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

GDP
Health Care

Real growth rates of Montana GDP and health care from 2000 to 2010. The chart shows the percentage changes in GDP and health care costs for each year.
Health care *the big* contributor to 1.1% increase in Montana real GDP, 2009-2010
Major provisions of ACA
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

Data for:
- Age 26-35
- Age 19-25

Graph showing the percentage of young adults with health insurance from 2009 to 2011.
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: ________
     +
     - Divide it by the number of employees from STEP 1:
       (total wages ÷ number of employees)
       = ________ average wages

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># 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>Laurel</td>
<td>75</td>
<td>$45,550</td>
<td>$607</td>
</tr>
<tr>
<td>Billings</td>
<td>890</td>
<td>$507,758</td>
<td>$571</td>
</tr>
<tr>
<td>Yellowstone County</td>
<td>1,016</td>
<td>$586,556</td>
<td>$577</td>
</tr>
</tbody>
</table>
No cost sharing

Medicare Preventive Services

Beneficiaries Using One or More Preventive Services

Medicare Annual Wellness Exam

Beneficiaries Using Wellness Exam
**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>
</tr>
<tr>
<td>&gt; $428</td>
<td>$253.70</td>
<td>$369.10</td>
</tr>
</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>
</tr>
<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>

*Prepared by: [Prep-31](https://www.prep31.com)*

*Premiums increase if you are a person of “means”*
## Medicare and Medicaid per enrollee spending, 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>5%</td>
<td>4%</td>
</tr>
<tr>
<td>2013</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>2014</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>2015</td>
<td>7%</td>
<td>6%</td>
</tr>
</tbody>
</table>
Recession and post-recession real earnings, Montana

Health Care

All Industries
Health Care Employment

Health Care Montana
Total Montana
Health Care Yellowstone
Total Yellowstone
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