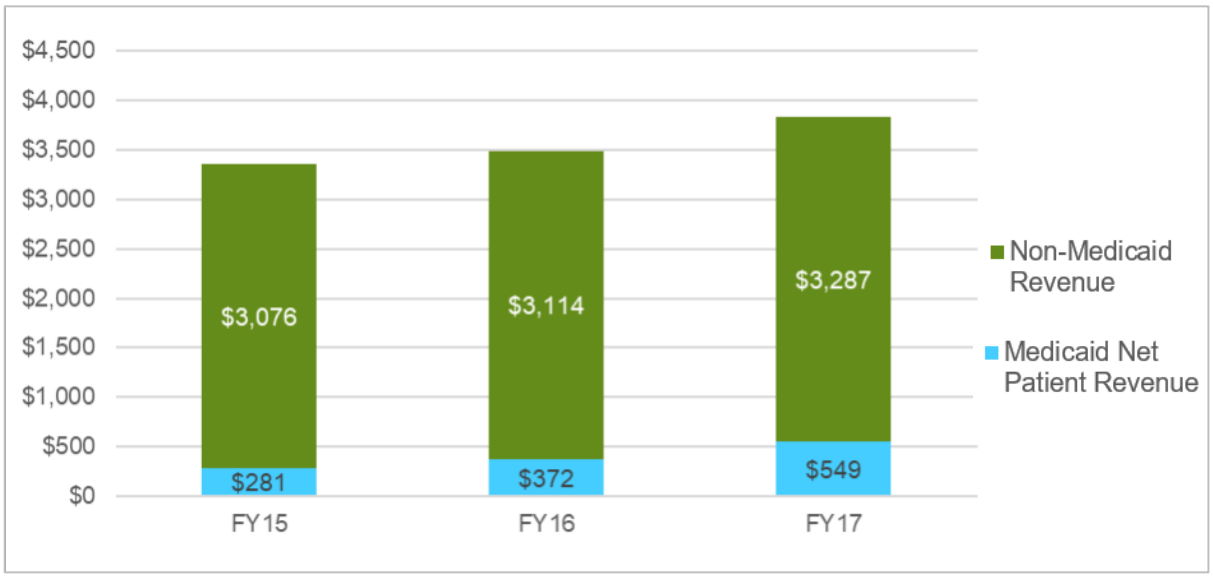
Figure 14: Medicaid Discharges as Proportion of Total Hospital Discharges



Source: *MHA survey data, FY 2015 – FY 2017.*

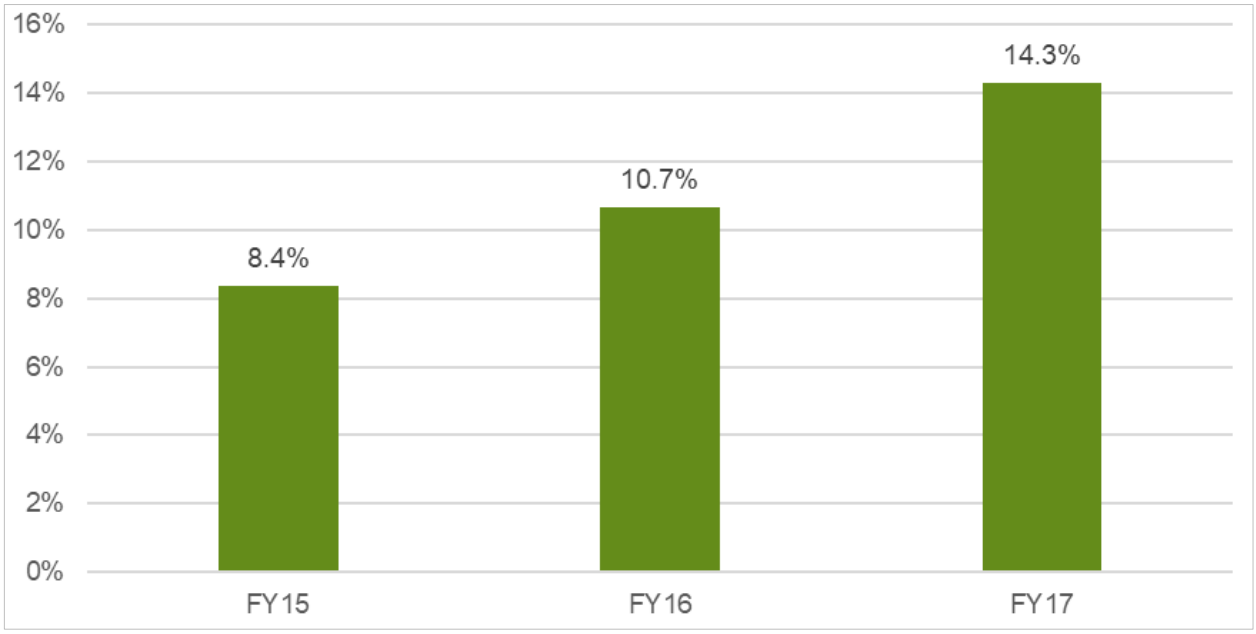
The amount and proportion of net patient revenue from Medicaid beneficiaries also increased during this period. This means that Medicaid (including traditional Medicaid and expansion) as a percentage of total volume is increasing over time.

Figure 15: Net Patient Revenue for Montana Hospitals (in Millions of Dollars)



Source: *MHA survey data, FY 2015 – FY 2017.*

Figure 16: Medicaid Net Patient Revenue as a Proportion of Total Operating Revenue



Source: *MHA survey data, FY 2015 – FY 2017.*

2. Operating Performance

A June 2017 report by the Montana Hospital Association (MHA) suggested that total profit margin for 31 Montana hospitals dropped 40 percent to 2.6 percent during the first full year of Medicaid expansion. Navigant's analysis of data provided by MHA and data accessed by Navigant through the Centers for Medicare and Medicaid Services (CMS) Healthcare Cost Report Information System (HCRIS) reports confirms that a drop in financial performance occurred in FY 2016 but rebounded in FY 2017. In fact, of 54 Montana hospitals for which Navigant received data, nearly two thirds (33 out of the 54) observed this same pattern in operating margin – a drop from FY 2015 to FY 2016 and then an increase from FY 2016 to FY 2017.

When the analysis is limited to the group of critical access hospitals in Montana, the same trend is observed: a dip in FY 2016 followed by a rebound in FY 2017.

Figure 17: Operating Performance for Montana Hospitals

Indicator	FY 2015	FY 2016	FY 2017
All Montana Hospitals			
Median Operating Margin - Statewide	5.7%	2.7%	5.8%
Median Days Cash on Hand (all sources)	72.8	65.1	70.0
Montana Critical Access Hospitals			
Median Operating Margin - Statewide	5.1%	1.3%	5.1%
Median Days Cash on Hand (all sources)	71.6	65.4	69.0

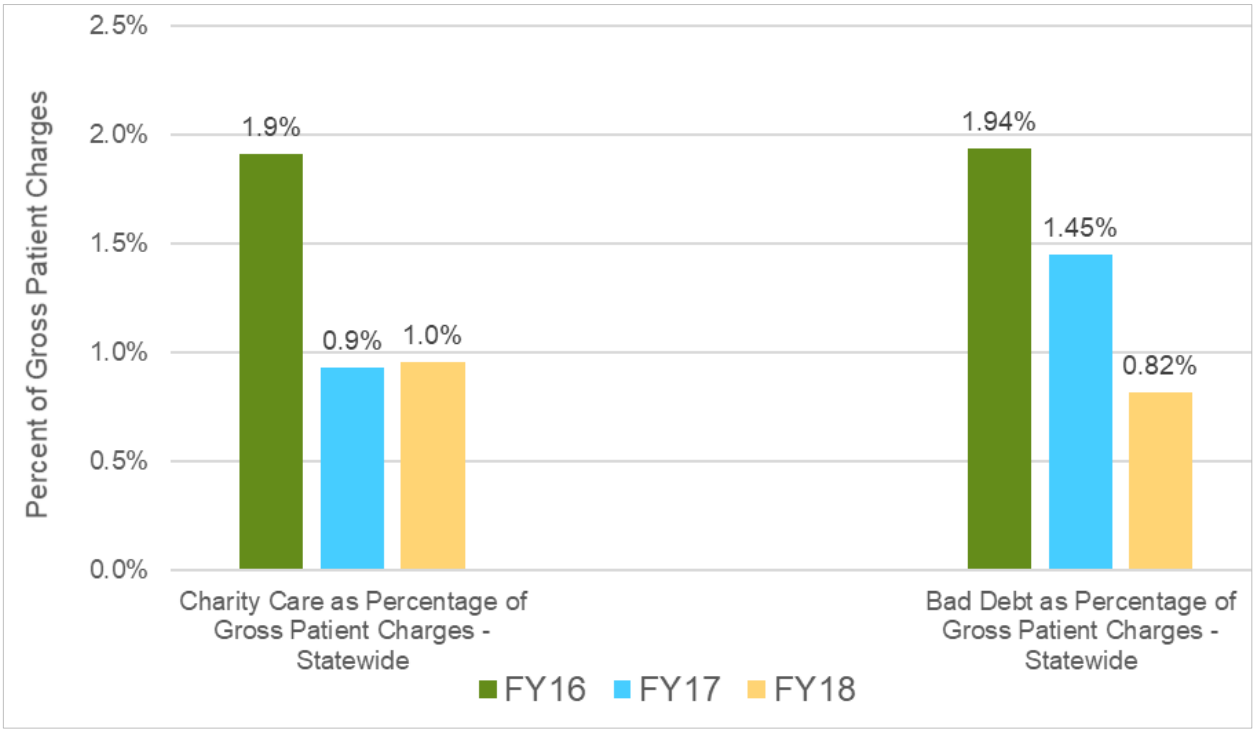
Source: *MHA survey data, FY 2015 – FY 2017 and HCRIS financials.*

3. Trends in Uncompensated Care

Hospitals in Montana provide uncompensated care to patients who are uninsured or who cannot otherwise afford to pay for their medical care. Uncompensated care includes charity care and bad debt (i.e., when the hospital cannot obtain reimbursement for provided care).

As the number of Medicaid expansion beneficiaries increased, uncompensated care levels at Montana hospitals declined. As shown in the table below, the proportions of total patient charges represented by both charity care and bad debt declined by about half from FY 2016 to FY 2018.

Figure 18. Trends in Charity Care and Bad Debt at Montana Hospitals, FY 2016 to FY 2018



Source: *Montana Hospital Association Databank Management Reports.*

Employment Impact

Key Takeaways:

- ✓ *84% of Montana private sector workers had at least one co-worker enrolled in Montana Medicaid in 2017*
- ✓ *Nearly 60% of all Montana businesses employed a Medicaid beneficiary in 2017*
- ✓ *The following industries have at least one worker receiving Medicaid benefits:*
  - *89% of businesses in the accommodation and food service industry*
  - *54% of businesses in the construction industry*

Montana's HELP Act created a bipartisan workforce promotion program for Medicaid beneficiaries that targets state resources toward reducing beneficiaries' barriers to work or increasing their earnings. It matches people with opportunities and resources to help remove their specific barriers.

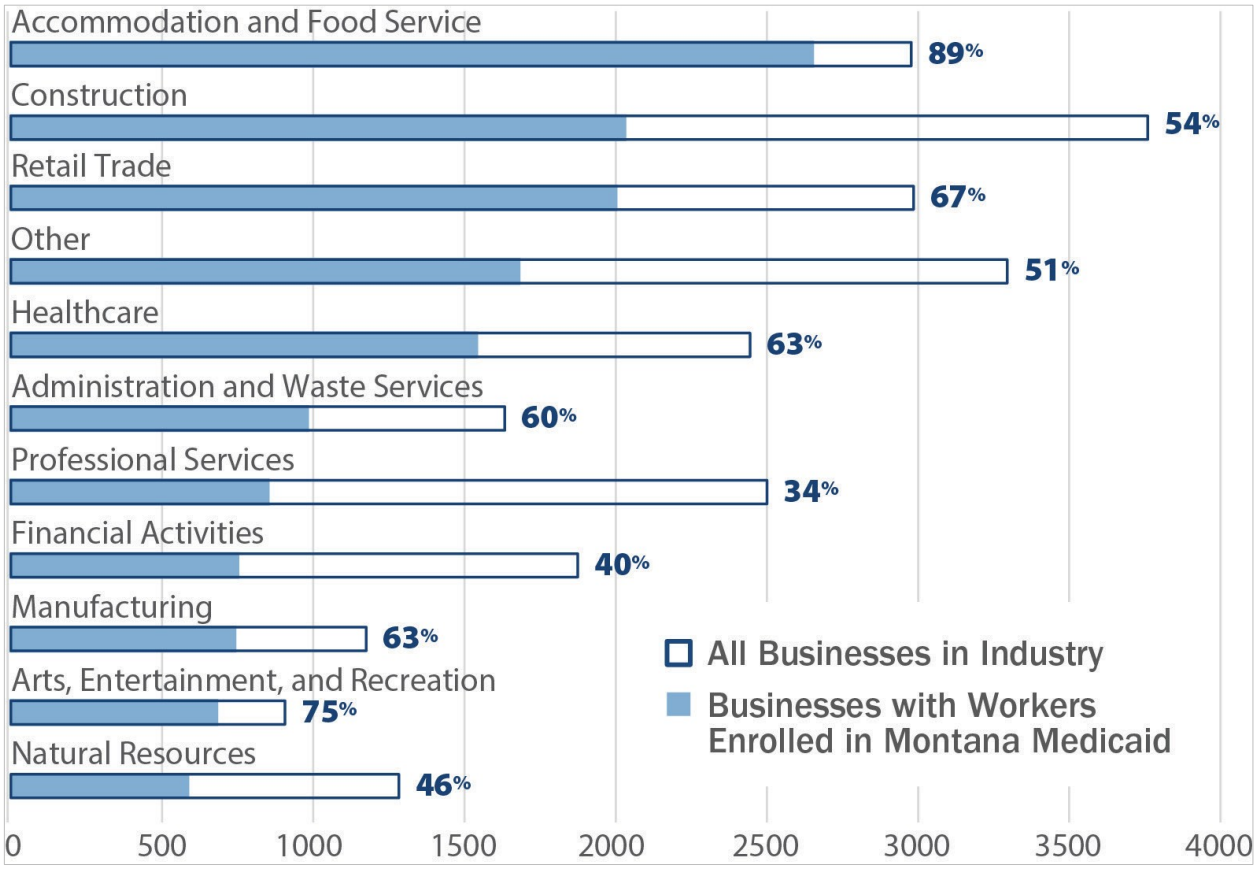
Recent data released by the Montana Department of Revenue and Montana Department of Labor & Industry indicates that many Medicaid beneficiaries eligible as a result of Medicaid expansion are employed. Approximately 80,000 adult beneficiaries who are eligible for Medicaid

at some point within 2017 were employed, which is an increase from approximately 64,000 adult beneficiaries in 2016. Eighty-four percent of Montana private sector workers had at least one co-worker enrolled in Montana Medicaid in 2017.[12] Further, the Montana Department of Revenue and Montana Department of Labor & Industry found that businesses employing Montana Medicaid beneficiaries represented 57 percent of all businesses in 2017.

> "Every county had at least 30% of their businesses employing Montana Medicaid enrollees."
>
> "Roughly 16% of the private sector workforce had health insurance provided by Montana Medicaid in 2017."
>
> *- Montana Department of Revenue and Montana Department of Labor & Industry, January 2019*

A variety of industries employ Medicaid expansion beneficiaries, with the highest percentages in accommodation and food service, construction, and retail. The retail industry includes gas stations, grocery stores, clothing retailers, or other stores selling directly to the public. In addition, nearly 75 percent of businesses in the arts, entertainment, and recreation industry have at least one worker receiving Medicaid benefits even though there are fewer businesses.

Figure 19: Employers with Workers Enrolled in Medicaid Expansion by Industry, 2017[13]



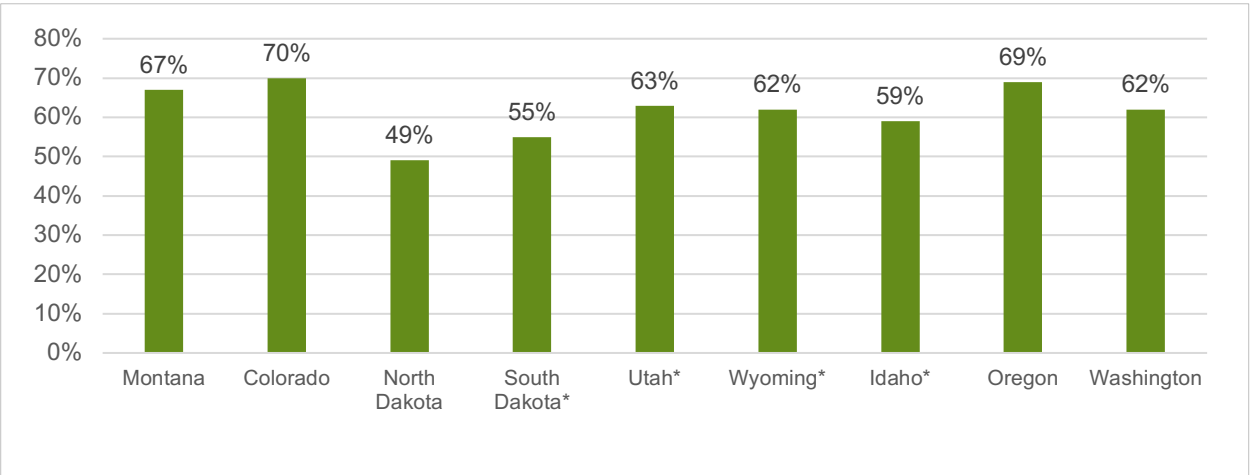
Source: *Montana Department of Revenue and Montana Department of Labor & Industry.*

A recent report found that among adults with Montana Medicaid coverage, 8 in 10 live in working families and 7 out of 10 are themselves working. Of those not working, over 1 in 3 are ill or disabled. The remainder reported caring for family or working out of the home, in school, or had another reason.[14]

In its national 2018 study on *Understanding the Intersection of Medicaid and Work*, Kaiser Family Foundation indicates that over 50 percent of Medicaid beneficiaries working full time (above 35 hours per week) still meet income requirements for Medicaid due to the low-wage nature of the beneficiary's work.[15]

Compared to peer states that have and have not expanded Medicaid, Montana has one of the highest percentages of working adult Medicaid beneficiaries.

Figure 20. Percentage of Adult Medicaid Beneficiaries Who Work as of November 2018[16]



**Indicates a state that has not expanded its Medicaid program as of February 2019. Utah and Idaho are planning to implement Medicaid expansion as of February 2019 but have not yet done so. Montana implemented Medicaid expansion in 2016, whereas Colorado, North Dakota, and Oregon implemented in 2014, and Washington in 2013.*

Section 4 Healthcare Access Impact of Medicaid Expansion in Montana

Key Takeaways:

- ✓ *Navigant compared Montana against eight states in various key performance indicators*
- ✓ *Montana's performance against peers is favorable, especially since it is the most recent state to implement Medicaid expansion and has had less time to impact outcomes*
- ✓ *Montana has one of the lowest Medicaid expenditures as percentage of State General Funds compared to peer states*
- ✓ *Neighboring states, such as Idaho and Utah, have approved Medicaid expansion, but not yet implemented*

In addition to assessing the economic impact of Medicaid expansion, Navigant also reviewed the impact of Medicaid expansion on Montana's healthcare access and quality. Our analysis reviews data from two perspectives:

- Comparison against "peer" states or available national benchmarks
- Trended data to identify changes in service utilization between January 2016 and January 2019

It is important to note that a national source for all Medicaid expansion indicators is not available, so this report relies on available third-party data. Our intent is to provide several key data points to understand the effectiveness and efficiency of Montana's Medicaid expansion.

States Selected for Comparison

Navigant selected eight peer states for the following reasons:

- Located in the same CMS Region, Region 8,[H] as Montana: Colorado, North Dakota, South Dakota, Utah, and Wyoming
- Adopted Medicaid expansion and with similar healthcare delivery system characteristics: Idaho, Oregon, and Washington

[H] CMS has ten regional offices that aim to provide local and consistent technical assistance, policy and guidance. Each state is assigned into a CMS Region. Montana is in CMS Region 8.

Figure 21. Comparison State Medicaid Expansion Status

State	Region 8	Medicaid Expansion Implemented (Year)	Medicaid Expansion Approved but not Yet Implemented	Has Not Selected to Implement Medicaid Expansion
Montana	X	X (2016)		
Colorado	X	X (2014)		
North Dakota	X	X (2014)		
South Dakota	X			X
Utah	X		X	
Wyoming	X			X
Idaho			X	
Oregon		X (2014)		
Washington		X (2013)		

Montana implemented Medicaid expansion on January 1, 2016. Montana's performance against peers is favorable, especially since it is the most recent state to implement Medicaid expansion and has had less time to affect outcomes.

Figure 22 provides high level demographic and Medicaid information for each state. Unless mentioned otherwise, national values in this section include all states – those that expanded Medicaid and those that did not.

Washington implemented Medicaid expansion on June 30, 2013 – six months prior to the ACA expansion go-live date. Colorado, North Dakota, and Oregon all implemented Medicaid expansion at the same time as the ACA – January 1, 2014. In 2018, voters in Idaho and Utah decided ballot initiatives that expanded the Medicaid program. However, those states have not yet implemented Medicaid expansion. South Dakota and Wyoming have not expanded Medicaid.

Figure 22. Comparison State Demographics

State	Population in Millions (2017)[17]	Median Income[18]	Percentage of Population that is Low Income[19] (<200% FPL)	Medicaid Expenditures in Billions (FY 2017) [20]	Medicaid Expansion Enrollment (2018)[21]	Medicaid Expenditures as Percentage of State General Fund (SFY 2017)[22]
Montana	1.06	$59,087	30%	$1.8	85,212	13%
Colorado	5.70	$74,172	23%	$7.9	453,352	24%
North Dakota	0.76	$59,886	25%	$1.2	20,347	16%
South Dakota*	0.88	$56,894	31%	$0.86	N/A	23%
Utah^	3.16	$71,319	26%	$2.5	N/A	7%
Wyoming*	0.58	$57,837	31%	$0.60	N/A	18%
Idaho^	1.75	$60,208	31%	$1.8	N/A	14%
Oregon	4.19	$64,610	31%	$8.4	453,821	12%
Washington	7.54	$75,418	26%	$12.0	578,291	19%

*Indicates a state that has not decided to expand its Medicaid program as of February 2019.
^Indicates a state that has approved but not yet implemented Medicaid expansion as of February 2019.

Adoption of Expansion Benefits

Key Takeaways

- ✓ *Montana was above the national average for the change in uninsured rates from 2013 – 2016 and the second highest among comparison states*
  - *56% decrease in uninsured rate*
  - *US average was 31% for the same period*
- ✓ *Many newly eligible Montanans are enrolling in coverage and Medicaid expansion in Montana is successfully increasing coverage across the State*
- ✓ *Montana reduced the percentage of adults who could not see a doctor due to cost by 16%*

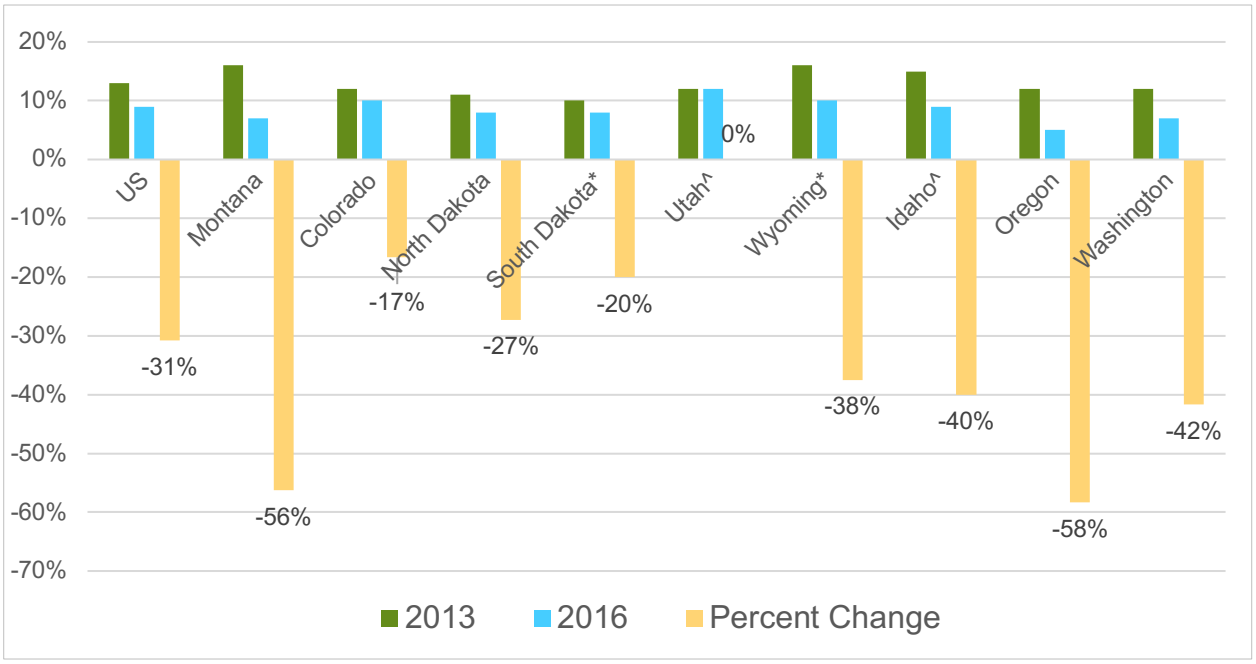
One of the key goals of the ACA is to increase the number of people with medical insurance. This section reviews the impact of Medicaid expansion on access to health insurance coverage using key metrics:

- Uninsured rate
- Enrollment percentage
- Percentage of adults who do not see a doctor due to cost

1. Uninsured Rate

Medicaid expansion decreased the uninsured rate in each of the states reviewed. Figure 23 shows the percent change in uninsured rates from 2013 to 2016. The 2013 data represents the pre-Medicaid expansion value. Montana had the second largest percent decrease in uninsured rate compared to similar states.

Figure 23. Percent Change in Uninsured Rates, 2013 to 2016[23]

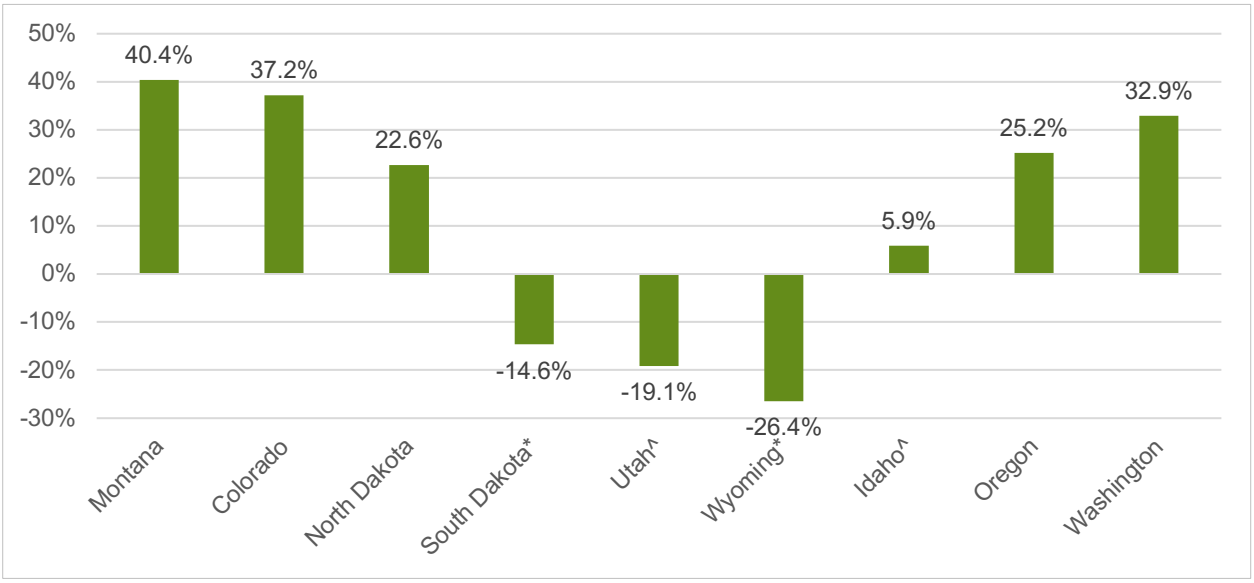


*Indicates a state that has not decided to expand its Medicaid program as of February 2019.
^Indicates a state that has approved but not yet implemented Medicaid expansion as of February 2019.

2. Enrollment Percentage

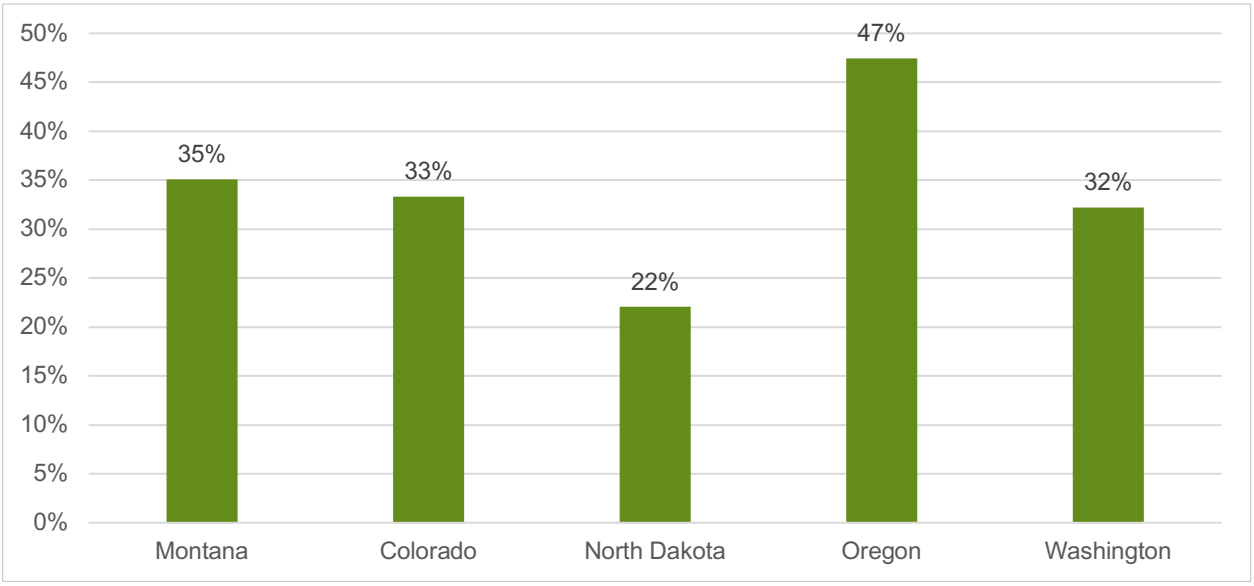
Figure 24 shows the percentage change of individuals who enrolled in Medicaid from 2013 to 2018. Montana had the highest cumulative growth in Medicaid enrollment compared to other states. This demonstrates that many newly eligible Montanans are enrolling in coverage and Medicaid expansion in Montana is successfully increasing coverage across the State. Figure 24 demonstrates the percentage of Medicaid expansion newly eligible beneficiaries out of total beneficiaries. Montana has the highest percentage of childless adult beneficiaries compared to other states. Note that states that have not expanded Medicaid will not have values and were excluded from Figure 25.

Figure 24. Cumulative Growth in Medicaid Enrollment from 2013 to 2018[24]



*Indicates a state that has not decided to expand its Medicaid program as of February 2019.
^Indicates a state that has approved but not yet implemented Medicaid expansion as of February 2019.

Figure 25. Percentage of Medicaid Expansion Beneficiaries Compared to Total Medicaid Beneficiaries[25]

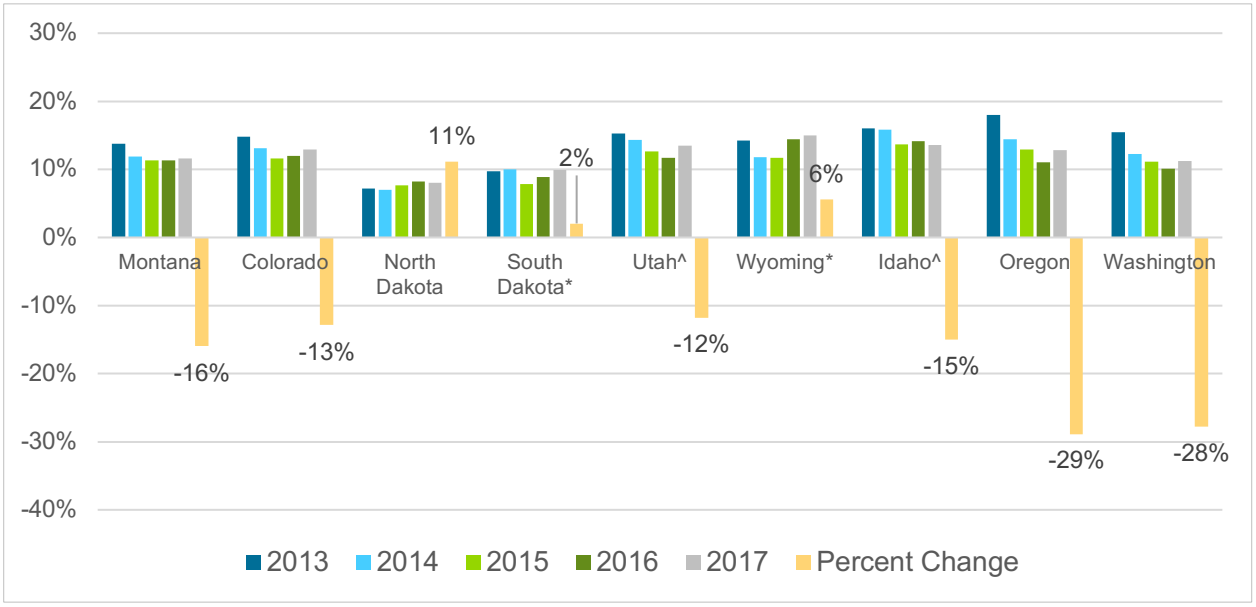


Note: We excluded South Dakota, Utah, Wyoming, and Idaho because they have not yet expanded Medicaid.

3. Cost Barriers

Between 2013 and 2017, Montana experienced a 16 percent improvement in adults who could not see a doctor because of cost. This is the largest percentage decrease among all Region 8 states, and behind only Oregon and Washington, which expanded Medicaid in 2014 and 2013, respectively.

Figure 26. Percentage of Adults Who Could Not See a Doctor Due to Cost[26]



*Indicates a state that has not decided to expand its Medicaid program as of February 2019.
^Indicates a state that has approved but not yet implemented Medicaid expansion as of February 2019.

Montana-Specific Access to Care

Key Takeaways:

- ✓ *Medicaid expansion has had a positive impact on Montanan's access to healthcare*
- ✓ *Medicaid expansion has increased the number of colon cancer averted cases and breast cancer screenings*
- ✓ *Increased access to preventive care has increased chronic disease diagnoses – specifically diabetes and hypertension*
- ✓ *Almost 10,000 adults received substance use treatment services through Medicaid expansion*

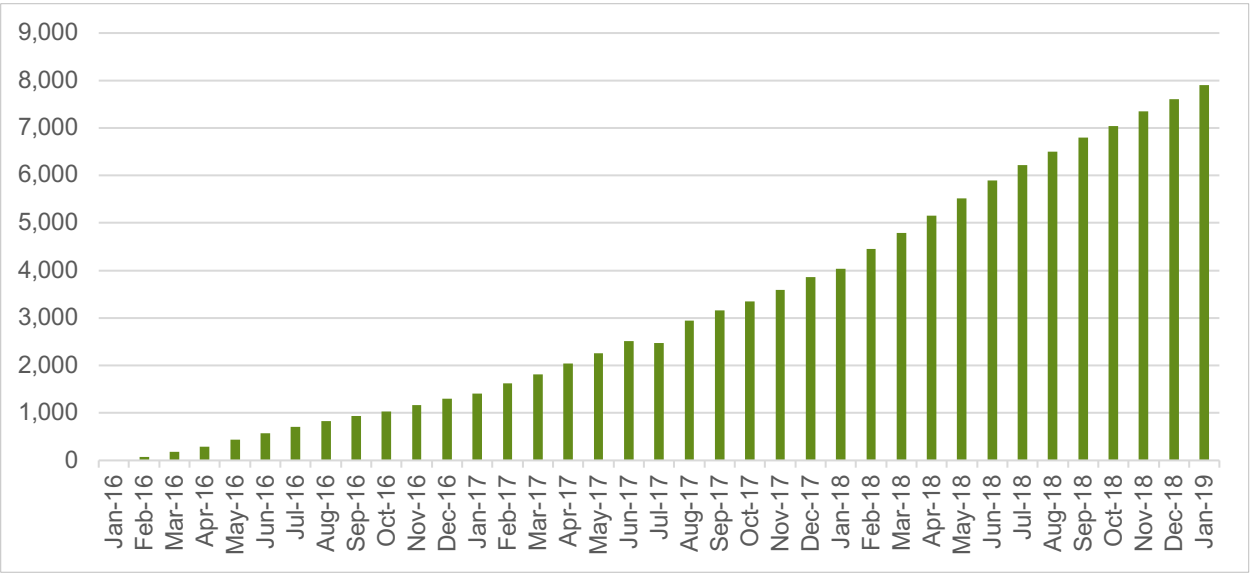
Medicaid expansion in Montana has had a positive impact on Montanan's access to healthcare. Navigant reviewed the following access to care metrics:

- Breast cancer screening
- Colon cancer averted
- Newly diagnosed diabetes
- Newly diagnosed hypertension
- Preventive services
- Substance use disorder (SUD) outpatient services
- Beneficiary satisfaction

1. Breast Cancer Screening

Breast cancer is the second highest type of cancer-related deaths among women in the United States.[27] Screening and early detection can reduce mortality rates. The American Cancer Society recommends that women aged 45 to 54 years receive annual breast cancer screenings.[28] Medicaid expansion in Montana has increased access to breast cancer screenings as shown in Figure 27. These screenings led to over 100 diagnoses between 2016 and 2018.[29]

Figure 27. Number of Medicaid Expansion Beneficiaries Receiving Breast Cancer Screenings in Montana by Month, January 2016 - 2019[30]

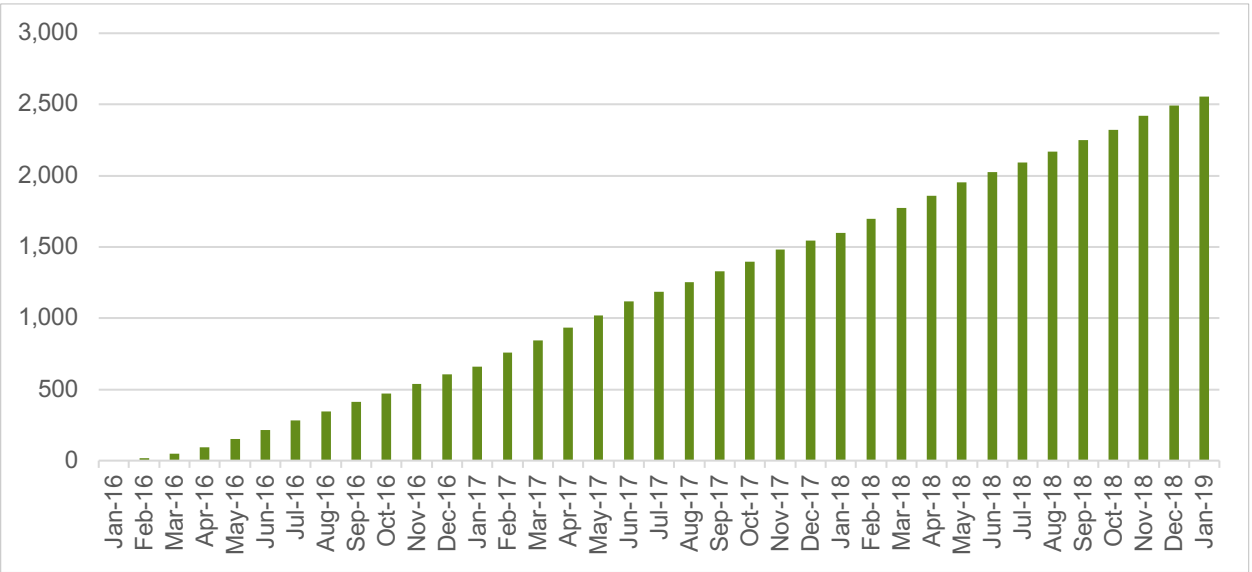


Source: *Montana Medicaid Expansion Dashboard.*

2. Colon Cancer Averted

A 2015 national study found that Medicaid expansion increased access to colorectal cancer screening. In particular, screening increased among low-income and African-American beneficiaries.[31] Colon cancer screening due to Medicaid expansion in Montana has possibly averted nearly 2,500 cases of colon cancer, and over 7,000 screenings have been conducted between 2016 – 2018.[32]

Figure 28. Number of Possible Colon Cancer Cases Averted due to Medicaid Expansion in Montana, January 2016 - 2019[33]

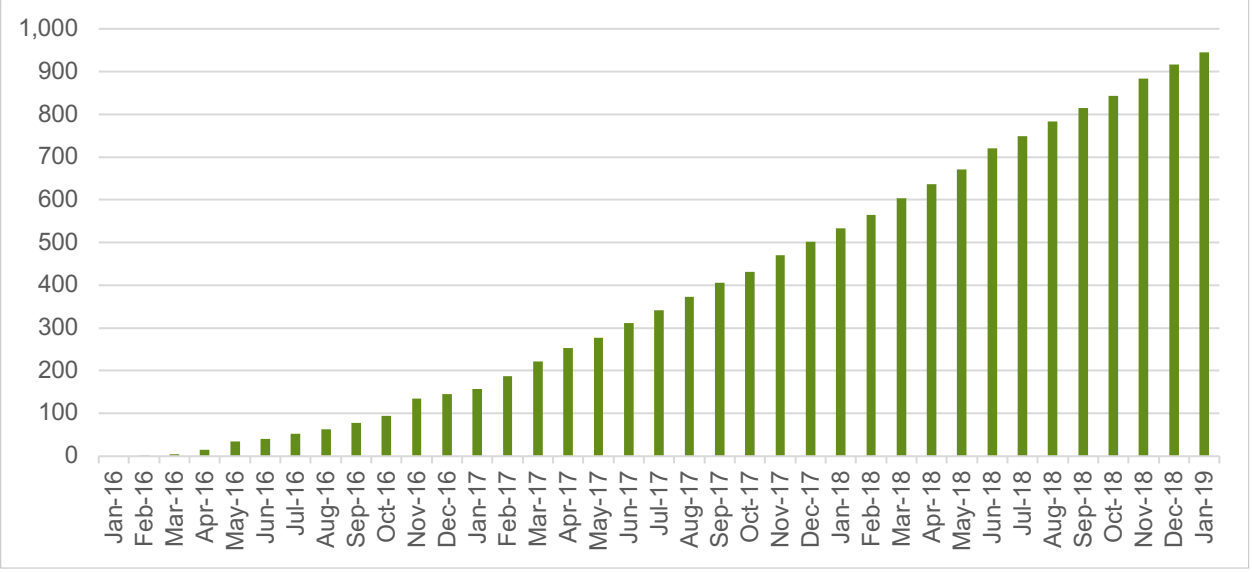


Source: *Montana Medicaid Expansion Dashboard.*

3. Newly Diagnosed Diabetes

Nationally, studies have shown that an increased number of Medicaid patients are diagnosed with diabetes and treated earlier in states that have expanded Medicaid compared with states that have not. A 2014 study found the number of newly diagnosed diabetic Medicaid-enrollees increased 23 percent in expansion states as opposed to 0.4 percent in non-expansion states.[34] In addition, Medicaid expansion is also associated with increased access to diabetes medications.[35] Medicaid expansion in Montana has led to similar outcomes. Figure 29 shows the number of newly diagnosed diabetics with Medicaid expansion coverage at the end of 2018.

Figure 29. Number of Medicaid Expansion Beneficiaries Newly Diagnosed with Diabetes in Montana, January 2016 - 2019[36]

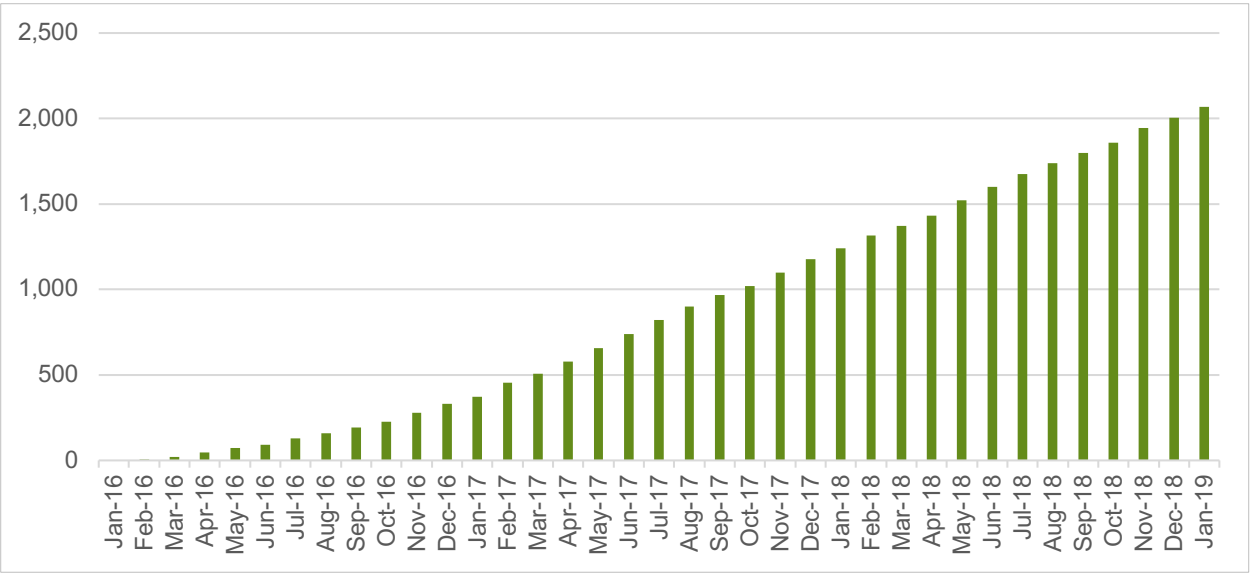


Source: *Montana Medicaid Expansion Dashboard.*

4. Newly Diagnosed Hypertension

Hypertension, or high blood pressure, is one of the leading risk factors for, heart disease, the top cause of death in the United States. Diagnosis and treatment is critical because there are limited symptoms of hypertension and it is a major risk factor for heart disease and stroke. Individuals can control hypertension with lifestyle changes and/or medication once he or she is diagnosed.[37] Montana has diagnosed 2,068 individuals with hypertension since January 2016, as shown in Figure 30.

Figure 30. Number of Medicaid Expansion Beneficiaries Newly Diagnosed with Hypertension in Montana, January 2016 - 2019

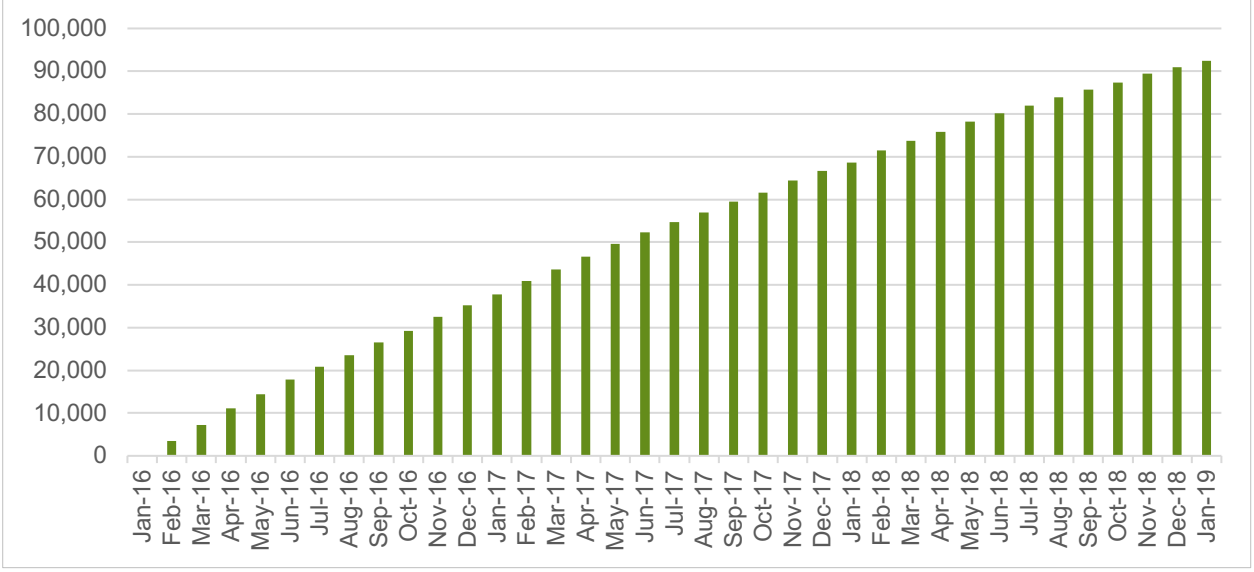


Source: *Montana Medicaid Expansion Dashboard.*

5. Preventive Services

Access to preventive care can improve screening, diagnoses, and counseling for Medicaid beneficiaries. It can also divert inappropriate emergency department usage.[38] Medicaid expansion has improved access to preventive care services for Montanans, as shown in Figure 31.

Figure 31. Number of Medicaid Expansion Beneficiaries Receiving Preventive Services in Montana, January 2016 - 2019

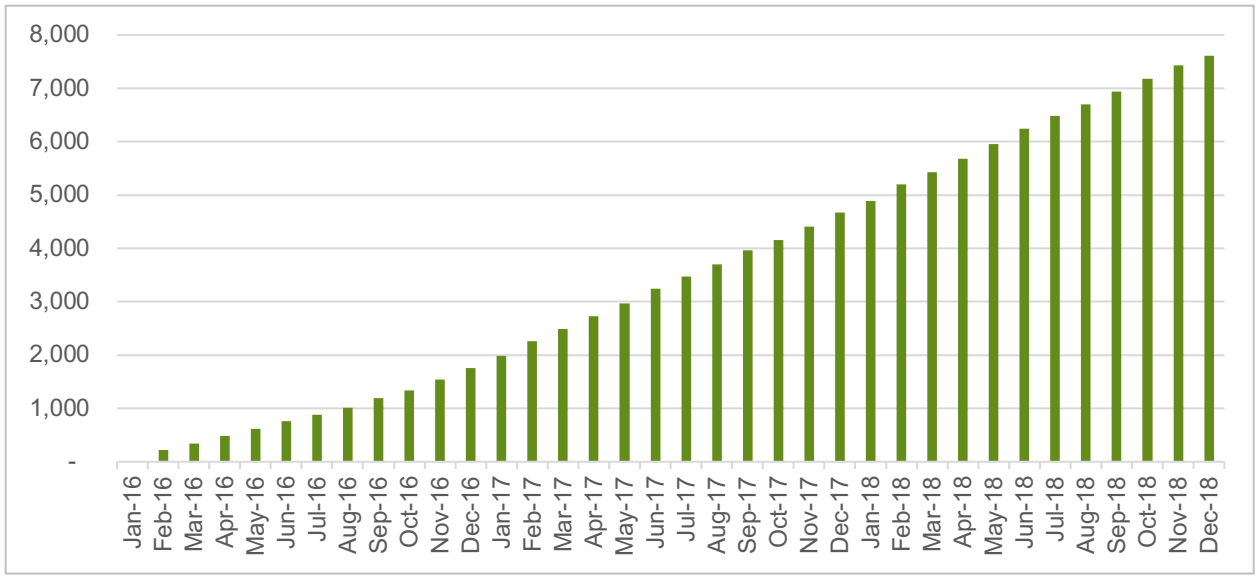


Source: *Montana Medicaid Expansion Dashboard.*

6. Substance Use Disorder (SUD) Outpatient Services

The opioid epidemic has been devastating to communities around the United States. Medicaid expansion provides access to treatment for more individuals. In fact, adults with opioid addiction on Medicaid were twice as likely to receive treatment than those with private or no insurance.[39] Additionally, a recent JAMA study found that there was a significant increase (8.7 percent) in opioid treatment prescriptions in expansion states compared to non-expansion states.[40] Thus, expanding Medicaid also increases access to opioid treatment.

Figure 32: Number of Montana Medicaid Expansion Beneficiaries Accessing Substance Use Disorder Treatment in an Outpatient Setting (e.g., provider's office)[41]



Source: *Montana Medicaid Expansion Dashboard.*

Note: *Medicaid expansion also resulted in an additional 2,099 individuals receiving SUD care in a residential setting.*[42]

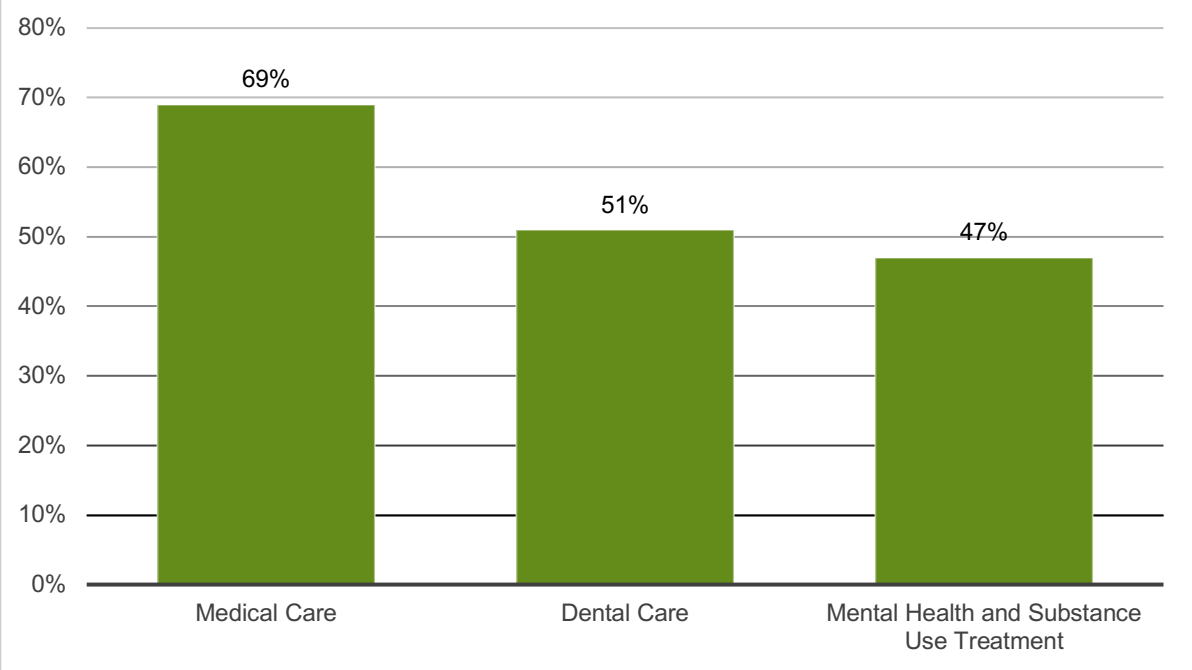
7. Beneficiary Satisfaction

The Montana Department of Public Health and Human Services and the Montana Healthcare Foundation recently conducted a beneficiary satisfaction survey for Medicaid expansion beneficiaries. Of the nearly 700 Medicaid expansion beneficiaries reached:[43]

- Forty-three percent reported they experienced an increase in overall health
- Nine out of ten reported difficulty to pay for medical or dental services without Medicaid expansion
- Three out of four reported that they would have difficulty to pay for basic housing or food without Medical coverage

Most Medicaid beneficiaries responding to the survey indicated that Medicaid expansion improved their ability to get medical, dental, and mental healthcare, as shown in Figure 32.

Figure 33. Percentage of Montana Medicaid Expansion Beneficiaries who Experienced Increased Access to Care, 2018[44]



Current Status of Proposed Asset and Drug Testing Proposals

Key Takeaways:

- ✓ *CMS has not approved any exemptions from the ACA requirements to use income as a basis to assess financial eligibility for Medicaid*
- ✓ *CMS has not approved any state to implement drug testing requirements for Medicaid eligibility*

Medicaid eligibility is typically income based. However, some states are looking to asset and drug testing approaches to confirm appropriate eligibility for Medicaid and/or identify substance use disorders to effectively treat them.

We summarize asset and drug testing language proposed by states to CMS in the following sections. Appendix B includes detailed language proposed by states.

1. Asset Testing

Asset testing is a process to evaluate how many assets or resources (e.g., cash, investments, personal property or vehicles) a person has. The ACA established a standardized methodology for determining income eligibility for Medicaid based on Modified Adjusted Gross Income (MAGI). States are required to determine financial eligibility for Medicaid based on an individual's taxable income and tax filing relationships. MAGI is applicable to most mandatory eligibility groups: qualified children, pregnant women, parents, and adults. Asset tests are often applied to financial eligibility for individuals who receive Medicaid eligibility through another avenue such as those eligible through Social Security Administration (SSI) (e.g., individuals with a disability, blindness, or over the age of 65).[45]

To date, CMS has not approved any exemptions from the ACA requirement to use MAGI to assess financial eligibility for Medicaid. In 2017, Maine included requests for asset testing in their 1115 waiver, followed by New Hampshire in 2018. However, neither state received approval from CMS to include an asset test in their final waiver.[46]

2. Drug Testing

Drug testing in Medicaid involves requiring individuals to undergo a drug test prior to receiving benefits to ensure he or she does not abuse drugs.

To date, CMS and has never allowed drug testing requirements for Medicaid eligibility. In 2017, Wisconsin became the first state to include a request for drug testing in its proposed 1115 waiver. Despite several attempts to adjust the waiver parameters around drug testing requirements and eligibility, Wisconsin failed to gain CMS approval for drug testing.[47,48]

Section 5 Conclusion

We found that Medicaid expansion had a significant positive economic impact and improved access to care for Medicaid expansion beneficiaries. Medicaid expansion beneficiaries also reported improved health status, which has been found to be a significant indicator of decreased risk of mortality in the United States.[49]

The State of Montana contributed $58 million from FY 2016 to 2018, for which the federal government contributed $1.2 billion over the same period. This led to an impact of +$2 billion in additional economic activity and an estimated $1.2 billion in increased value of all goods and services produced over this period.

Further, access to care also improved – available data also shows reduced cost barriers to care and improved access to services such treatment of substance use disorders.

Figure 34. Medicaid Expansion Benefits to Montana

Montana's Medicaid expansion had a significant positive economic impact and improved access to care for Medicaid expansion beneficiaries.	
95,000 Montanans have health insurance through Medicaid expansion	• Expansion increased coverage to adults with incomes up to 138 percent of the federal poverty level (FPL) • Traditional Medicaid enrollment has remained stable between FY 2016 and FY 2018, while expansion enrollment has also stabilized in FY 2018 • Montana has the second lowest percentage of Medicaid expenditures as a percentage of state general fund compared to other states in CMS Region 8 • 84% of Montana private sector workers had at least one co-worker enrolled in Montana Medicaid in 2017
Expansion led to over $2 billion in new economic activity between FY 2016 and FY 2018, and 9,715 jobs created and supported annually	• Montana received $651 million federal dollars in FY 2018 alone to finance Medicaid expansion; these dollars are at risk if expansion ends • Expansion led to over $2 billion in total additional economic activity between FY 2016 – FY 2018 • Approximately 9,715 new jobs created/supported, and $793 million associated wages between FY 2016 – FY 2018 is due to Medicaid expansion • Investment in the healthcare sector, such as nursing and residential care facilities, creates significantly more jobs than other industries, such as construction • On a per capita basis, all regions in Montana benefited equally from Medicaid expansion

Medicaid expansion supports and sustains hospitals	• Hospital inpatient volume and revenues have increased since Medicaid expansion • Medicaid discharges represented approximately 26% of total hospital discharges in FY 2017 • No Montana hospitals closed between 2016 – 2018[50] • Medicaid expansion has helped "keep the doors open" for Montana hospitals, including hospitals that are essential to their communities
More Montanans have access to healthcare services due to Medicaid expansion	• 16% improvement in the percentage of adults who could not see a doctor due to cost • 7,901 expansion beneficiaries received breast cancer screenings • 2,554 possible colon cancer cases were averted due to expansion • 945 beneficiaries were newly diagnosed with diabetes • 2,068 beneficiaries were newly diagnosed with hypertension • 92,380 individuals received preventive care • Almost 10,000 adults received substance use treatment services through Medicaid expansion[I] • The majority of beneficiaries self-reported increased access to medical care due to expansion • Montana was above the national average for the change in uninsured rates from 2013 – 2016 and second highest among comparison states – 56% decrease in uninsured rate in Montana – United States average was 31% for the same period
Losing the federal investment gained through Medicaid expansion will put jobs and wages at risk	• Navigant estimates the annual economic impact of Medicaid expansion for 2019 and beyond will be: – Nearly $600 million per year in additional gross domestic product (GDP) – Over 9,000 annual jobs supported – Approximately $400 million in additional wages • Continued federal investment received through Medicaid expansion is needed to support new jobs and wages supported through the HELP Act

[I] Includes total number of adults receiving substance use outpatient or residential services as of January 2019.

About Navigant

Navigant Consulting, Inc. is a specialized, global professional services firm. Its Government Healthcare Solutions practice works alongside decision makers in key state and federal agencies to help them transform the delivery and financing of healthcare and other social services, with a strength in value-based purchasing. The practice leverages expert perspectives from Navigant's broader Healthcare segment, which has extensive experience collaborating with providers and commercial health plans.

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Appendix A: Economic Impact by Area of the State (FY 2016 to FY 2018)

Figure 35: Map of Montana Health Planning Regions[51]

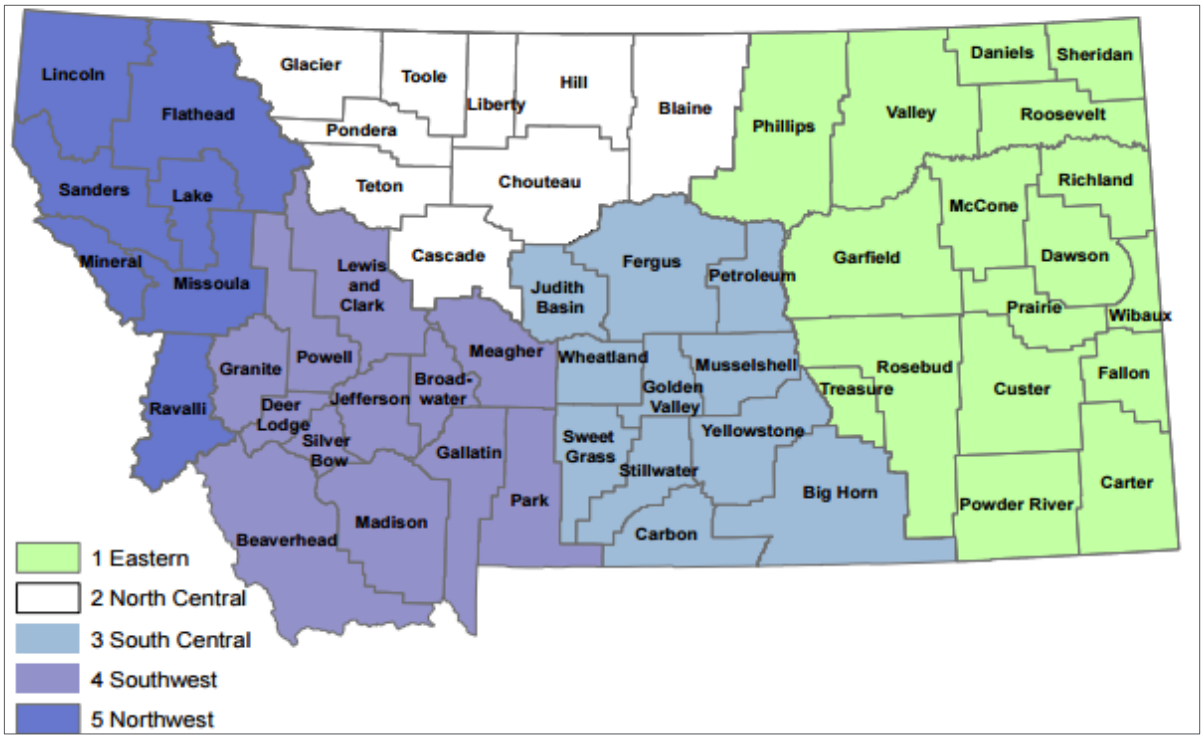

Figure 36: County-Level Economic Impact (FY 2016 – FY 2018) (in millions)

County	Additional Gross Domestic Product in County (Millions)	Annual Estimated Jobs Created / Supported	Estimated Wages Associated with Jobs (Millions)
Beaverhead County	$9.7	80	$6.5
Big Horn County	$28.2	231	$18.9
Blaine County	$9.9	81	$6.6
Broadwater County	$4.4	36	$3.0
Carbon County	$9.7	77	$6.3
Carter County	$0.6	5	$0.4
Cascade County	$87.0	708	$58.7
Chouteau County	$4.2	34	$2.8

County	Additional Gross Domestic Product in County (Millions)	Annual Estimated Jobs Created / Supported	Estimated Wages Associated with Jobs (Millions)
Custer County	$11.3	93	$7.6
Daniels County	$0.8	6	$0.5
Dawson County	$6.2	51	$4.2
Deer Lodge County	$12.1	100	$8.1
Fallon County	$2.0	17	$1.4
Fergus County	$10.4	85	$7.0
Flathead County	$112.6	922	$75.5
Gallatin County	$82.2	673	$55.1
Garfield County	$0.9	7	$0.6
Glacier County	$34.0	279	$22.8
Golden Valley County	$1.5	12	$1.0
Granite County	$2.5	20	$1.6
Hill County	$26.4	216	$17.7
Jefferson County	$7.8	64	$5.2
Judith Basin County	$1.9	15	$1.3
Lake County	$47.8	392	$32.1
Lewis and Clark County	$71.3	584	$47.8
Liberty County	$2.8	23	$1.8
Lincoln County	$29.3	240	$19.6
Madison County	$5.0	41	$3.3
McCone County	$2.1	17	$1.4
Meagher County	$3.1	25	$2.1
Mineral County	$6.4	53	$4.3
Missoula County	$138.0	1028	$82.7
Musselshell County	$6.3	52	$4.2
Park County	$19.0	156	$12.8

County	Additional Gross Domestic Product in County (Millions)	Annual Estimated Jobs Created / Supported	Estimated Wages Associated with Jobs (Millions)
Petroleum County	$0.3	3	$0.2
Phillips County	$4.5	37	$3.0
Pondera County	$10.4	85	$7.0
Powder River County	$0.9	8	$0.6
Powell County	$8.0	65	$5.4
Prairie County	$0.8	6	$0.5
Ravalli County	$50.9	417	$34.1
Richland County	$8.2	67	$5.5
Roosevelt County	$23.2	190	$15.6
Rosebud County	$13.7	112	$9.2
Sanders County	$16.7	137	$11.2
Sheridan County	$2.3	19	$1.5
Silver Bow County	$53.0	434	$35.5
Stillwater County	$6.6	54	$4.4
Sweet Grass County	$2.5	20	$1.7
Teton County	$7.2	59	$4.8
Toole County	$6.3	52	$4.2
Treasure County	$0.8	6	$0.5
Valley County	$6.7	55	$4.5
Wheatland County	$3.5	29	$2.4
Wibaux County	$0.5	4	$0.3
Yellowstone County	$179.3	1434	$115.9

Appendix B: Asset and Drug Testing Proposals by States

Asset Testing

Navigant reviewed 1115 waiver application submissions to CMS that include asset testing methodologies to determine Medicaid eligibility. We summarize the state applications for Maine and New Hampshire below.

Maine[52]

On August 1, 2017, Maine submitted an 1115 waiver application to renew the Maine Medicaid (MaineCare) program. The waiver application included a request for the authority to "apply a reasonable asset test to Medicaid, similar to the asset test utilized in the Supplemental Nutrition Assistance Program (SNAP)". The asset test would have required that Medicaid beneficiaries to hold assets below a $5,000 threshold. The test would have applied to all Medicaid eligible individuals who do not have an asset test already applied to their eligibility determination.

The waiver language did not specify what resources and assets would be included in the count of total assets to reach the $5,000 threshold. Typically, asset tests include resources such as cash, bank accounts, and stocks and exclude an individual's primary residence, personal belonging and reasonable mode of transportation.

New Hampshire [53,54]

On July 23, 2018, New Hampshire submitted a 1115 waiver application to amend and extend its Granite Advantage Health Care Program (Granite Advantage).[55] As directed by New Hampshire legislation SB 313 "Reforming New Hampshire's Medicaid and Premium Assistance Program," the waiver application included a request for the authority to apply an asset test to eligible Medicaid expansion populations. Specifically, the waiver application requested a waiver of the eligibility section of the Social Security Act, Section 1902(a)(10)(A) and the "authority, if allowed by federal law, to consider applicant or beneficiary assets in determining eligibility for the Granite Advantage program such that individuals with countable assets in excess of $25,000 would not be eligible for the program."

The asset test would have established a $25,000 threshold, counting all resources and assets owned by the individual and his or her family including cash, bank accounts, stocks, bonds, permanently unoccupied real estate, and trusts. The individual's home of residence, furniture, and one vehicle were excluded from the countable assets. If an individual was found to possess total countable assets more than $25,000, they would be ineligible for Medicaid.

Drug Testing

To date, CMS and has never allowed drug testing requirements for Medicaid eligibility. In 2017, Wisconsin became the first state to include a request for drug testing in its 1115 waiver. Wisconsin failed to gain CMS approval for drug testing despite several attempts to adjust the

waiver parameters around drug testing requirements and eligibility.

Wisconsin[56]

On June 7, 2017, Wisconsin submitted a 1115 waiver application to amend their BadgerCare Reform Demonstration Project. As directed by 2015 Wisconsin legislation, Wisconsin Act 55 (Biennial Budget), the waiver application included a request for the authority to require childless adult Medicaid applicants or beneficiaries to complete a drug screening as a condition of Medicaid eligibility.[57] Specifically, the waiver application requested a waiver of the eligibility section of the Social Security Act, Section 1902(a)(10)(A) and the authority "to the extent necessary to enable Wisconsin to require the childless adult population, as a condition of eligibility, to complete a drug screening assessment and, if indicated, a drug test." The justification for Wisconsin's drug screening and testing request was to "proactively address the growing substance use disorder problem to help all residents through focusing on medical, criminal, and treatment efforts."

Wisconsin proposed including the drug testing process as a part of a Health Risk Assessment (HRA) for eligible Medicaid individuals. The HRA also required the disclosure of current and prior use of controlled substances. Failure to comply with the screening would render an individual ineligible for benefits. Individuals who pass the drug screening would be eligible for Medicaid, while individuals whose drug screening indicated a need for further testing would be required to complete a drug test for eligibility. Individuals who completed the drug screening but refused a drug test would be deemed ineligible for Medicaid. Individuals who submitted to the drug test and were found positive for a controlled substance would be required to enter a drug treatment program to gain/maintain eligibility.

Wisconsin made several changes to their drug screening and testing requirements during the waiver application process due to CMS and public feedback. The state modified the strategy to allow individuals to reapply for Medicaid at any time if he or she initially refused to enter drug treatment. The state also modified the approach to allow an individual to skip drug test and opt to enter substance abuse treatment immediately if he or she disclosed the use of a controlled substance[58] However, due to CMS concerns and public comments, Wisconsin eliminated the drug testing requirement in their Health Risk Assessment.

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