The Affordable Care Act and Health Care Spending in Montana
Health care spending is driven by . . .

MT $35,068
US $39,945

MT 15%
US 17%

MT 15%
US 13%
Recession 2007-2009

- Biggest decline in health care spending *growth* in 51 years
- Biggest decline in *nominal* GDP in 73 years
- Biggest increase in health care *share* of GDP in 51 years
Health care is big in Montana...

- $7.2 billion in PHCE
- Health care share of economy
- Growth Rate
Real growth rates
Montana GDP and health care
Health care *the big* contributor to 1.1% increase in Montana real GDP, 2009-2010
Major provisions of ACA

- 2010
  - (26)
- 2011-2013
  - (44)
- 2014
  - (19)
- 2015-2018
  - (3)
ACA provisions

- 10% Tanning bed tax 7/1/2010
- Adults under 26 9/23/10
- Early Retiree Reinsurance Program 6/29/2010
Health insurance coverage for young adults

September 2010: Affordable Care Act allows children to remain on parents’ plans until age 26
Distribution of $4.2 million ERRP Funds, Montana

- Private Enterprise: 4%
- State Government: 38%
- University System: 10%
- County Government: 7%
- City Government: 9%
- Public Schools: 32%

Distribution of ERRP Funds in Montana, with Private Enterprise receiving 4%, State Government receiving 38%, University System receiving 10%, County Government receiving 7%, City Government receiving 9%, and Public Schools receiving 32%.
Wasn’t so simple
Small Business Tax Credit

3 SIMPLE STEPS

1. Determine the total number of your employees (not counting owners or family members):
   - Full-time employees: ______
     (enter the number of employees who work at least 40 hours per week)
   - Full-time equivalent of part-time employees: ______
     (Calculate the number of full-time equivalents by dividing the total annual hours of part-time employees by 2080.)
   - = ______ total employees
     If the total number of employees is fewer than 25 GO TO STEP 2

2. Calculate the average annual wages of employees (not counting owners or family members):
   - Take the total annual wages paid to employees: ______
   - + ______
   - Divide it by the number of employees from STEP 1: ______
     (total wages / number of employees)
   - = ______ average wages
   - If the result is less than $50,000, AND

3. You pay at least half of the insurance premiums for your employees at the single (employee-only) coverage rate, then
   you may be able to claim the Small Business Health Care Tax Credit.
   Find out more information at IRS.gov
<table>
<thead>
<tr>
<th>Location</th>
<th># of Gap Beneficiaries</th>
<th>Total Gap Discount</th>
<th>Average Gap Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>MONTANA</td>
<td>6,075</td>
<td>$3,511,260</td>
<td>$578</td>
</tr>
<tr>
<td>Belt</td>
<td>13</td>
<td>$5,900</td>
<td>$456</td>
</tr>
<tr>
<td>Great Falls</td>
<td>448</td>
<td>$252,881</td>
<td>$564</td>
</tr>
<tr>
<td>Cascade County</td>
<td>509</td>
<td>$290,506</td>
<td>$571</td>
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</tbody>
</table>
No cost sharing

Medicare Preventive Services

Beneficiaries Using One or More Preventive Services

Medicare Annual Wellness Exam

Beneficiaries Using Wellness Exam
**Premiums increase if you are a person of “means”**

### Medicare Part B Premiums

<table>
<thead>
<tr>
<th>Joint Tax Return (000’s AGI)</th>
<th>Monthly Increase</th>
<th>Total Monthly Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ $170</td>
<td>$0</td>
<td>$115.40</td>
</tr>
<tr>
<td>&gt; $170 ≤ $214</td>
<td>$46.10</td>
<td>$161.50</td>
</tr>
<tr>
<td>&gt; $214 ≤ $320</td>
<td>$115.30</td>
<td>$230.70</td>
</tr>
<tr>
<td>&gt; $320 ≤ $428</td>
<td>$184.50</td>
<td>$299.90</td>
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<tr>
<td>&gt; $428</td>
<td>$253.70</td>
<td>$369.10</td>
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</tbody>
</table>

### Medicare Part D Premiums

<table>
<thead>
<tr>
<th>Joint Tax Return (000’s AGI)</th>
<th>Monthly Increase</th>
<th>Total Monthly Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ $170</td>
<td>$0</td>
<td>$41.43</td>
</tr>
<tr>
<td>&gt; $170 ≤ $214</td>
<td>$12.00</td>
<td>$53.43</td>
</tr>
<tr>
<td>&gt; $214 ≤ $320</td>
<td>$31.10</td>
<td>$72.53</td>
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<tr>
<td>&gt; $320 ≤ $428</td>
<td>$50.10</td>
<td>$91.53</td>
</tr>
<tr>
<td>&gt; $428</td>
<td>$69.10</td>
<td>$110.53</td>
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</table>
## Medicare and Medicaid per enrollee spending in Montana

<table>
<thead>
<tr>
<th></th>
<th>Average Annual Growth (%)</th>
<th>% of MT total personal health care spending</th>
<th>% of U.S. per enrollee spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare</td>
<td>6.3</td>
<td>6.3</td>
<td>17.4</td>
</tr>
<tr>
<td>Medicaid</td>
<td>3.3</td>
<td>5.9</td>
<td>13.7</td>
</tr>
</tbody>
</table>
Personal health care spending and health care earnings, Montana, 1990-2009
Projected annual percent change in real health care earnings, Montana

<table>
<thead>
<tr>
<th>Year</th>
<th>With ACA</th>
<th>Without ACA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>2011</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>2012</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>2013</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>2014</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>2015</td>
<td>6%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Recession and post-recession real earnings in Montana
Health Care Employment

- Health Care-Montana
- Total-Montana
- Health Care-Cascade
- Total-Cascade

2006 2007 2008 2009 2010 2011
Economic recovery?

Challenge to the ACA?

No historical experience for ACA reforms?

Provider responses?
“The health care industry is facing greater uncertainty than in any time in memory”

Questions?
gregg.davis@business.umt.edu