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

- 10% Tanning bed tax
  - 7/1/2010

- Adults under 26
  - 9/23/10

- Early Retiree Reinsurance Program
  - 6/29/2010
Dependent health insurance coverage

Percentage with Health Insurance

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%
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.)
   - 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)
   - 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></th>
<th>Number 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>East Helena</td>
<td>27</td>
<td>$17,223</td>
<td>$638</td>
</tr>
<tr>
<td>Helena</td>
<td>261</td>
<td>$140,446</td>
<td>$538</td>
</tr>
<tr>
<td>Lewis &amp; Clark County</td>
<td>299</td>
<td>$164,368</td>
<td>$550</td>
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Medicare Preventive Services

Beneficiaries Using One or More Preventive Services

Medicare Annual Wellness Exam

Beneficiaries Using Wellness Exam

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>
</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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</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>
</tr>
</tbody>
</table>

*Premiums increase if you are a person of “means”*
# Medicaid and Medicare 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

MT Personal Health Care Spending (millions of 2009 $)
Projected annual percent change in real health care earnings, Montana

2010 2011 2012 2013 2014 2015

with ACA
without ACA
Recession and post-recession real earnings, Montana

- Health Care
- All Industries
Health Care Employment

- Health Care - Montana
- All Employment - Montana
- Health Care - Lewis & Clark
- All Employment - Lewis & Clark
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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