OUTLOOK 2013
PRESENTATIONS

Silver Bow County

THE BEST MEDICINE

HOW CAN MONTANANS TAKE CHARGE OF CHANGES IN HEALTH CARE?

Inside:
National, State, and Local Forecasts • Health Care • Travel and Recreation
Agriculture • Manufacturing • Forest Products
Housing • Energy

Published with the support of the Montana Chamber of Commerce
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Introduction and Overview

By
Patrick M. Barkey

HOW CAN MONTANANS TAKE CHARGE OF CHANGES IN HEALTH CARE?

- Routine DNA Sequencing
- Repairing Defective Genes
- EKG With a Smart Phone
- Changes in Health Care?
- Teaching Immune Systems to Attack Cancer
- Matching Drugs to Your Tumor
- Growing a Heart
Big Provisions of the Affordable Care Act Less Than One Year Away

Health Insurance Exchanges
Medicaid Eligibility Expansion
Individual Mandate
Employer Mandate

- Small business tax credit
- Age 26 Coverage
- Tanning salon tax
- Flexible savings plan limits
- Brand name drug tax
- Medical device tax
- Medicare tax increase for higher earners
- More FSA limits


Debate Never Ends, But New Decisions Will Quickly Be Upon Us

- Consumers
  Sign up for exchange? Which one?
  Shopping for care
- Businesses
  Drop group coverage?
  Self-insure?
- Providers: End of the individual practitioner?
- State Government
The State and National Economic Outlook: Smooth Sailing Toward a Cliff?

Patrick M. Barkey, Director
Bureau of Business and Economic Research
The University of Montana

2012:
A Better Year for Montana

- Strong income growth, but not quite as strong as state tax collections would suggest
- Evidence of energy activity is everywhere
- A glimmer of growth in the west
- Sitting out the party: retail and government
Real Wage Growth, Percent, 2011Q2-2012Q2

Where’s the Growth? Montana Real Wage Growth

Difference between Inflation-adjusted Wages and Salaries, FY2012 vs. FY2011
Where’s the Growth?
Total Real Wage Growth

Difference between Inflation-adjusted Wages and Salaries, FY2012 vs. FY2011

Where’s the Growth?
Construction Real Wage Growth

Difference between inflation-adjusted Wages and Salaries, FY2012 vs. FY2011
Where’s the Growth?
Prof. & Bus. Services Real Wage Growth

Difference between inflation-adjusted Wages and Salaries, FY2012 vs. FY2011

Where’s the Growth?
Health Care Real Wage Growth

Difference between inflation-adjusted Wages and Salaries, FY2012 vs. FY2011
Where’s the Growth?
Public Admin. Real Wage Growth

Difference between inflation-adjusted Wages and Salaries, FY2012 vs. FY2011

2013: Risks and Uncertainty

<table>
<thead>
<tr>
<th>Risk</th>
<th>Bad Outcome</th>
<th>Impact on Montana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil Prices</td>
<td>Price spike from war or international event</td>
<td>Consumer spending adversely</td>
</tr>
<tr>
<td></td>
<td>threatening supplies</td>
<td>affected</td>
</tr>
<tr>
<td>Global Economic Growth</td>
<td>EU Recession, Asian Slowdown</td>
<td>Commodity price collapse, exports</td>
</tr>
<tr>
<td>Uncertainty</td>
<td></td>
<td>decline</td>
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</tbody>
</table>
Global Growth Has Stumbled

Percent Change in Real Gross Domestic Product
Source: Moody’s Analytics

2013: Risks and Uncertainty

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<td>Commodity price collapse, exports decline</td>
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<tr>
<td>Growth Uncertainty</td>
<td></td>
<td></td>
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<tr>
<td>Federal Budget and Tax</td>
<td>Government Shutdown, Default or Abrupt Fiscal</td>
<td>New recession, disruption to federal</td>
</tr>
<tr>
<td>Uncertainty: Fiscal Cliff Issues</td>
<td>Contraction</td>
<td>activities</td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>
The 2013 Fiscal Cliff as of December 1

Tax Increases:
- Bush Tax Cut Expiration
- Payroll Tax Cut Expiration
- Depreciation Incentives Expiration
- Alternative Minimum Tax

Spending Cuts:
- Budget Sequester
- Emergency Unemployment Insurance Expiration
- Medicare Reimbursement Cuts

2013 Total:
- $621 Billion
- 3.8 percent of GDP

Implications of the Cliff for GDP

Source: Bureau of Economic Analysis and IHS Global Insight
The 2013 Fiscal Cliff as of January 4

**Tax Increases:**
- Bush Tax Cut Expiration  Most Rates Maintained
- Payroll Tax Cut Expiration  ✓
- Depreciation Incentives Expiration  Extended
- Alternative Minimum Tax  Permanent Fix

**2013 Total**  $139 Billion

**Spending Cuts:**
- Budget Sequester  Delayed 2 months of GDP
- Emergency Unemployment Insurance Expiration  Extended through 2013
- Medicare Reimbursement Cuts  Delayed

---

**Implications of the Cliff for GDP**

![Graph showing actual and forecast GDP growth](image)

**Source:** Bureau of Economic Analysis and IHS Global Insight
Bust vs. Recovery
Percent Change in Montana Home Price Index

Source: Federal Home Finance Agency

New Homes Becoming More Price Competitive

Median Prices, New and Existing Montana Homes
Forecasts from IHS Global Insight
Job Growth and Housing Starts: The 1990s

Montana: 92K Jobs / 25K Homes = 3.6 Ratio

Florida: 1663K Jobs / 1417K Homes = 1.1 Ratio

Job Growth and Housing Starts: 2000-2007

Montana: 58K Jobs / 33K Homes = 1.7 Ratio

Florida: 894K Jobs / 1570K Homes = 0.6 Ratio

Legend:
- Less than 1.2
- 1.2 - 1.5
- 1.5 - 2.0
- Over 2.0
Summary

- Montana goes into 2013 with good momentum, but some factors helping 2012 growth won’t be sustained
- Too much uncertainty to forecast anything better than continued slow growth in U.S. economy
- Recovery in housing makes us more optimistic about Montana’s short-term prospects
Outlook for Key Industries

**Energy and Mining:**

Not a boom, but plenty of activity. Low natural gas prices affecting all markets.

Composition of Earnings in Montana’s Basic Industries, 2010-12

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Outlook for Key Industries

**Agriculture and Related:**

Sustained high prices offset drought impacts. Policy uncertainty ahead.

Composition of Earnings in Montana’s Basic Industries, 2010-12
Outlook for Key Industries

Federal Military and Civilian:

Short- and medium-term risks have risen. Current mild declines expected to continue.

Composition of Earnings in Montana’s Basic Industries, 2010-12

Change in Nonfarm Earnings, Montana, 2010-2016

Actual | Projected
---|---
1.6 | 3.0
1.8 | 3.0
2.0 | 3.0
2.7 | 2.7
2.7 | 3.0
1.5 | 0.7
0.7 | 0.7

16 | State and National Outlook
Local Outlook:
Silver Bow County

By Paul E. Polzin
Director Emeritus
Bureau of Business and Economic Research
The University of Montana

Annual Percent Change in Nonfarm Labor Income (in Constant Dollars), 2001-2011
Annual Percent Change in Nonfarm Earnings (in Constant Dollars), 2001-07 and 2007-11

Nonfarm Employment and Inflation Adjusted Wages and Salaries, Seasonally Adjusted, Butte – Silver Bow County
Montana’s Regional Health Care Industries

<table>
<thead>
<tr>
<th>NAICS Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>62</td>
<td>Health Care</td>
</tr>
<tr>
<td>621</td>
<td>Ambulatory Health Care Services</td>
</tr>
<tr>
<td>622</td>
<td>Hospitals</td>
</tr>
<tr>
<td>623</td>
<td>Nursing and Residential Care Facilities</td>
</tr>
</tbody>
</table>
Health Care Earnings (millions of 2011 dollars)

Composition of Health Care Industry

- Nursing and Residential Care Facilities
- Hospitals
- Ambulatory Health Care Services
### Local Outlook

#### NAICS 62, Health Care Industry Growth 2001-2010, Percent Change, Constant Dollars

<table>
<thead>
<tr>
<th>County</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yellowstone</td>
<td>55.2</td>
</tr>
<tr>
<td>Missoula</td>
<td>42.1</td>
</tr>
<tr>
<td>Cascade</td>
<td>40.2</td>
</tr>
<tr>
<td>Flathead</td>
<td>77.0</td>
</tr>
<tr>
<td>Gallatin</td>
<td>102.8</td>
</tr>
<tr>
<td>Lewis &amp; Clark</td>
<td>47.4</td>
</tr>
<tr>
<td>Silver Bow</td>
<td>55.6</td>
</tr>
</tbody>
</table>

#### Butte-Silver Bow County’s Economic Base 2011-2013

- **Manufacturing**: 10% - World Markets, Aircraft Stable at Best
- **Federal Gov.**: 10% - Stable
- **Utility**: 14% - Slow Growth
- **Trade Center Retail**: 12% - Pay Freeze Over
- **Montana Tech, State Gov.**: 15% - Slow Growth
- **Trade Center Services**: 17% - Copper Prices??
- **Mining**: 22% - 2013 Hopeful
- **Construction**: — - 2013 Hopeful
Outlook 2013

Is Montana’s Health Care Workforce Ready for the Affordable Care Act?
By Gregg Davis

Some Common Concerns about the Affordable Care Act

- Impact on insurance premiums?
- Will businesses dump employees into FFE?
- Will Medicare beneficiaries struggle to find doctors?
- Will ACA bend the health care cost curve upward instead of downward?
Often Missing from the Discussion...

- Ability of health care infrastructure, primarily health care workforce, to absorb potential added demands for health care due to...
  - Power of individual mandate
  - Federally Facilitated Exchange
    - Tax credits
    - Cost sharing subsidies
  - Medicaid expansion

### Demand for Ambulatory Care

<table>
<thead>
<tr>
<th>Office Visits per 100 by Insurance Status</th>
<th>Primary Care</th>
<th>Surgical Specialty</th>
<th>Medical Specialty</th>
<th>Hospital Outpatient</th>
<th>Hospital Emergency Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Insurance</td>
<td>192.0</td>
<td>55.1</td>
<td>61.5</td>
<td>17.3</td>
<td>22.5</td>
</tr>
<tr>
<td>Medicaid/CHIP</td>
<td>254.7</td>
<td>33.1</td>
<td>44.9</td>
<td>84.9</td>
<td>82.1</td>
</tr>
<tr>
<td>Uninsured</td>
<td>65.3</td>
<td>17.2</td>
<td>30.1</td>
<td>19.2</td>
<td>41.5</td>
</tr>
</tbody>
</table>

Source: 2007 National Ambulatory Medical Care Survey
National Shortage Well Documented

• Factors Behind Shortage of Primary Care Doctors
  – Lower reimbursement
  – Lower comparative incomes
  – High patient loads
• Shortage of Primary Care Providers Leads to
  – Fragmented care
  – Inappropriate use of specialists
  – Less emphasis on preventive care

Affordable Care Act

• Many of ACA provisions focus on primary care
  – Reimbursement (10% bonuses), parity between Medicaid and Medicare
  – Welcome to Medicare exams, preventive services with no cost sharing
  – Individual mandate
  – Comprehensive Primary Care Initiative pilot
  – Patient Centered Homes (ACOs, Medical Homes)
  – Community Health Centers
Primary Care Provider Deficit: 2008 to 2025

- 52,000 more docs needed
  - 33,000 due to population growth
  - 10,000 due to aging
  - 8,000 due to ACA


Pre ACA Primary Care Demand in Montana, Silver Bow County

<table>
<thead>
<tr>
<th>Expected Source of Payment</th>
<th>Employer Sponsored Insurance</th>
<th>Direct Purchase</th>
<th>Medicare</th>
<th>Medicaid</th>
<th>No Insurance</th>
<th>Unknown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montana</td>
<td>742,310</td>
<td>295,037</td>
<td>415,287</td>
<td>141,863</td>
<td>94,653</td>
<td>47,382</td>
</tr>
<tr>
<td>Silver Bow County</td>
<td>27,199</td>
<td>8,963</td>
<td>16,448</td>
<td>7,488</td>
<td>3,185</td>
<td>317</td>
</tr>
</tbody>
</table>

Source: American Community Survey, 2009-2011, National Ambulatory Medical Care Survey, BBER
A CA Impact on Health Care Demand, Montana

<table>
<thead>
<tr>
<th></th>
<th>Primary Care</th>
<th>Surgical Specialty</th>
<th>Medical Specialty</th>
<th>Hospital Outpatient</th>
<th>Hospital Emergency</th>
<th>Total Additional Office Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Coverage</td>
<td>131,999</td>
<td>39,485</td>
<td>32,713</td>
<td>(1,979)</td>
<td>(19,795)</td>
<td>182,423</td>
</tr>
<tr>
<td>Medicaid</td>
<td>129,283</td>
<td>10,853</td>
<td>10,102</td>
<td>44,846</td>
<td>27,713</td>
<td>222,797</td>
</tr>
<tr>
<td>Total Additional Office Visits</td>
<td>261,281</td>
<td>50,338</td>
<td>42,815</td>
<td>42,867</td>
<td>7,919</td>
<td>405,220</td>
</tr>
</tbody>
</table>

Source: American Community Survey, National Ambulatory Medical Care Survey, BBER

A CA Impact on Health Care Demand, Silver Bow County

<table>
<thead>
<tr>
<th></th>
<th>Ambulatory Care Setting</th>
<th>Total Additional Office Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary Care</td>
<td>Surgical Specialty</td>
</tr>
<tr>
<td>Private Insurance</td>
<td>3,546</td>
<td>1,061</td>
</tr>
<tr>
<td>Medicaid</td>
<td>3,936</td>
<td>330</td>
</tr>
<tr>
<td>Total Increase</td>
<td>7,482</td>
<td>1,391</td>
</tr>
</tbody>
</table>

American Community Survey 2009-2011, National Ambulatory Medical Care Survey, BBER
Primary Care Capacity

- 2009 study by Davis, Roberts, White
  - Includes Family Practice, Internal Medicine, Pediatrics
- U.S. DHHS Guideline of 4,200 office visits/year
  - Contrasts with 5,400 office visits per AMA guidelines

Estimated Shortage/Surplus of Primary Care Office Visits, Montana

<table>
<thead>
<tr>
<th>Primary Care Supply</th>
<th>Primary Care Demand</th>
<th>Shortage (-) Surplus (+) Office Visits per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,079,000</td>
<td>1,997,814</td>
<td>+ 81,186</td>
</tr>
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</table>
Estimated Shortage/Surplus of Primary Care Office Visits, Silver Bow County

<table>
<thead>
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<th>Primary Care Supply</th>
<th>Primary Care Demand</th>
<th>Shortage (-) Surplus (+) Office Visits per Year</th>
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<tbody>
<tr>
<td>71,400</td>
<td>71,081</td>
<td>+ 319</td>
</tr>
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</table>

And the earnings forecast from last year?

- Depends on whether you view glass as half full or half empty
- Major revisions in key growth rates 2010-2011
  - BEA revised health care earnings growth from 3.9% to 3.2%
  - CMS revised PHCE growth from 4.6% to 3.9%
- Impact of outsourcing on health care earnings per se
gregg.davis@business.umt.edu

• “I don’t believe there’s any problem in this country, no matter how tough it is, that Americans, when they roll up their sleeves, can’t completely ignore.”
  – George Carlin 1937-2008
Travel & Recreation: Jobs, Lifestyle, & Growth

Norma P. Nickerson
Institute for Tourism & Recreation Research
University of Montana
www.itrr.umt.edu
Yearly Resident Travel

- 15.4 million person-trips (> 50 miles from home)
- Residents spent $833 million on pleasure trips
- $1.03 billion in combined economic activity
- $85/day trip; $208/overnight trip

2012 Preliminary Economic Contribution of Travel:
Nonresident & Resident

- Resident: $695 million Direct
- Nonresident: $1.5 billion Indirect & Induced
- Combined: $343 million Indirect & Induced

Combined: $5.1 billion Economic Contribution to Montana in 2012
Nonresident travel supports 42,860 jobs
Resident travel supports 11,830 jobs

People choose to live/work in Montana because...

Looking for a town with no traffic report, clean air, simple life, and kind people....

It wasn’t the job at first but the lifestyle. As I grew with the business and eventually became a partner, the job came more into play, but then so did the lifestyle.

A summer job in Yellowstone brought me here, then I fell in love with Montana. I transferred to a Montana college and tourism marketing became my career.

The vast open space, quality of air and water.

My wife and I thought it was a good combination of our favorite places in the world, there was plenty of business opportunity and a great place to raise a family.

I love to fly fish!
Travel Trends

- Airport Deboardings 3rd Q: +8%
- Nat'l Park System 3rd Q: +6%
- Amtrak Deboardings 3rd Q: +17%
- Skier Visits: -6%
- Bed Tax Collections 3rd Q: +5%
61% of nonresidents who spent a night in Butte came from these 7 states and Alberta (2012, Q1-3).

Where residents are from who stay overnight in Butte

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<td>12%</td>
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<tr>
<td>Gallatin</td>
<td>8%</td>
</tr>
<tr>
<td>Missoula</td>
<td>7%</td>
</tr>
<tr>
<td>Ravalli</td>
<td>7%</td>
</tr>
<tr>
<td>Cascade</td>
<td>6%</td>
</tr>
<tr>
<td>Lewis and Clark</td>
<td>5%</td>
</tr>
<tr>
<td>Lake</td>
<td>5%</td>
</tr>
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</table>
2013 Outlook

- Consumer confidence improving
- US Travel spending at record level ($8,467 billion in 2012 vs $5.45 billion in 2002).
- Overseas travel to US setting new records (29.2 million in 2012; 19.1 million in 2001)
- Hotel room demand is at an all time high (+3%)
- Restaurant industry on the incline (+3.5%)
- Gas prices on the way down (for now)
- 2% increase in nonresident travelers to MT
- 4% increase in traveler spending in MT

THANK YOU!

www.itrr.umt.edu
norma.nickerson@umontana.edu
2013 Montana Agricultural Outlook

George Haynes
Department of Agricultural Economic & Economics
MSU Extension

Data Source: National Agricultural Statistics Service
Montana Field Office (NASS) and Livestock Marketing Information Center (LMIC)

2012 “Recap”

- Crops
  - All wheat prices – strong
  - All wheat production
    - Winter wheat production – down
    - Spring wheat production – up
  - Hay prices - strong

- Cattle
  - Cattle and Calf Prices – strong
  - Cow Herd – stable

- Consumer Food Prices
  - Increased
Gross Revenue Estimates
(2012 dollars)

Dollars ($1 million)

Source: NASS and MSU Estimates

Livestock  Crops  Government

AgricultureProud.com
Droughts 2011 and 2012
(severe, extreme & exceptional – D2 – D4)

<table>
<thead>
<tr>
<th>Week</th>
<th>Nothing</th>
<th>D0-D4</th>
<th>D1-D4</th>
<th>D2-D4</th>
<th>D3-D4</th>
<th>D4</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 11, 2011</td>
<td>57.83</td>
<td>42.17</td>
<td>30.47</td>
<td>23.85</td>
<td>17.12</td>
<td>9.76</td>
</tr>
<tr>
<td>October 9, 2012</td>
<td>23.28</td>
<td>76.72</td>
<td>63.55</td>
<td>39.91</td>
<td>20.15</td>
<td>6.18</td>
</tr>
</tbody>
</table>

Drought Impacts:
Higher Corn, Barley, and Spring Wheat Prices

Source: LMIC and USDA, U.S. Corn, Feed Barley and Hard Red Spring Wheat
CROPS (GRAIN AND HAY)

Wheat Exports
Percent of Total U.S. Production

Source: WASDE, Total U.S. Exports = 1,050 mb in 2011/2012 and 1,050 mb in 2012/2013 (higher wheat production in 2012)
Where are Montana exports going?

  - Total 152.4 million bushels
    - Exports are 80% of total Montana wheat production
  - Destination
    - West 121.8 million bushels
      - Japan (50%), other Asian, Canada, & Mexico
    - East 30.6 million bushels

- **Export competition**
  - Canada, Australia, EU-27 & FSU-12 (Russia/Kazakhstan/Ukraine)

### Global Wheat Market Shares

<table>
<thead>
<tr>
<th>Country</th>
<th>2011/2012 shares</th>
<th>2012/2013 shares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>mmt</td>
<td>%</td>
</tr>
<tr>
<td>Australia</td>
<td>29.9</td>
<td>4.3</td>
</tr>
<tr>
<td>Canada</td>
<td>25.3</td>
<td>3.6</td>
</tr>
<tr>
<td>China</td>
<td>117.4</td>
<td>16.9</td>
</tr>
<tr>
<td>EU-27</td>
<td>137.2</td>
<td>19.7</td>
</tr>
<tr>
<td>India</td>
<td>86.9</td>
<td>12.5</td>
</tr>
<tr>
<td>FSU-12</td>
<td>114.8</td>
<td>16.5</td>
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<tr>
<td>U.S.</td>
<td>54.4</td>
<td>7.8</td>
</tr>
<tr>
<td>Other</td>
<td>130.5</td>
<td>18.7</td>
</tr>
<tr>
<td>Total</td>
<td>696.4</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: WASDE-513, December 2012
Grain Production (2012)

Source: NASS

Grain Prices
(2012 dollars)

Source: NASS
All Hay Production (2012)

Source: NASS

All Hay Prices
(2012 dollars)

Source: NASS
Futures Prices
(no basis adjustment – 12/26/12)

<table>
<thead>
<tr>
<th>Location</th>
<th>Units</th>
<th>5/13</th>
<th>7/13</th>
<th>9/13</th>
<th>12/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minneapolis Grain Exchange</td>
<td>$/bu</td>
<td>8.80</td>
<td>8.89</td>
<td>8.87</td>
<td>8.92</td>
</tr>
<tr>
<td>Hard Red Spring Wheat</td>
<td>$/bu</td>
<td>8.35</td>
<td>8.42</td>
<td>8.54</td>
<td>8.69</td>
</tr>
<tr>
<td>Kansas City Board of Trade</td>
<td>$/bu</td>
<td>6.96</td>
<td>6.94</td>
<td>6.20</td>
<td>6.00</td>
</tr>
<tr>
<td>Winter Wheat</td>
<td>$/bu</td>
<td>8.92</td>
<td>8.92</td>
<td>8.92</td>
<td>8.92</td>
</tr>
<tr>
<td>Chicago Board of Trade</td>
<td>$/bu</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
</tr>
</tbody>
</table>

Sources: MGE, KBOT, CBOT and MGGA Market Manager

Montana Wheat 2012

- 2012/2013 Winter Wheat Plantings → ???

- Influence of corn prices (public policy)

- Influence of the 2011 & 2012 droughts

- 2013 Production/Prices
  - MT 2013 All Wheat Price: optimistic
CATTLE

U.S. Beef Production and Cattle Herd Size

Source: LMIC and MSU Agricultural Marketing Policy Center
U.S. Beef and Veal Exports
Percentage of Total U.S. Production

Source: LMIC, Beef and veal exports 2.5 billion pounds in 2012

Exports – who’s buying U.S. beef

Source: NASS
Montana Cattle Herd

Source: NASS

Calf Prices
(2012 dollars)

NASS, 190 – 2011, MSU 2012 estimate
Futures Prices
(no basis adjustments – 12/26/12)

<table>
<thead>
<tr>
<th>Location</th>
<th>05/13</th>
<th>08/13</th>
<th>10/13</th>
<th>11/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago Mercantile Exchange</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feeder Cattle, $/cwt</td>
<td>159</td>
<td>163</td>
<td>163</td>
<td>164</td>
</tr>
<tr>
<td>Live Cattle, $/cwt</td>
<td>132</td>
<td>132</td>
<td>135</td>
<td>137</td>
</tr>
</tbody>
</table>

Source: Chicago Mercantile Exchange

Montana Cattle 2012/13

- **Strong prices for cow/calf producers**
  - Optimistic about calf prices through 2013 and beyond

- **Opportunity to increase cattle herd**
  - Beef demand – sell more beef at the same price
  - Farm programs – good insurance, good subsidies
    - why produce beef
  - Labor issue – more skills required to work on a ranch
  - Age of ranchers – little incentive
Consumer Food Prices


2013 Forecast

- **Crops**
  - Wheat, barley, & hay – prices higher than historical average

- **Livestock**
  - Cattle and calves – prices higher than historical average

- **Consumer Impact**
  - 3 to 4% increase in food prices
Montana Manufacturing & Forest Products: 2013 Outlook

Todd A. Morgan, CF

U.S. Manufacturing

- Approaching 12.5 million workers.
- Annual worker income is rising.
- Value of output per worker is increasing.
Montana Brewery Survey Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>2010</th>
<th>2011</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer production (barrels)</td>
<td>87,442</td>
<td>102,925</td>
<td>18%</td>
</tr>
<tr>
<td>Beer sales (millions)</td>
<td>$21.8</td>
<td>$26.1</td>
<td>20%</td>
</tr>
<tr>
<td>Employment</td>
<td>231</td>
<td>320</td>
<td>39%</td>
</tr>
<tr>
<td>Compensation (millions)</td>
<td>$5.2</td>
<td>$6.4</td>
<td>23%</td>
</tr>
<tr>
<td>Expenditures (millions)</td>
<td>$15.6</td>
<td>$18.8</td>
<td>21%</td>
</tr>
</tbody>
</table>

Statewide Economic Impacts Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Units</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employment</td>
<td>Jobs</td>
<td>434</td>
</tr>
<tr>
<td>Output (private sector sales)</td>
<td>$ Millions</td>
<td>48.4</td>
</tr>
<tr>
<td>Compensation (private non-farm)</td>
<td>$ Millions</td>
<td>9.8</td>
</tr>
<tr>
<td>Compensation (government)</td>
<td>$ Millions</td>
<td>1.8</td>
</tr>
<tr>
<td>Population</td>
<td>People</td>
<td>36</td>
</tr>
<tr>
<td>State government revenues</td>
<td>$ Millions</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Note: “Impact” refers to the difference between the baseline with brewing scenario, and the alternative without brewing scenario.
Butte-Silver Bow County Manufacturing

Total Labor Income: 
$46 million

Total Employment: 
692

Sources: BEA-REIS, Census Bureau; and BBER estimates

2012-2013 Montana Manufacturers Survey

- annual survey
- conducted in November
- open-ended & multi-choice questions
- current & coming year
- 180+ firms participate
- response rate 80%
Montana Manufacturing 2012 Recap

- Better than 2011 for many firms
- Employment down at one-quarter of firms, up at 30%
- Many firms reported increased production, sales, and profits
- Few firms reported curtailments
- 40% of firms did make major capital expenditures
Montana Forest Products Outlook for the Coming Year

Percent of Firms

- Outlook for 2012
- Outlook for 2013

Better than last year: 11% (2012), 32% (2013)
Same as last year: 76% (2012), 49% (2013)
Worse than last year: 11% (2012), 15% (2013)

Forest Products Employment Outlook for the Coming Year

Percent of Firms

- Outlook for 2012
- Outlook for 2013

More than last year: 16% (2012), 20% (2013)
Same as last year: 71% (2012), 60% (2013)
Fewer than last year: 7% (2012), 20% (2013)
Montana Forest Products
Industry 2013 Forecast

- U.S. homebuilding recovering.
- Markets are expected to be better than 2012.
- Lumber production & sales should increase.
- Employment & worker earnings may increase slightly.
- Timber supply ...

Montana Manufacturing
Outlooks by City/Region
Butte-Silver Bow County Manufacturing Outlook for 2013

Montana Manufacturing Forecast for 2013

- Continued improvements anticipated.
- Modest growth expected in statewide employment & worker earnings.
- Health insurance costs and continued economic recovery are major concerns.
- 65% of MT manufacturers expect their health insurance costs to increase.
Montana Housing Outlook 2013

2012 was a good year.
Sales increased.

### Single Family Homes

<table>
<thead>
<tr>
<th>Area</th>
<th># Sales</th>
<th>1 Year % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billings</td>
<td>2,001</td>
<td>18%</td>
</tr>
<tr>
<td>Bitterroot*</td>
<td>374</td>
<td>13%</td>
</tr>
<tr>
<td>Butte*</td>
<td>380</td>
<td>11%</td>
</tr>
<tr>
<td>Gallatin</td>
<td>1,079</td>
<td>18%</td>
</tr>
<tr>
<td>Great Falls</td>
<td>897</td>
<td>12%</td>
</tr>
<tr>
<td>Helena</td>
<td>779</td>
<td>24%</td>
</tr>
<tr>
<td>Missoula</td>
<td>962</td>
<td>23%</td>
</tr>
<tr>
<td>Flathead Co.*</td>
<td>1,238</td>
<td>20%</td>
</tr>
<tr>
<td><strong>OVERALL</strong></td>
<td>7,333</td>
<td>19%</td>
</tr>
</tbody>
</table>

### 2012 Sales

---

62 | Housing Outlook
### Single Family Homes 2008-12 Sales

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billings</td>
<td>1946</td>
<td>1967</td>
<td>1721</td>
<td>1698</td>
<td>2001</td>
</tr>
<tr>
<td>Flathead</td>
<td>990</td>
<td>912</td>
<td>1039</td>
<td>1029</td>
<td>1238</td>
</tr>
<tr>
<td>Great Falls</td>
<td>967</td>
<td>924</td>
<td>856</td>
<td>804</td>
<td>897</td>
</tr>
<tr>
<td>Missoula</td>
<td>901</td>
<td>913</td>
<td>830</td>
<td>779</td>
<td>962</td>
</tr>
<tr>
<td>Gallatin</td>
<td>744</td>
<td>688</td>
<td>796</td>
<td>911</td>
<td>1079</td>
</tr>
<tr>
<td>Helena</td>
<td>672</td>
<td>692</td>
<td>606</td>
<td>627</td>
<td>779</td>
</tr>
</tbody>
</table>

---

### Single Family Homes 2008-12 Sales

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>Billings</td>
<td>Billings</td>
<td>Billings</td>
<td>Billings</td>
<td>Billings</td>
<td></td>
</tr>
<tr>
<td>2nd</td>
<td>Flathead</td>
<td>Great Falls</td>
<td>Flathead</td>
<td>Flathead</td>
<td>Flathead</td>
<td></td>
</tr>
<tr>
<td>3rd</td>
<td>Great Falls</td>
<td>Missoula</td>
<td>Great Falls</td>
<td>Gallatin</td>
<td>Gallatin</td>
<td></td>
</tr>
<tr>
<td>4th</td>
<td>Missoula</td>
<td>Flathead</td>
<td>Missoula</td>
<td>Great Falls</td>
<td>Missoula</td>
<td></td>
</tr>
<tr>
<td>5th</td>
<td>Gallatin</td>
<td>Helena</td>
<td>Gallatin</td>
<td>Missoula</td>
<td>Great Falls</td>
<td></td>
</tr>
<tr>
<td>6th</td>
<td>Helena</td>
<td>Gallatin</td>
<td>Helena</td>
<td>Helena</td>
<td>Helena</td>
<td></td>
</tr>
</tbody>
</table>
So did prices.

### Single Family 2012 Median Prices

<table>
<thead>
<tr>
<th>Area</th>
<th>Median Price</th>
<th>1 Year % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billings</td>
<td>$197,500</td>
<td>7%</td>
</tr>
<tr>
<td>Bitterroot*</td>
<td>$168,000</td>
<td>-4%</td>
</tr>
<tr>
<td>Butte*</td>
<td>$92,250</td>
<td>4%</td>
</tr>
<tr>
<td>Gallatin</td>
<td>$253,750</td>
<td>7%</td>
</tr>
<tr>
<td>Great Falls</td>
<td>$155,500</td>
<td>4%</td>
</tr>
<tr>
<td>Helena</td>
<td>$189,450</td>
<td>1%</td>
</tr>
<tr>
<td>Missoula</td>
<td>$209,450</td>
<td>2%</td>
</tr>
<tr>
<td>Flathead Co.*</td>
<td>$185,600</td>
<td>3%</td>
</tr>
</tbody>
</table>
### Single Family 2008-2012 Avg. Prices

<table>
<thead>
<tr>
<th>Area</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missoula</td>
<td>$428.3</td>
<td>$334.7</td>
<td>$330.1</td>
<td>$328.1</td>
<td>$335.7</td>
</tr>
<tr>
<td>Gallatin</td>
<td>$339.3</td>
<td>$277.6</td>
<td>$271.9</td>
<td>$251.8</td>
<td>$265.7</td>
</tr>
<tr>
<td>Flathead Co.</td>
<td>$223.1</td>
<td>$212.3</td>
<td>$214.8</td>
<td>$205.2</td>
<td>$214.7</td>
</tr>
<tr>
<td>Helena</td>
<td>$206.4</td>
<td>$200.5</td>
<td>$212.7</td>
<td>$208.5</td>
<td>$220.6</td>
</tr>
<tr>
<td>Great Falls</td>
<td>$171.0</td>
<td>$163.3</td>
<td>$161.3</td>
<td>$164.7</td>
<td>$187.4</td>
</tr>
</tbody>
</table>

In $ Thousands

---

### Single Family 2012 Days on Market

<table>
<thead>
<tr>
<th>Area</th>
<th>Avg. Days on Mkt</th>
<th>1 Year % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billings</td>
<td>58</td>
<td>-18%</td>
</tr>
<tr>
<td>Gallatin</td>
<td>101</td>
<td>-10%</td>
</tr>
<tr>
<td>Missoula</td>
<td>123</td>
<td>-3%</td>
</tr>
<tr>
<td>Helena</td>
<td>141</td>
<td>0%</td>
</tr>
<tr>
<td>Great Falls</td>
<td>152</td>
<td>8%</td>
</tr>
<tr>
<td>Butte*</td>
<td>161</td>
<td>8%</td>
</tr>
<tr>
<td>Flathead Co.*</td>
<td>249</td>
<td>-30%</td>
</tr>
<tr>
<td>Bitterroot*</td>
<td>354</td>
<td>0.3%</td>
</tr>
<tr>
<td>OVERALL</td>
<td>213</td>
<td>-11%</td>
</tr>
</tbody>
</table>
What’s selling?

2,060 Square Feet
35 Years Old
3 Bed
2+ Bath
2 Car Garage
## You still can’t afford it.

## Resort 2008-2012 Median Prices

<table>
<thead>
<tr>
<th>Resort</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gallatin Val./Big Sky/W. Yellow.</td>
<td>$1,100.0</td>
<td>$550.0</td>
<td>$582.5</td>
<td>$552.0</td>
<td>$535.0</td>
</tr>
<tr>
<td>Paradise Valley &amp; Gardiner</td>
<td>$450.0</td>
<td>$334.1</td>
<td>$306.0</td>
<td>$343.0</td>
<td>$342.5</td>
</tr>
<tr>
<td>Bigfork</td>
<td>$305.0</td>
<td>$315.0</td>
<td>$336.0</td>
<td>$247.3</td>
<td>$252.2</td>
</tr>
<tr>
<td>Whitefish</td>
<td>$305.0</td>
<td>$256.8</td>
<td>$226.0</td>
<td>$246.6</td>
<td>$227.0</td>
</tr>
<tr>
<td>Lakeside</td>
<td>$295.0</td>
<td>$305.0</td>
<td>$238.5</td>
<td>$243.5</td>
<td>$217.9</td>
</tr>
</tbody>
</table>

$ thousands
## Resort 2008-2012 Sales

<table>
<thead>
<tr>
<th>Resort</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whitefish</td>
<td>182</td>
<td>157</td>
<td>216</td>
<td>218</td>
<td>215</td>
</tr>
<tr>
<td>Bigfork</td>
<td>78</td>
<td>67</td>
<td>83</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>Lakeside</td>
<td>42</td>
<td>43</td>
<td>50</td>
<td>48</td>
<td>49</td>
</tr>
<tr>
<td>Gallatin Val./Big Sky/W. Yellow.</td>
<td>39</td>
<td>41</td>
<td>52</td>
<td>64</td>
<td>73</td>
</tr>
<tr>
<td>Paradise Valley &amp; Gardiner</td>
<td>19</td>
<td>18</td>
<td>31</td>
<td>28</td>
<td>20</td>
</tr>
</tbody>
</table>

"It’s got it all. Style. Location."

[Image of Montana State University Billings logo]
## Location Estimate

<table>
<thead>
<tr>
<th>Location</th>
<th>Price/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silver Bow</td>
<td>$ 64</td>
</tr>
<tr>
<td>Cascade</td>
<td>$ 82</td>
</tr>
<tr>
<td>Other</td>
<td>$ 89</td>
</tr>
<tr>
<td>Yellowstone</td>
<td>$ 93</td>
</tr>
<tr>
<td>Ravalli</td>
<td>$ 101</td>
</tr>
<tr>
<td>Flathead</td>
<td>$ 113</td>
</tr>
<tr>
<td>Lewis&amp;Clark</td>
<td>$ 127</td>
</tr>
<tr>
<td>Gallatin</td>
<td>$ 129</td>
</tr>
<tr>
<td>Lake</td>
<td>$ 146</td>
</tr>
<tr>
<td>Missoula</td>
<td>$ 154</td>
</tr>
</tbody>
</table>

## Style Estimate

<table>
<thead>
<tr>
<th>Style</th>
<th>Price/SF</th>
<th>Price/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>$ 63</td>
<td>1 Level</td>
</tr>
<tr>
<td>1.5 Level</td>
<td>$ 71</td>
<td>Split F/B</td>
</tr>
<tr>
<td>Bungalow</td>
<td>$ 82</td>
<td>Cottage</td>
</tr>
<tr>
<td>Split Level</td>
<td>$ 82</td>
<td>3 Level</td>
</tr>
<tr>
<td>Split Entry</td>
<td>$ 87</td>
<td>Traditional</td>
</tr>
<tr>
<td>3 Story</td>
<td>$ 88</td>
<td>1.5 or 2 Lev.</td>
</tr>
<tr>
<td>2 Story</td>
<td>$ 89</td>
<td>Townhouse</td>
</tr>
<tr>
<td>Manufactured</td>
<td>$ 90</td>
<td>Other</td>
</tr>
<tr>
<td>Contemporary</td>
<td>$ 90</td>
<td>Tri-Level</td>
</tr>
<tr>
<td>Ranch</td>
<td>$ 95</td>
<td>Custom</td>
</tr>
<tr>
<td>4 Level</td>
<td>$ 95</td>
<td>Condo</td>
</tr>
<tr>
<td>Baseline</td>
<td>$ 97</td>
<td>Cabin</td>
</tr>
</tbody>
</table>
Ranch Style Estimate

<table>
<thead>
<tr>
<th>Area</th>
<th>Price/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silver Bow</td>
<td>$71</td>
</tr>
<tr>
<td>Cascade</td>
<td>$97</td>
</tr>
<tr>
<td>Yellowstone</td>
<td>$112</td>
</tr>
<tr>
<td>Flathead</td>
<td>$122</td>
</tr>
<tr>
<td>Ravalli</td>
<td>$127</td>
</tr>
<tr>
<td>Lewis &amp; Clark</td>
<td>$133</td>
</tr>
<tr>
<td>Gallatin</td>
<td>$135</td>
</tr>
<tr>
<td>Lake</td>
<td>$135</td>
</tr>
<tr>
<td>Missoula</td>
<td>$158</td>
</tr>
</tbody>
</table>

Price Per SF

Condo Estimate

<table>
<thead>
<tr>
<th>Area</th>
<th>Condo Price/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missoula</td>
<td>$211</td>
</tr>
<tr>
<td>Gallatin / Lake</td>
<td>$181</td>
</tr>
<tr>
<td>Lewis &amp; Clark</td>
<td>$178</td>
</tr>
<tr>
<td>Flathead</td>
<td>$163</td>
</tr>
<tr>
<td>Yellowstone</td>
<td>$150</td>
</tr>
<tr>
<td>Cascade</td>
<td>$130</td>
</tr>
</tbody>
</table>

Price Per SF
Overall Estimate  

2012 Home Values

3% to 4% Increase

Who is buying?
When Do They Buy?  

<table>
<thead>
<tr>
<th>Buying Type</th>
<th>% of All Buyers</th>
<th>18-24</th>
<th>25-44</th>
<th>45-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st-Time</td>
<td>41%</td>
<td>4%</td>
<td>30%</td>
<td>7%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Prev. But Not Current</td>
<td>43%</td>
<td>&lt;1%</td>
<td>13%</td>
<td>21%</td>
<td>8%</td>
</tr>
<tr>
<td>2nd Home Purchaser</td>
<td>13%</td>
<td>&lt;1%</td>
<td>4%</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td>3rd Home Purchased (+)</td>
<td>4%</td>
<td>&lt;1%</td>
<td>2%</td>
<td>1%</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

Homeowners  

Years Between Moves

- SFH Owners
- Condo Owners
Homeowners By Income Level

Credit Score Risk of Default

- % Owning
- % Non-Owning

FICO Probability of Default

300 400 500 600 700 800 900

0% 20% 40% 60% 80% 100%
2013 has potential.

Thank you.
Natural Resources & Energy Outlook:
Coal, Oil Natural Gas (Fossil Fuels), Renewables, Minerals, Alternative
By Terry Johnson

Presentation Outline

• Fossil Fuel Focus
  – Coal
  – Oil
  – Natural Gas
• Renewables, Minerals, Alternatives
• What Changed? 2008 to 2011
• Energy Outlook
• What Does This All Mean?
Montana’s Fossil Fuel Sources

Coal, Oil, Natural Gas
Value of Production Change - 2008 versus 2011

Coal
Oil
Gas

2008
2011

$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0

Coal Production Value Increase: What Happened?

Montana Average Coal Price By Quarter

Per Ton (FOB)

2007 2008 2009 2010 2011 2012

Average Price Tons

Year $11.85 37.4
2008 $15.89 36.3
2011

4

76 | Energy Outlook
Oil Production Value Decline: What Happened?

Montana Oil Production By Quarter

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
<th>Barrels</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$88.87</td>
<td>31.9</td>
</tr>
<tr>
<td>2011</td>
<td>$88.77</td>
<td>24.0</td>
</tr>
</tbody>
</table>

Gas Production Value Decline: What Happened?

Montana Natural Gas Production By Quarter

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
<th>MCF's</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$6.90</td>
<td>116.2</td>
</tr>
<tr>
<td>2011</td>
<td>$3.47</td>
<td>76.6</td>
</tr>
</tbody>
</table>
Reasons for Production Value Change – 2008 to 2011

• Coal –\[
  \begin{itemize}
    \item Price increases due to world demand
    \item International energy policies
  \end{itemize}
\]  
• Oil –\[
  \begin{itemize}
    \item Stable prices (on average)
    \item Slow implementation of new technology
  \end{itemize}
\]  
• Natural Gas –\[
  \begin{itemize}
    \item Weak demand, over supply
    \item Transportation
  \end{itemize}
\]  

Montana’s Energy Outlook

Coal --- ➔

• Why ? –\[
  \begin{itemize}
    \item International Demand
    \item International Natural Gas Price vs. Coal Price
  \end{itemize}
\]  
• What to monitor –\[
  \begin{itemize}
    \item Federal Environmental Rules
    \item Construction of Port Facilities
  \end{itemize}
\]
Montana’s Energy Outlook

Oil ---

- Why?
  - Rig Count Improvement
  - Economic Recovery
  - U.S. Energy Independence

- What to monitor
  - Environmental Issues With “Fracking”
  - Transportation Issues
  - Federal & State Taxation Policies
Montana Oil Rig Count

Montana Oil Rig Counts By Month

Montana’s Energy Outlook
Natural Gas --- ↑

• Why?
  – Electricity Generation
  – Environmental Issues with Coal

• What to monitor
  – Environmental Issues With “Fracking”
  – Federal & State Taxation Policies
  – International Energy Policies
U.S. Electricity Generation by Fuel Type

What Does This All Mean?

• Economic Growth
  – Eastern Montana
  – Other Areas (Billings for example)

• Enhanced Governmental Revenue
  – Natural Resource Taxes
  – Income Taxes
  – Consumption Taxes

• Governmental Service Pressures
  – Education
  – Public Safety
  – Infrastructure (State and Local)
Questions

• Some Interesting Energy Facts

  – Montana has the highest estimated recoverable coal reserves in U.S.
  – Wyoming produced the most coal in U.S. (2011) – over 40%
  – U.S. was 3rd largest oil producer in 2011 – Saudi Arabia and Russia were 1st and 2nd, respectively
  – North Dakota was second largest oil producer in U.S. (2012)
  – U.S. natural gas production was highest level ever in 2011
  – U.S. natural gas use for electricity generation increased 188% from 1988 to 2011

Health Care:
Avg. Annual Growth = 7.0%

Total:
Avg. Annual Growth = 5.2%

Source: Centers for Medicare and Medicaid Services and Bureau of Economic Analysis
The Health Care System

Inputs
- Human Resources
- Financing
- Facilities and Equipment

Process
- Hospitals
- Doctors Offices
- Nursing Homes
- Home Care

Outputs
- Accessible Care
- Quality of Care
- Cost of Care

Montana’s 195,000 Uninsured: How ACA Can Help

- Medicaid Eligible (<138% FPG), 69,000
- Remains Uninsured, 86,000
- Eligible for Low Income Subsidy, 40,000
Silver Bow County and Montana: The Uninsured

<table>
<thead>
<tr>
<th></th>
<th>Silver Bow County</th>
<th>Montana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Uninsured</td>
<td>4,877</td>
<td>195,000</td>
</tr>
<tr>
<td>Percent of Total County Pop Uninsured</td>
<td>14.5%</td>
<td>20%</td>
</tr>
<tr>
<td>Number Covered by Medicaid before ACA</td>
<td>2,618</td>
<td>106,000</td>
</tr>
<tr>
<td>Number Eligible for Medicaid after ACA</td>
<td>8,562</td>
<td>175,000</td>
</tr>
<tr>
<td>Hospital Cost of Uncompensated Care (2010)</td>
<td>$7,906,874</td>
<td>$244,900,000</td>
</tr>
<tr>
<td>Physicians and Other Community Providers (Est)</td>
<td>$5,055,215</td>
<td>$156,700,000</td>
</tr>
<tr>
<td>Total Uncompensated Care (Est)</td>
<td>$12,962,089</td>
<td>$401,600,000</td>
</tr>
<tr>
<td>Uncompensated Care Reduction</td>
<td>$3,227,612</td>
<td>$100,000,000</td>
</tr>
</tbody>
</table>

Health Insurance Exchange

- Functions
  - Internet virtual marketplace for individuals and small employers to shop for insurance
  - Provide consumer choice (bronze, silver, gold, platinum)
  - Increase transparency of products and prices
  - Ensure all plans offer “essential health benefits”
Financing Moves Away from Fee For Service

<table>
<thead>
<tr>
<th>Performance Risk</th>
<th>Utilization Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Care</td>
<td>Quality of Care</td>
</tr>
<tr>
<td></td>
<td>Volume of Care</td>
</tr>
</tbody>
</table>

**Bundled Pricing**
- Episodic Efficiency
- Readmission Reduction
- Care Standardization

**Pay-for-Performance**
- Process Reliability
- Clinical Quality
- Patient Experience

**Shared Savings**
- Chronic Care Management
- Care Substitution
- Disease Prevention

Source: Health Care Advisory Board Interviews and Analysis
© 2011 The Advisory Board Company- 21648

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Montana Number of Employers by Employee Category, 2012

<table>
<thead>
<tr>
<th>Site of Employer by Number of Employees</th>
<th>Number of Employers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 4</td>
<td>25,327</td>
</tr>
<tr>
<td>5 to 9</td>
<td>6,899</td>
</tr>
<tr>
<td>10 to 19</td>
<td>4,337</td>
</tr>
<tr>
<td>20 to 49</td>
<td>2,382</td>
</tr>
<tr>
<td>50 to 99</td>
<td>686</td>
</tr>
<tr>
<td>100 to 249</td>
<td>264</td>
</tr>
<tr>
<td>250 to 499</td>
<td>153</td>
</tr>
<tr>
<td>500 to 999</td>
<td>19</td>
</tr>
<tr>
<td>1000 or more</td>
<td>18</td>
</tr>
</tbody>
</table>
Primary Care Physicians Per 100,000 Population, 2005

- Urban: 71
- Large Rural: 61
- Small Rural: 59
- Isolated Small Rural: 36

Montana Physicians in Active Practice by County

- 0 Doctors (10 Counties)
- 1-5 Doctors (20 Counties)
- 6-20 Doctors (12 Counties)
- 21-100 Doctors (8 Counties)
- 100+ Doctors (6 Counties)
Upcoming Events

**Manufacturing/Trade Day at the Capitol**  
April 4, Helena

**Montana Chamber Summer Meeting**  
June 18-19, Big Sky

**2012 Governor’s Cup Golf Tournament**  
August 1-3  
Flathead Valley  
www.2013GovernorsCup.com

**Montana Goes to China Tour**  
September 28-October 7  
www.MontanaGoestoChina.com

**Montana Goes to Cuba Tour**  
October 25-November 1  
www.MontanaGoestoCuba.com

Membership Benefits

- Office Depot Program
- HR e-Source
- Monthly Newsletter “Eye on Business”
- Weekly membership e-updates

Programs

- Montana Manufacturing Council  
- Montana High School Business Challenge  
  www.MTHSBC.com
- Montana Chamber Choices  
  www.ChamberChoices.com
- Montana Safety Choices  
  www.MTSafetyChoices.com
2013 Economic Update

Kalispell
Thursday August 1, 2013
12:00 – 1:30 p.m.
Red Lion Hotel

Billings
Tuesday August 6, 2013
7:00 – 8:30 a.m.
Crowne Plaza

Bozeman
Tuesday August 6, 2013
12:00 – 1:30 p.m.
Best Western GranTree

Helena
Wednesday August 7, 2013
7:00 – 8:30 a.m.
Jorgenson’s

Butte
Wednesday August 7, 2013
12:00 – 1:30 p.m.
Comfort Inn

Great Falls
Thursday August 8, 2013
7:00 – 8:30 a.m.
Hilton Garden Inn

Missoula
Thursday August 8, 2013
12:00 – 1:30 p.m.
Holiday Inn Downtown

Check out www.MontanaChamber.com for the latest Montana business news and resources

2013 Montana Chamber of Commerce
Treasure State Investors