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

MT $35,068
US $39,945

MT 15%
Flathead 14.4%
US 17%

MT 15%
Flathead 14.4%
US 13%
2007-2009 Recession, and 2010

- Biggest declines 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 business in Montana...

$7.2 billion in personal health care spending

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
Recession and post-recession real earnings, Montana
Major provisions of ACA

2015-2018
(3)

2014
(19)

2011-2013
(44)

2010
(26)
Some early out-of-the-gate 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

Graph showing the percentage with health insurance from 1Q 2009 to 2Q 2011, with two lines indicating age groups (26-35 and 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%
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: ____________________
   = ____________________ average wages
   - Divide it by the number of employees from STEP 1: ____________________
     (total wages ÷ number of employees)
   = ____________________
   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>
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</thead>
<tbody>
<tr>
<td>Montana</td>
<td>10,415</td>
<td>$6,409,940</td>
<td>$615</td>
</tr>
<tr>
<td>Big Fork</td>
<td>117</td>
<td>$84,970</td>
<td>$726</td>
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<tr>
<td>Kalispell</td>
<td>441</td>
<td>$262,014</td>
<td>$594</td>
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<tr>
<td>Lakeside/Somers</td>
<td>44</td>
<td>$32,035</td>
<td>$728</td>
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<td>Columbia Falls</td>
<td>124</td>
<td>$74,717</td>
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<td>Whitefish</td>
<td>126</td>
<td>$75,686</td>
<td>$601</td>
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<tr>
<td>Flathead County</td>
<td>924</td>
<td>$577,554</td>
<td>$625</td>
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<tr>
<td>Medicare Part B Premiums</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------</td>
<td>----------------</td>
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</tr>
<tr>
<td><strong>Joint Tax Return (000’s AGI)</strong></td>
<td><strong>Monthly Increase</strong></td>
<td><strong>Total Monthly Premium</strong></td>
<td></td>
</tr>
<tr>
<td>≤ $170</td>
<td>$0</td>
<td>$115.40</td>
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<td>&gt; $170 ≤ $214</td>
<td>$46.10</td>
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<td>&gt; $214 ≤ $320</td>
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<tr>
<td>&gt; $320 ≤ $428</td>
<td>$184.50</td>
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<tr>
<td>&gt; $428</td>
<td>$253.70</td>
<td>$369.10</td>
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</table>

<table>
<thead>
<tr>
<th>Medicare Part D Premiums</th>
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<tr>
<td><strong>Joint Tax Return (000’s AGI)</strong></td>
<td><strong>Monthly Increase</strong></td>
<td><strong>Total Monthly Premium</strong></td>
</tr>
<tr>
<td>≤ $170</td>
<td>$0</td>
<td>$41.43</td>
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<td>$31.10</td>
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<td>&gt; $320 ≤ $428</td>
<td>$50.10</td>
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<tr>
<td>&gt; $428</td>
<td>$69.10</td>
<td>$110.53</td>
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</table>

*Premiums increase if you are a person of “means”*
<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>
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</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>
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</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>
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<tbody>
<tr>
<td>2010</td>
<td>0.021</td>
<td>0.017</td>
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<tr>
<td>2011</td>
<td>0.017</td>
<td>0.016</td>
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<tr>
<td>2012</td>
<td>0.037</td>
<td>0.036</td>
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<tr>
<td>2013</td>
<td>0.026</td>
<td>0.025</td>
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<tr>
<td>2014</td>
<td>0.032</td>
<td>0.033</td>
</tr>
<tr>
<td>2015</td>
<td>0.052</td>
<td>0.036</td>
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</table>
Health Care Employment
percent change Q2 to Q2

-12%
-10%
-8%
-6%
-4%
-2%
0%
2%
4%
6%
8%

2006 2007 2008 2009 2010 2011

Health Care - Montana
Total - Montana
Health Care - Flathead
Total - Flathead
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