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

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

Percentage with Health Insurance

September 2010: Affordable Care Act allows children to remain on parents’ plans until age 26

- Age 26-35
- Age 19-25
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%

Montana
Wasn’t so simple
Small Business Tax Credit

**3 SIMPLE STEPS**

If you are a small employer (business or tax-exempt) that provides health insurance coverage to your employees, determine if you may qualify for the **Small Business Health Care Tax Credit** by following these three 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](https://www.irs.gov)
<table>
<thead>
<tr>
<th></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>Bozeman</td>
<td>272</td>
<td>$157,581</td>
<td>$579</td>
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<tr>
<td>Manhattan</td>
<td>20</td>
<td>$11,290</td>
<td>$564</td>
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<tr>
<td>Three Forks</td>
<td>24</td>
<td>$17,231</td>
<td>$718</td>
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<tr>
<td>Belgrade</td>
<td>60</td>
<td>$30,932</td>
<td>$516</td>
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<tr>
<td>Gallatin County</td>
<td>408</td>
<td>$241,728</td>
<td>$592</td>
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</table>
Medicare Preventive Services

Beneficiaries Using One or More Preventive Services

0% 10% 20% 30% 40% 50% 60% 70%
FL DE RI MA CT HI U.S. ME WV MT AK WY

Medicare Annual Wellness Exam

Beneficiaries Using Wellness Exam

0% 2% 4% 6% 8% 10% 12% 14%
RI MA CT ME AZ U.S. MT LA WV OK AL HI

No cost sharing
## 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>
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<tr>
<td>&gt;$170 ≤$214</td>
<td>$46.10</td>
<td>$161.50</td>
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<tr>
<td>&gt;$214 ≤$320</td>
<td>$115.30</td>
<td>$230.70</td>
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<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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</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>
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<tr>
<td>&gt; $170 ≤ $214</td>
<td>$12.00</td>
<td>$53.43</td>
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<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></td>
<td></td>
<td>17.4</td>
</tr>
<tr>
<td>Medicaid</td>
<td>6.3</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.3</td>
<td>5.9</td>
<td>13.7</td>
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</table>

- Medicare
  - Average Annual Growth: 6.3%
  - 1998: 17.4%
  - 2004: 17.2%
  - 2009: 19.3%
  - % of U.S. per enrollee spending: 73%, 76%, 73%

- Medicaid
  - Average Annual Growth: 3.3%
  - 1998: 13.7%
  - 2004: 13.5%
  - 2009: 13.2%
  - % of U.S. per enrollee spending: 122%, 123%, 146%
Personal health care spending and health care earnings, Montana, 1990-2009
Projected annual percent change in real health care earnings, Montana

- 2010: 2%
- 2011: 3%
- 2012: 4%
- 2013: 3%
- 2014: 2%
- 2015: 5%

Legend:
- Blue: with ACA
- Red: without ACA
Recession and post-recession real earnings, Montana

Health Care

All Industries
Health Care Employment

- Health Care - Montana
- Total - Montana
- Health Care - Gallatin
- Total - Gallatin

Yearly employment percentage changes from 2006 to 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?

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