

# Medicaid Expansion in Montana & Nationwide

**Financial Modernization & Risk Analysis (MARA) Study Committee 2025 Biennium**

**January 9, 2024**

- **Manatt Health Overview**
- **National Medicaid Expansion Context**
- ***Medicaid in Montana Report***
  - Core Statistics
  - Impact of Medicaid Expansion
  - Role of Medicaid in Supporting Access to Behavioral Health
- **Q&A**

# Manatt Health Overview



**Kinda Serafi | Partner**

[KSerafi@manatt.com](mailto:KSerafi@manatt.com)

An established health care leader, Kinda provides strategic counsel, policy analysis, State Plan and 1115 Waiver drafting and negotiation, managed care plan contract development, and operational planning support to multiple state Medicaid and Children’s Health Insurance Program (CHIP) agencies. She also has deep knowledge of how to design and implement innovative service delivery models for special populations such as children and youth with special health care needs.



**Kevin McAvey | Managing Director**

[KMcAvey@manatt.com](mailto:KMcavey@manatt.com)

Kevin advises states on how to develop and use health data and analytic capacity to advance policy, program, and regulatory goals, including fostering market competition, transparency, and innovation. Kevin works closely with leadership at Medicaid, social service, public health, and insurance departments to develop comprehensive data and analytic strategies that catalyze market change. Kevin is widely published on the topics of health care coverage, affordability, and data exchange and use.



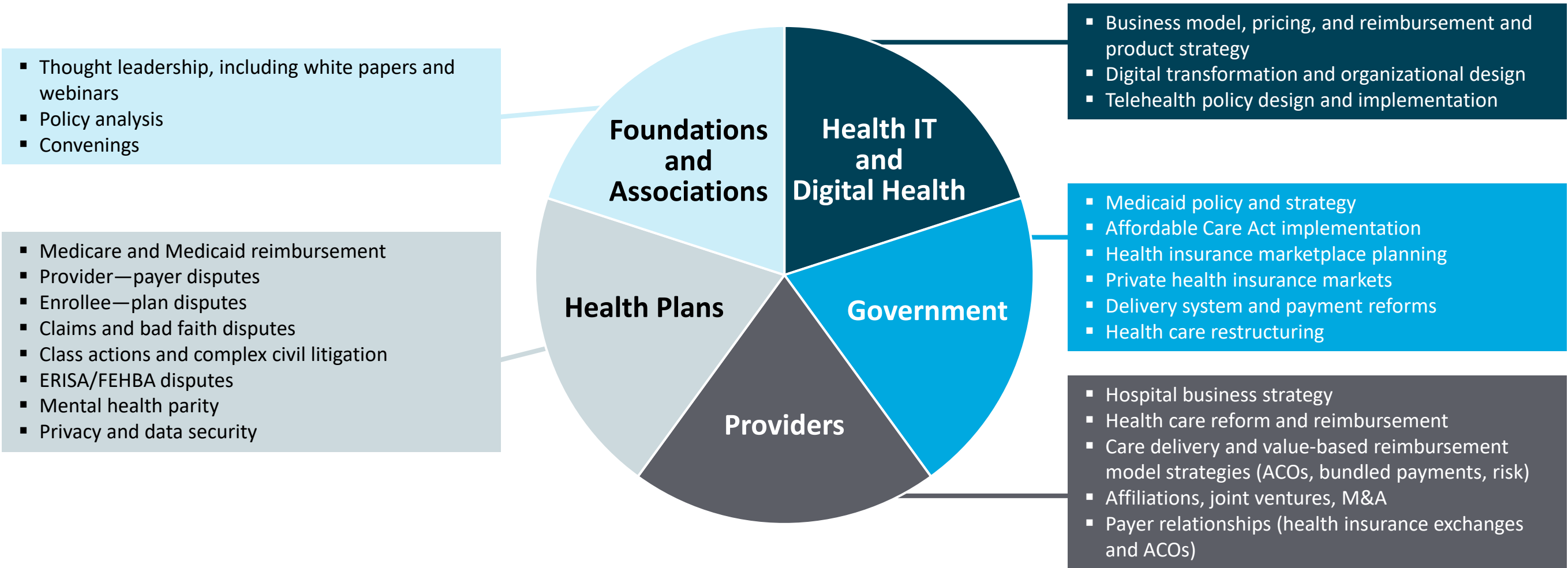
**Zoe Barnard | Senior Advisor**

[ZBarnard@manatt.com](mailto:ZBarnard@manatt.com)

As the Administrator of the Addictive and Mental Disorders Division (now BHDD), Zoe was responsible for the development and implementation of Montana Medicaid programs as well as other publicly funded behavioral health services for the state. Zoe was the AMDD Administrator through implementation of Medicaid Expansion (2016-2021). Zoe advises states and healthcare entities on implementation of behavioral health initiatives.

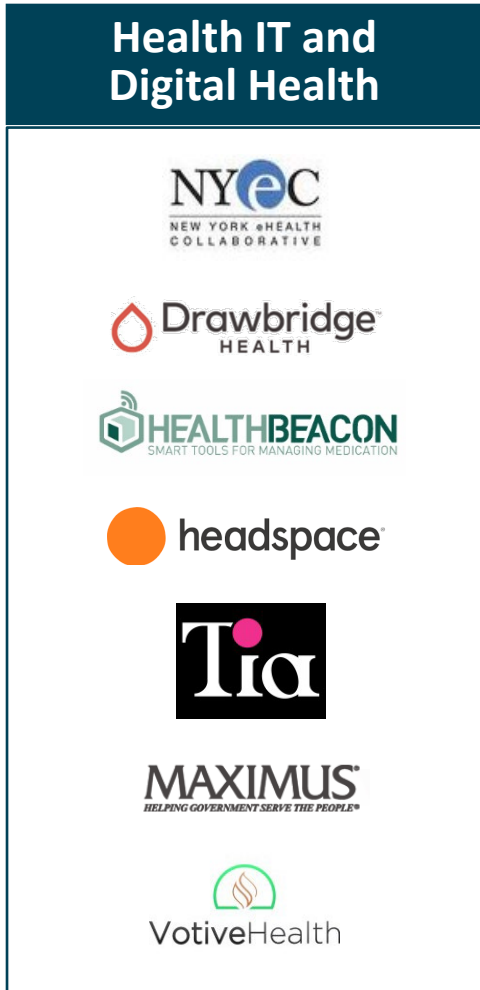
# Manatt Health's Mission and Work in Medicaid

**Manatt Health's mission is to co-create with our clients a more accessible, more equitable, high-quality system of health that promotes human well-being. In alignment with this mission, Manatt Health focuses a core component of its work on Medicaid beneficiaries.**



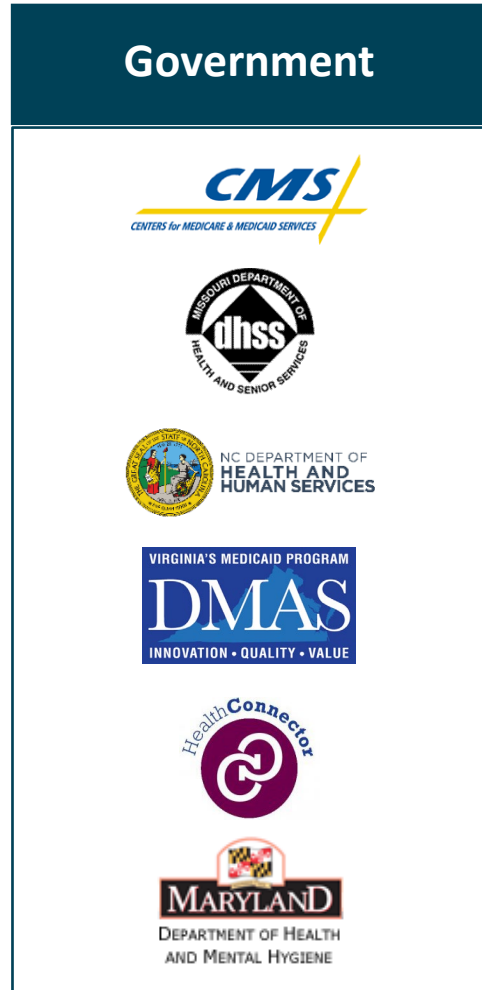
# Manatt Health's Wide Breadth of Experience

### Health IT and Digital Health



Logos for NYeC (New York Health Collaborative), Drawbridge Health, HealthBeacon (Smart Tools for Managing Medication), Headspace, Tia, Maximus (Helping Government Serve the People), and VotiveHealth.

### Government



Logos for CMS (Centers for Medicare & Medicaid Services), Missouri Department of Health and Senior Services (dhss), NC Department of Health and Human Services, Virginia's Medicaid Program (DMAS - Innovation • Quality • Value), Health Connector, and Maryland Department of Health and Mental Hygiene.

### Providers



Logos for Ascension Health, Dignity Health, Loma Linda University Medical Center, NYC Health+Hospitals, VNSNY (Visiting Nurse Service of New York), Yale New Haven Health (Yale New Haven Hospital), Maimonides Medical Center, Montefiore, UCSF Medical Center, and Children's Medical Center.

### Health Plans



Logos for Blue California, Humana, BlueCross BlueShield, Kaiser Permanente, AHIP, Health Net, Molina Healthcare, and Aetna.

### Foundations and Associations



Logos for California Health Care Foundation, The Commonwealth Fund, Robert Wood Johnson Foundation, AAMC, Children's Hospital Association, American Hospital Association, and United Hospital Fund.

Plus . . . 8 of the top 10 pharmaceutical companies.\*

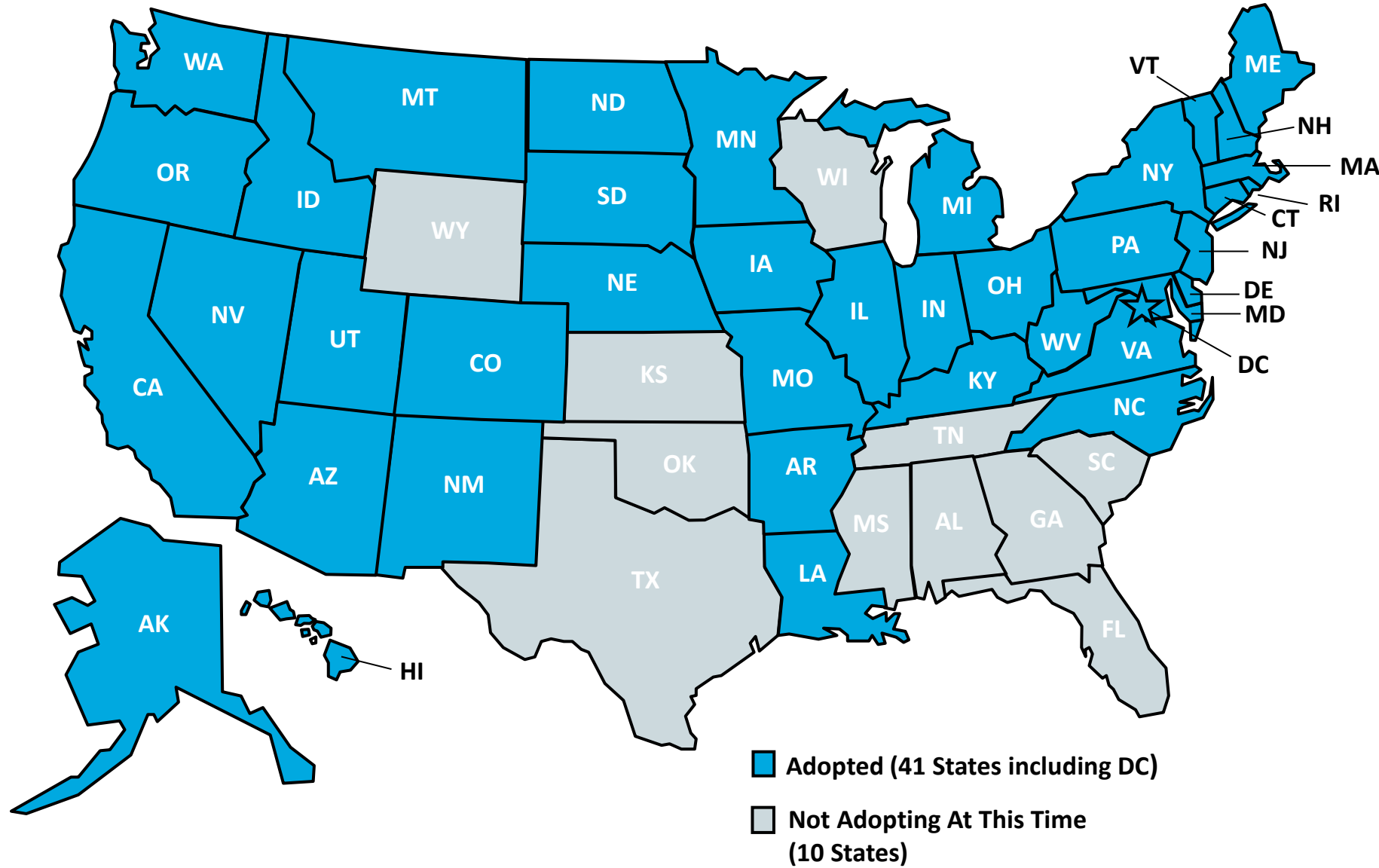
\* Due to confidentiality, client names cannot be disclosed.

# National Medicaid Expansion Context





# Medicaid Expansion States in 2024








- **Medicaid expansion is popular among the public.** Six states have implemented Medicaid expansion through a ballot initiative: Idaho (2018), Maine (2017), Nebraska (2018), Oklahoma (2020), South Dakota (2022), and Utah (2018).
- **Medicaid expansion is even popular in non-expansion states.** Two-thirds of people living in states that have not expanded Medicaid want their state’s Medicaid program to expand.
- **However, some expansion states still have Medicaid expansion sunset clauses.** New Hampshire has a seven-year sunset clause included in their 2023 Medicaid expansion reauthorization. Utah also passed a bill (H.B. 472) in 2018 that would scale back or sunset Medicaid expansion if the enhanced federal rates were reduced.

Sources: [KFF \(2018\)](#); [KFF \(2023\)](#); [NH Journal \(2023\)](#); [Utah State Legislature \(2018\)](#)

# Why Medicaid Expansion? Impact on People

Medicaid expansion increases health care coverage and access to more low-income individuals and is also linked to improved health, financial, and employment outcomes for those who gain expansion coverage.

	<b>Access to Care:</b> Individuals in expansion states are <u>more likely to have a primary care provider and a regular source of care</u> compared to those living in non-expansion states; expansion states have also <u>increased behavioral health treatment availability</u> compared to non-expansion states.
	<b>Health Outcomes:</b> Expansion has been associated with <u>improved self-reported health</u> , <u>substantial improvements in mental health</u> among adults with chronic conditions, and <u>fewer premature deaths</u> .
	<b>Equity:</b> Expansion states <u>narrowed gaps in uninsured rates between Black, Hispanic, and White people</u> far more than non-expansion states; expansion has also helped <u>narrow racial and ethnic disparities in access to care</u> .
	<b>Financial Security:</b> Expansion <u>reduces personal medical debt</u> by an estimated \$1,140 per Medicaid enrollee; <u>evictions fell by about 20%</u> after state expansion took effect compared to non-expansion states.
	<b>Supporting Employment:</b> Expansion enrollees also reported that Medicaid coverage <u>helped them do a better job at work or made it easier to seek a new or better job</u> in first year of enrollment.

## States have experienced significant budget savings and revenue gains through Medicaid expansion.

- **State savings from enhanced federal matching funds.** Individuals who were previously eligible for limited Medicaid benefits before the ACA are now eligible for full Medicaid coverage in the new adult group. States receive enhanced federal funding for providing full Medicaid benefits to expansion enrollees.
- **State savings from replacing general funds with Medicaid funds.** Many states historically support programs for the uninsured using their general funds. Medicaid expansion allows a significant proportion of previously uninsured individuals to receive Medicaid coverage under the new adult group funded by enhanced federal dollars. This reduces state spending on programs for the uninsured.
- **Revenue gains.** Nearly all states raise revenue through assessments or fees on provider and/or health plan revenue. Increased revenues for providers and health plans due to expansion increase the assessments or fees that states are able to collect, leading to revenue gains for states.

## States have seen positive economic impacts from Medicaid expansion.

- **State-commissioned impact estimates.** Nearly all states who have commissioned independent estimates of the economic impact of Medicaid expansion in their state have found positive economic impacts and job growth over time.
  - **Montana** has estimated Medicaid expansion's economic contribution to be \$3.8-4.2 billion between 2014-2021, including an additional 11,500 jobs annually.
- **Federal funding potential.** The Urban Institute estimates that all non-expansion states were to expand Medicaid, federal funding for non-expansion states would increase by \$34.3 billion in 2023.

## Hospitals in states with Medicaid expansion have lower uncompensated care costs and better margins and payer mix.

- **Lower uncompensated care costs.** Medicaid expansion has been associated with a **significant decrease in uncompensated care costs** for hospitals in Medicaid expansion states.
  - Blavin (2016) found that Medicaid expansion was associated with a decrease in uncompensated care costs by \$2.8 million on average.
- **Better financial margins.** Hospitals in Medicaid expansion states were also found to have **healthier financial margins**.
  - Blavin (2016) also found that hospitals in Medicaid expansion states experienced a \$3.2 million increase in Medicaid revenue per hospital compared to hospitals in non-expansion states.
- **Fewer rural hospital closures.** The American Hospital Association noted that the majority of rural hospital closures occurred in states where Medicaid expansion was not in place or was in place for less than a year.

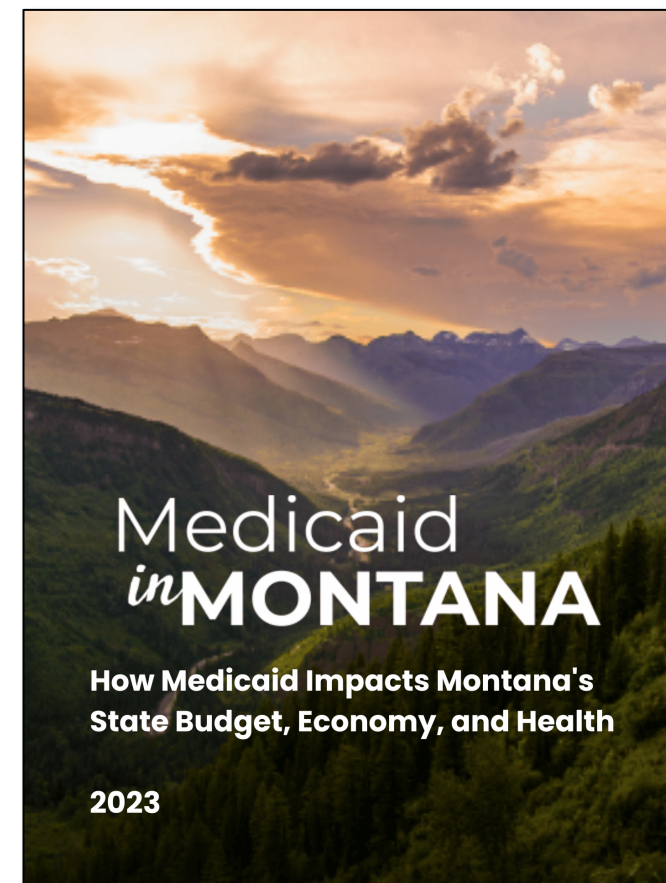
## Medicaid expansion is associated with increased access to behavioral health (i.e., mental health and substance use disorder) care and improved outcomes.

- **Increased mental health access.** Medicaid expansion **increases access to care for adults with mental health conditions**, but effects on utilization are mixed. While utilization of mental health care increased via telehealth, especially during the COVID-19 pandemic, some studies did not find an impact on self-reported mental health outcomes among specific adult populations (e.g., near-elderly adults and women of reproductive age).
- **Increased substance use disorder (SUD).** Several studies have found that Medicaid expansion **increased insurance coverage** among adults with SUD and **improved payer mix for SUD-related visits** through either decreased numbers of uninsured patients and/or increased numbers of Medicaid patients.
  - Medication assisted treatment (MAT) prescriptions for opioid use disorder also increased due to Medicaid expansion.
  - In states with Medicaid expansion, opioid treatment facilities are more likely to offer MAT and comprehensive mental health services than states without expansion.

# *Medicaid in Montana* Annual Report

**Manatt supports the Montana Healthcare Foundation, in partnership with the state’s Department of Public Health and Human Services, to produce an annual, independent, fact-based, and data-driven report on Montana Medicaid.**

- **Context.** In 2019, the Montana Healthcare Foundation (“Foundation”) approached Manatt to produce a non-partisan report to serve as a public resource for information about the Montana Medicaid program, its beneficiaries, and role in Montana’s health care system and economy. The first Report was published in January 2021.
- **Report Purpose.** The purpose of the Report is to support informed discourse about the Montana Medicaid program by sharing core statistics about the program, its enrollees, their needs and costs, and Medicaid expansion’s impact on the state budget and economy.
- **Partners.** Manatt has supported the Foundation, in partnership with the state’s Department of Public Health and Human Services (DPHHS), to produce a “data-forward” report – “*Medicaid in Montana*” – annually since 2021. Manatt works closely with DPHHS to acquire and analyze de-identified claims data to support reporting.



[Medicaid in Montana: How Medicaid Impacts Montana's State Budget, Economy, and Health - Montana Healthcare Foundation \(mthcf.org\)](#)

The Report is designed to inform the public, policymakers, and advocates about Medicaid’s performance in Montana and identify future opportunities to strengthen the program. The 2024 report will be published in the next few months.

- **Report Structure.** The Report, historically, has comprised of four sections:
  - **Program Background**, which provides a primer on the role of Medicaid in supporting population health and its unique structure as a federal-state partnership.
  - **Medicaid Basics**, which comprises core statistics about who Montana Medicaid serves, their needs, the services they use, and at what cost.
  - **Impact of Medicaid Expansion**, which elevates key statistics about the impact of the state’s Medicaid Expansion on the state’s budget, economy, and health.
  - **“Special Topic” Section**, which discusses targeted Medicaid policy topics (e.g., value of integrated behavioral health) or spotlights key populations (e.g., tribal communities).
- **Companion Materials:** The report also includes a databook with all Report data, often with additional segmentations of interest.

Montana Healthcare Foundation ([2021](#), [2022](#), [2023](#)). “Medicaid in Montana: How Medicaid Impacts Montana’s State Budget, Economy, and Health.”

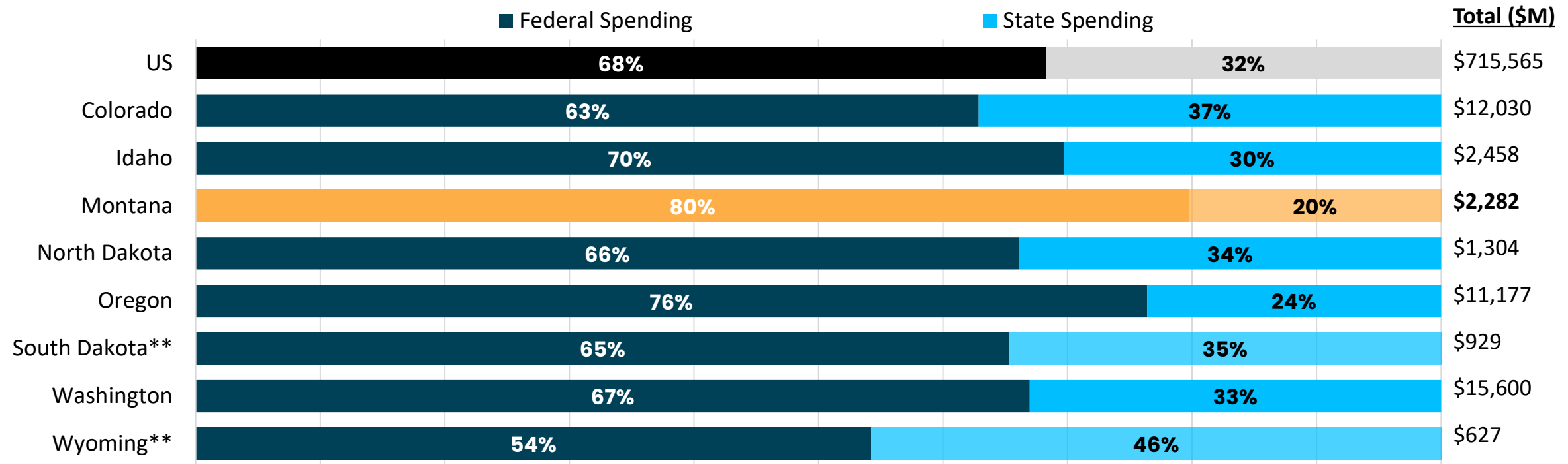
Report Section	Recurring Topics
<b>Program Background</b>	<ul style="list-style-type: none"> <li>▪ Overview of joint state-federal partnership</li> <li>▪ Health care services covered</li> <li>▪ State-federal cost sharing and financing</li> <li>▪ Fraud and abuse</li> </ul>
<b>Medicaid Basics</b>	<ul style="list-style-type: none"> <li>▪ Medicaid enrollment and demographics</li> <li>▪ Employment rates</li> <li>▪ Geographic coverage</li> <li>▪ Service utilization</li> <li>▪ Average spending by population group and spending by provider type</li> </ul>
<b>Impact of Medicaid Expansion</b>	<ul style="list-style-type: none"> <li>▪ Total enrollment and enrollee characteristics</li> <li>▪ Access to health care services</li> <li>▪ Treatment rates and health outcomes</li> <li>▪ Cost trends</li> <li>▪ Budget savings and spending</li> <li>▪ Economic outcomes</li> </ul>
<b>Special Topics</b>	<ul style="list-style-type: none"> <li>▪ 2021: Tribal health</li> <li>▪ 2022: Rural health</li> <li>▪ 2023: Behavioral health</li> </ul>

# Key Findings From 2023 Report



# Montana pulls in more federal dollars than peer states to support its Medicaid program for every state dollar spent.

### Medicaid Spending by Funding Source (SFY 2021)



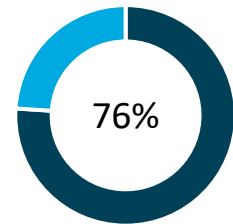
- Montana benefits from high federal match rates for its Medicaid program.** Approximately 80% of its total Medicaid budget was funded by the federal government in SFY 2021, significantly more than the national average and peer states.
- Montana benefits from high FMAP rates for both its regular and expansion expenditures.** Montana leverages \$4 of federal spending for every \$1 of state spending, compared with approximately \$2 of federal spending for every \$1 of state spending nationally.

\*Peer states were selected to provide a diverse set of comparators by demographic, geographic, and Medicaid expansion characteristics.

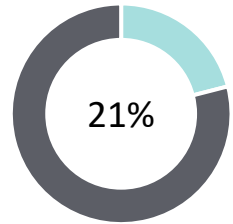
\*\*States that have not expanded Medicaid.

# Montana Medicaid supports low-income adults and their employers by providing essential health care coverage.

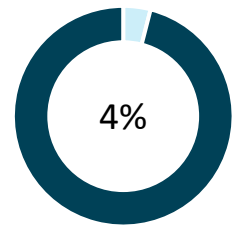
## Employment Status of Adult Medicaid Enrollees



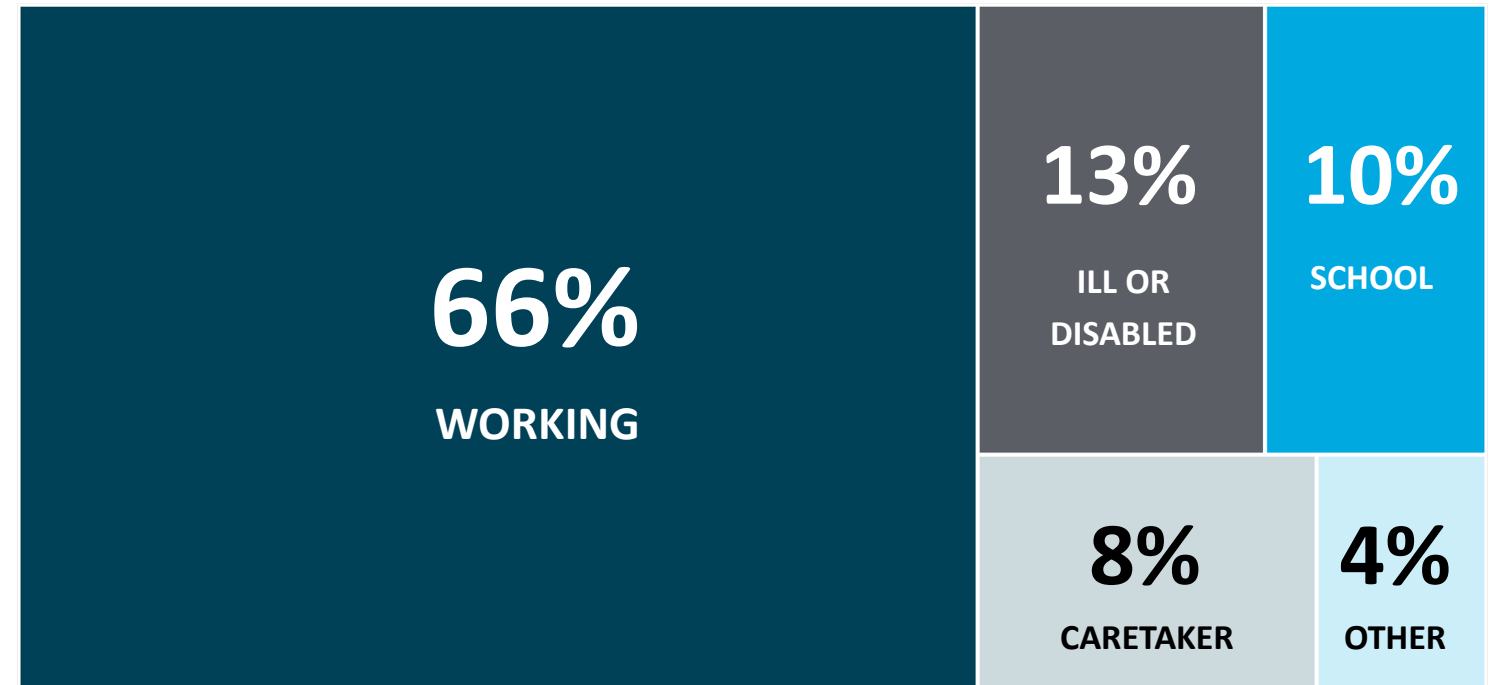
76% of Montana's adult Medicaid enrollees aged 19-64 reported working full time, working part time, or attending school.



21% of adult Medicaid enrollees reported a disability or other impairment to work or reported being a caretaker.



4% of adult Medicaid enrollees reported not working and having no impediments to work.

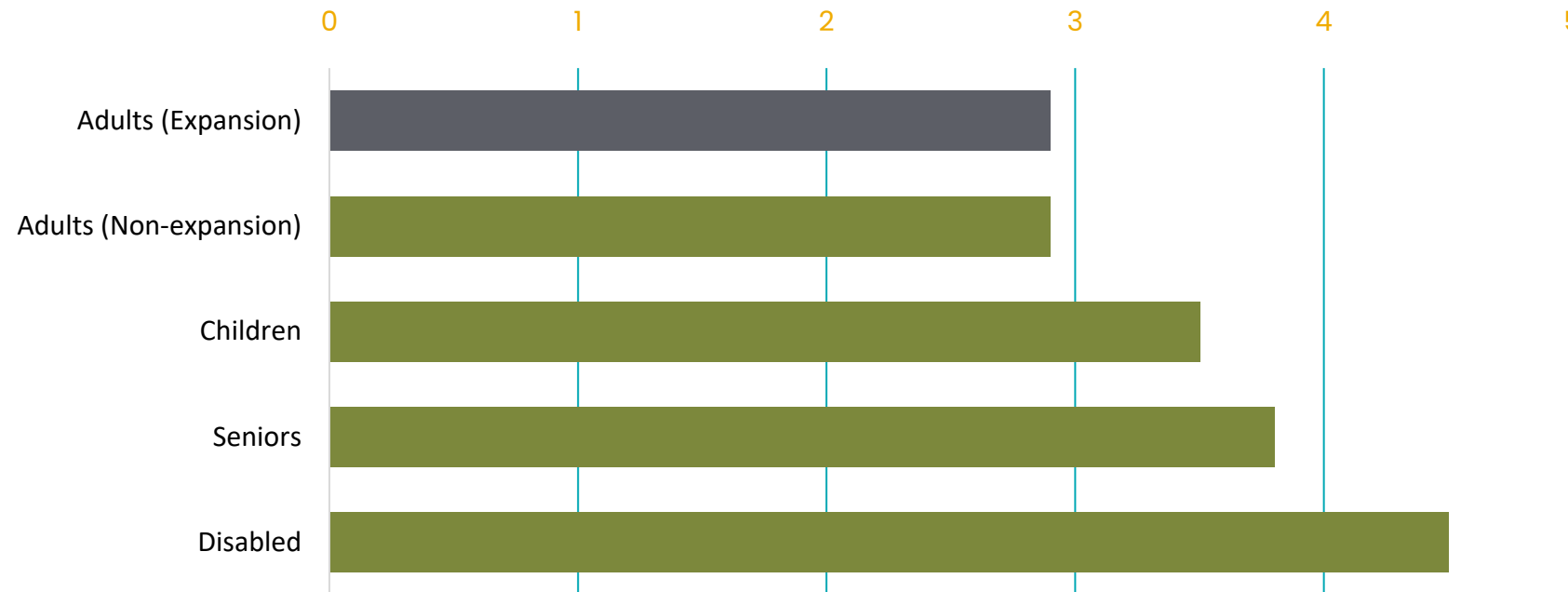


- More than three-quarters of Montana's 170,000 adult Medicaid enrollees are employed or attending school.
- Many Medicaid enrollees work in low-wage, seasonal, or "gig" industries that do not offer commercial insurance coverage. Medicaid supports those workers and their employers by offering a stable source of health care coverage and ensuring care is accessible for physical and mental health conditions.



# Montana Medicaid is a stable source of longer-term coverage for children, seniors, and individuals with disabilities, while providing shorter coverage for low-income adults.

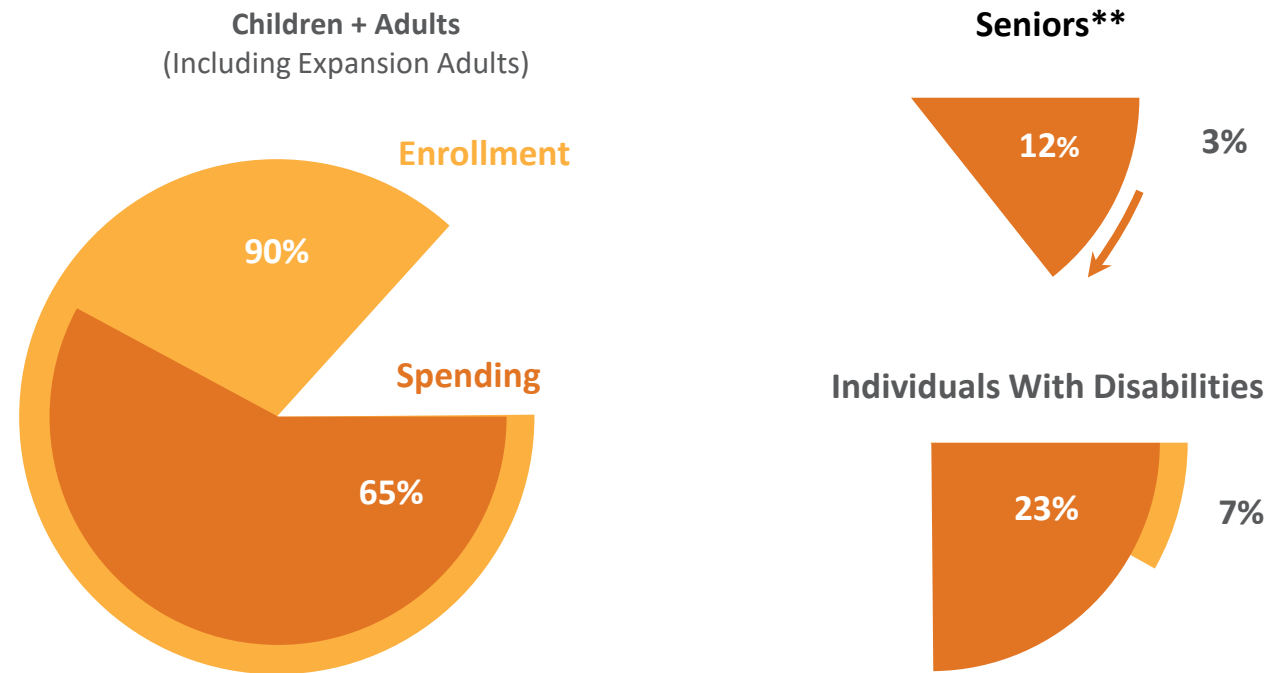
**Average Number of Years on Medicaid  
(Six-Year Period, January 2016 - December 2021)**



- Medicaid minimizes coverage gaps that could otherwise delay needed medical care and preventive services, such as chronic disease screenings, viral testing, and vaccinations.
- Populations with chronic medical needs (seniors, individuals with disabilities) and/or income limitations (children) tend to be on Medicaid longer than those who are more able to find permanent employment or alternative coverage (adults). This holds true in Montana, where more than half (58%) of the state’s Medicaid expansion population (able-bodied, low-income adults) was enrolled for fewer than three years between 2016 and 2021.

Seniors and individuals with disabilities comprise only 10% of Montana Medicaid enrollment but account for 35% of Medicaid expenditures.

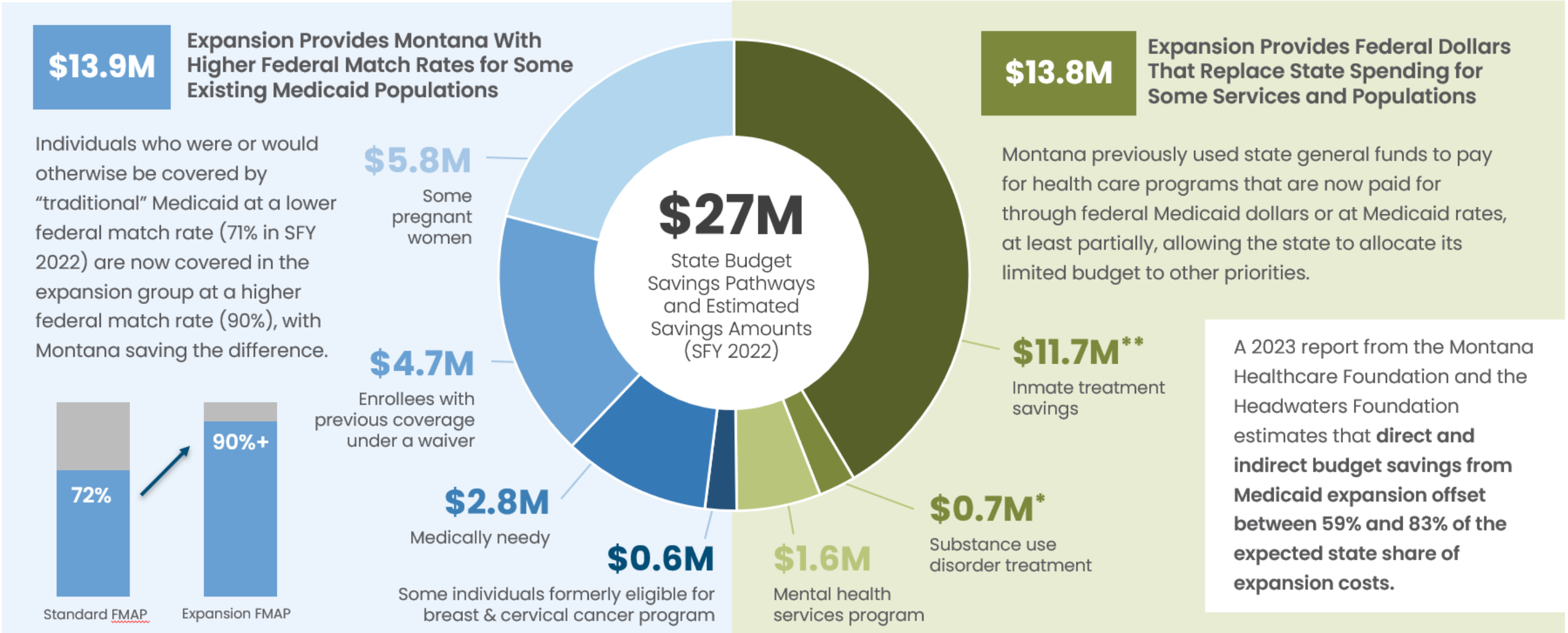
### Medicaid Enrollment and Spending by Population Group\* (SFY 2021)



\*Medicaid spending only, excludes Medicare spending. CHIP spending is estimated based on aggregate budget data. Spending excludes Disproportionate Share Hospital (DSH) and supplemental provider payments. Enrollment percentages are based on member months and may not align with other values in this report.

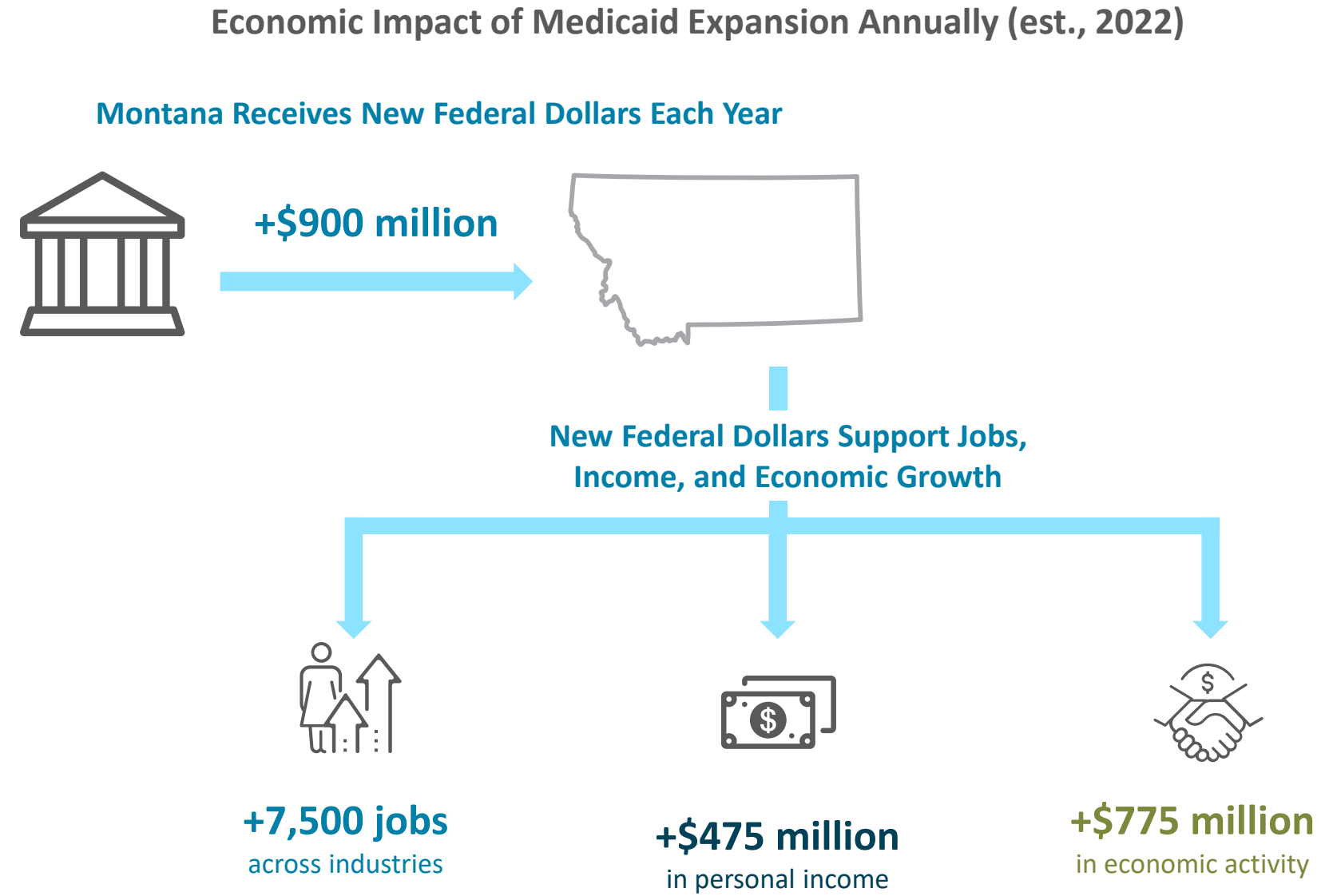
\*\*“Individuals with disabilities” includes individuals from all age categories. “Seniors” excludes “individuals with disabilities” who are otherwise captured by the “individuals with disabilities” category.

# The HELP Act, including Medicaid expansion, generated direct state budget savings of more than \$27 million in state fiscal year 2022.



Medicaid expansion brings approximately \$900 million into Montana annually, creating jobs and supporting new economic activity.

- Each year, Medicaid receives approximately \$900 million from the federal government to spend on Medicaid expansion. This funding supports the health and well-being of Montana’s residents and economy.
- New federal spending on Montana’s hospitals, clinics, and primary and specialty care allows enrollees to spend less on health care, and more on other goods and services. In 2022, Medicaid expansion helped create and sustain over 7,500 new jobs and generated an estimated \$475 million in new personal income.



Medicaid expansion provides low-income Montanans with access to preventive physical and behavioral health services critical to supporting long-term well-being.

## Medicaid Expansion



### Screenings

Medicaid expansion facilitates access to screenings and preventive services. **In 2021, 61,635 members utilized these services.**



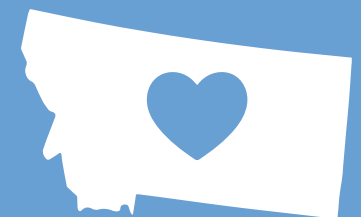
### Diagnoses

Access to preventive services and screenings results in early diagnosis of chronic physical and behavioral health conditions. **Screenings helped more than 6,600 enrollees get treatment for hypertension (+1,200 from 2020) and 3,500 for diabetes (+648 from 2020) in 2021.**



### Treatment

Early diagnosis facilitates treatment of conditions that benefit from ongoing care, supporting the long-term health and well-being of Montanans. **More than 34,000 expansion enrollees received mental health services in 2021, and more than 5,700 received support for substance use disorders in 2021.**



**A healthier  
Montana**



# Medicaid covers essential preventive services that help Montanans identify and address health issues early.

**Preventive Service Utilization By Population Group (CY 2021)**

Service	Children	Adults (Non-expansion)	Adults (Expansion)	Seniors	Disabled**
<b>Preventive/Wellness Exams</b>	<b>40,789</b>	<b>6,172</b>	<b>15,474</b>	<b>410</b>	<b>1,827</b>
<b>Physical and Behavioral Health Screenings*</b>					
Alcohol Abuse Screening	38	182	760	33	55
Breast Cancer Screening	2	1,385	4,716	178	671
Cervical Cancer Screening	14	3,729	8,534	36	450
Cholesterol Screening	2,355	6,987	19,990	751	3,279
Diabetes Screening	2,586	7,613	15,849	744	2,914
Hepatitis B Screening	223	1,733	3,458	44	338
Hepatitis C Screening	355	2,836	6,092	32	458
Sexually Transmitted Disease Screening	1,487	5,797	11,458	17	586
Tobacco Use Counseling & Interventions	18	361	1,009	20	168
<b>Vaccinations</b>	<b>26,970</b>	<b>5,834</b>	<b>12,190</b>	<b>503</b>	<b>2,364</b>
<b>Dental Preventive Services</b>	<b>68,544</b>	<b>16,689</b>	<b>30,654</b>	<b>2,729</b>	<b>7,294</b>

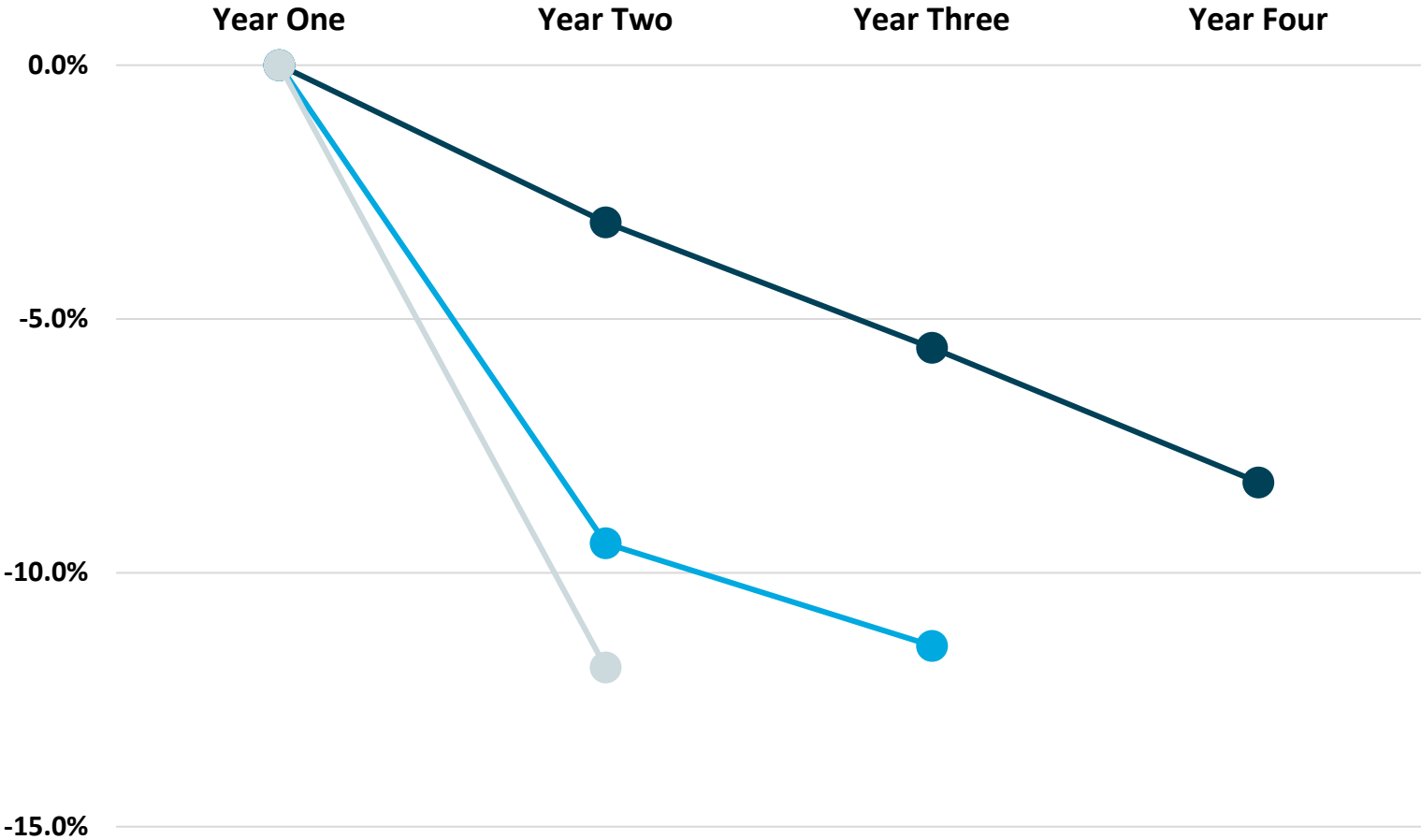
- Access to preventive services is a critical driver of long-term health and well-being.
- In 2021, Medicaid supported the delivery of more than 62,000 wellness exams, 118,000 preventive dental services, and more than 45,000 vaccinations (not including vaccinations for COVID-19).

\*Billed screenings only; may undercount regularly conducted screenings such as for alcohol abuse.

\*\*Disabled counts not mutually exclusive of other population groups.

# Early treatment supports better health outcomes among Montana Medicaid expansion enrollees.

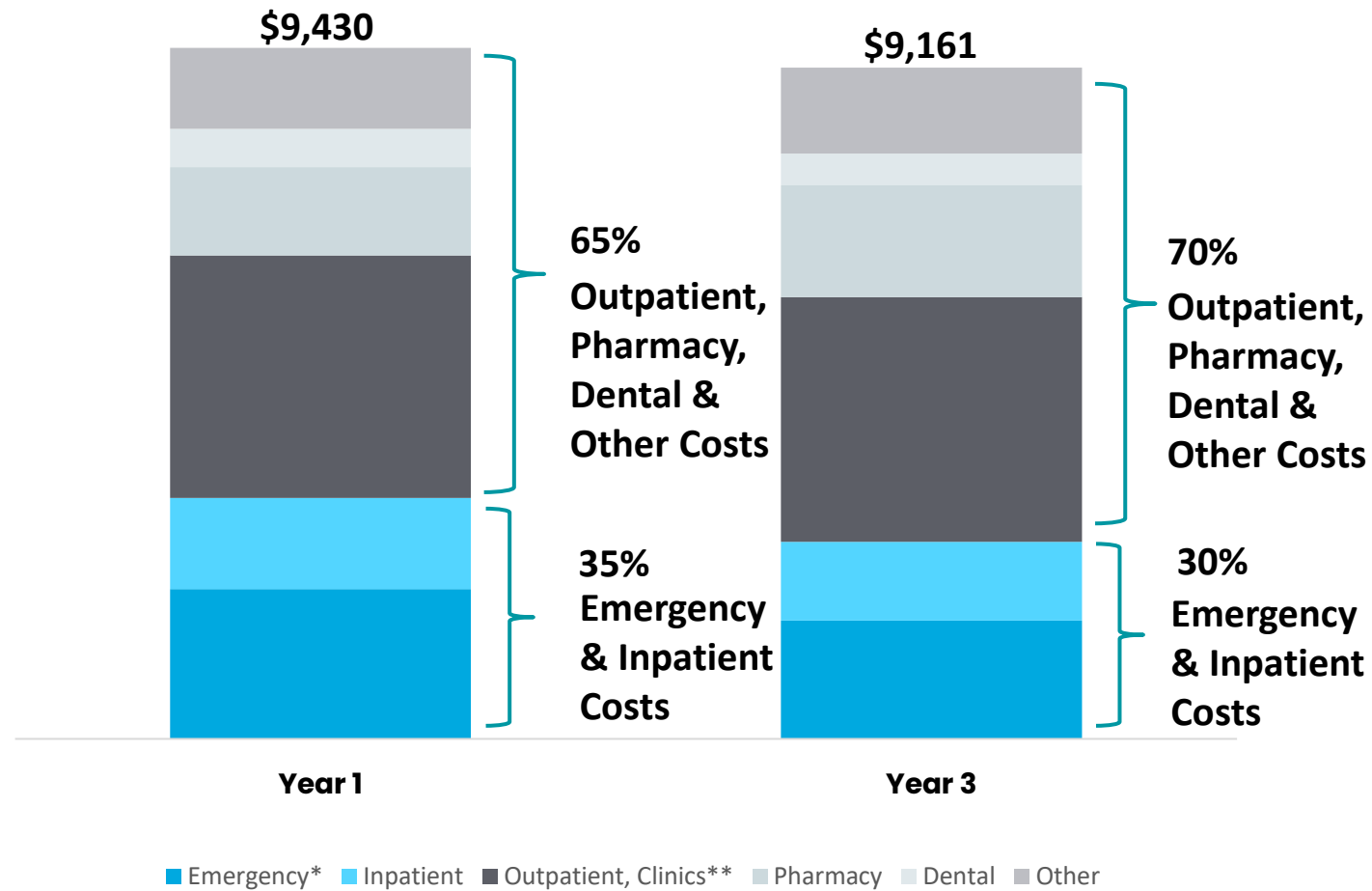
### Medicaid Expansion Enrollees With an ED Visit by Year of Enrollment



- Nearly 70,000 Montanans were covered by Medicaid expansion for at least two full years between program launch in 2016 and April 1, 2020, prior to the COVID-19 pandemic.\*
- During their first year of enrollment, 17,914 (around 26%) of those enrollees had at least one ED visit. **During their second year of enrollment, however, only 15,788 Medicaid expansion enrollees visited the ED, a decline of more than 11%.**
- Declines in use of the ED over time is similarly observed for individuals with at least three or four years of continuous coverage, though drops are more gradual, which may reflect the differing health needs of the respective populations.

Among Montana Medicaid expansion enrollees with at least three years of coverage, costs shifted from more expensive emergency and inpatient care to less intensive outpatient services and pharmacy costs over time.

Average Medicaid Expansion Enrollee Health Care Costs by Service Type and Year of Enrollment

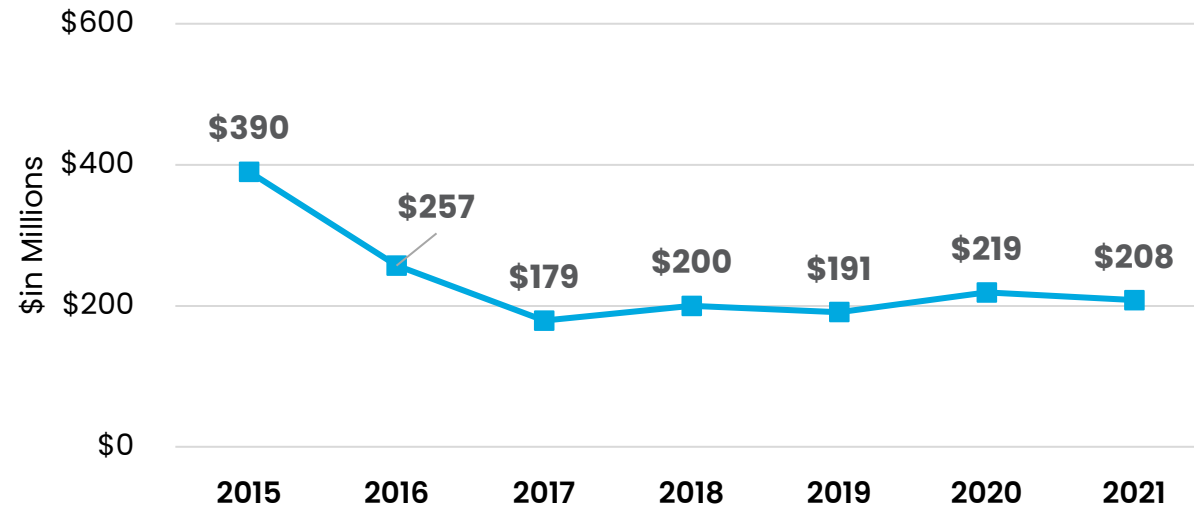


\*Includes emergency department and emergency inpatient costs.

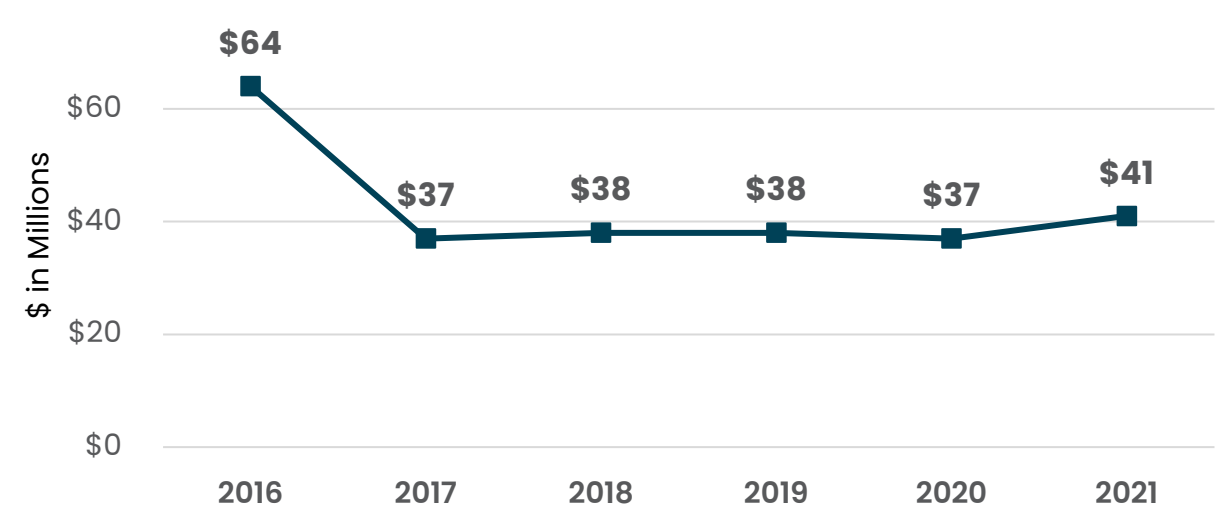
\*\*Includes hospital outpatient, primary care, physician, clinic, and IHS costs.

# Medicaid expansion reduced the financial burden of uncompensated care for Montana's hospitals, including critical access hospitals.

### Montana Hospital Uncompensated Care Costs (CY 2015-2021)\*



### Montana Critical Access Hospitals and Rural Health Clinics Uncompensated Care Costs\* (CY 2016-2021)\*\*

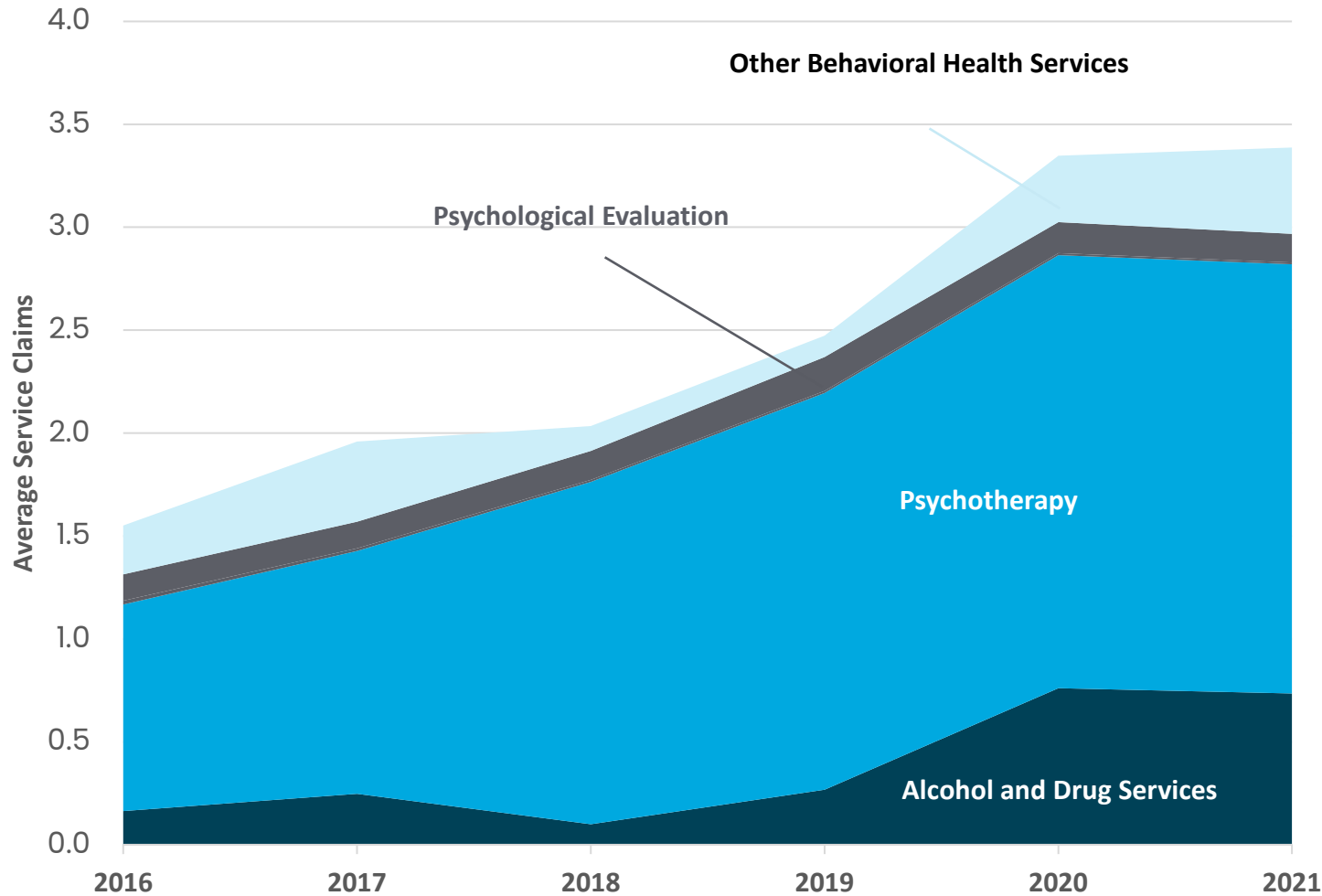


- Reducing uncompensated care costs is particularly important for Montana's critical access hospitals (CAHs) and rural health clinics (RHCs). Nationally, rural hospitals located in non-expansion states have lower median operating margins than those in expansion states.
- Since expansion, Montana's CAHs and RHCs have seen an increase in Medicaid reimbursement and a decrease in uncompensated care costs, improving their financial positions and allowing them to remain financially viable and continue serving as critical points of health care for rural Montanans.
- No rural hospitals in Montana have closed since Medicaid expansion passed, and uncompensated care costs for Montana CAHs and RHCs declined by 35% (more than \$22 million) between 2016 and 2021.

# The Impact of Montana Medicaid Expansion on Behavioral Health

# Utilization of behavioral health services has increased as Montanans connect with the treatment they need.

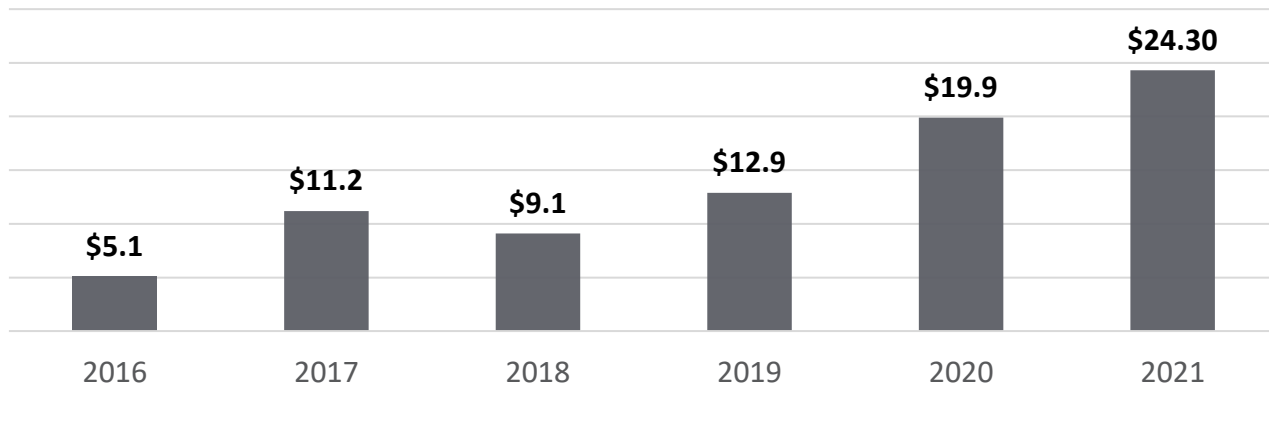
### Behavioral Health Service Claims per Medicaid Expansion Enrollee (Average, CY 2016-2021)



- Since Montana expanded Medicaid, utilization of mental health and SUD services, including alcohol and drug services, psychotherapy, and other behavioral health services, has steadily increased.
- **On average, each expansion enrollee had more than three behavioral health service claims in 2021.**
- Expansion enrollees utilize individual and group counseling and therapy services more than any other behavioral health service. In 2021, service claims for psychotherapy comprised more than three of every five behavioral health claims. At the same time, the use of alcohol and drug services continues to rise among expansion enrollees.

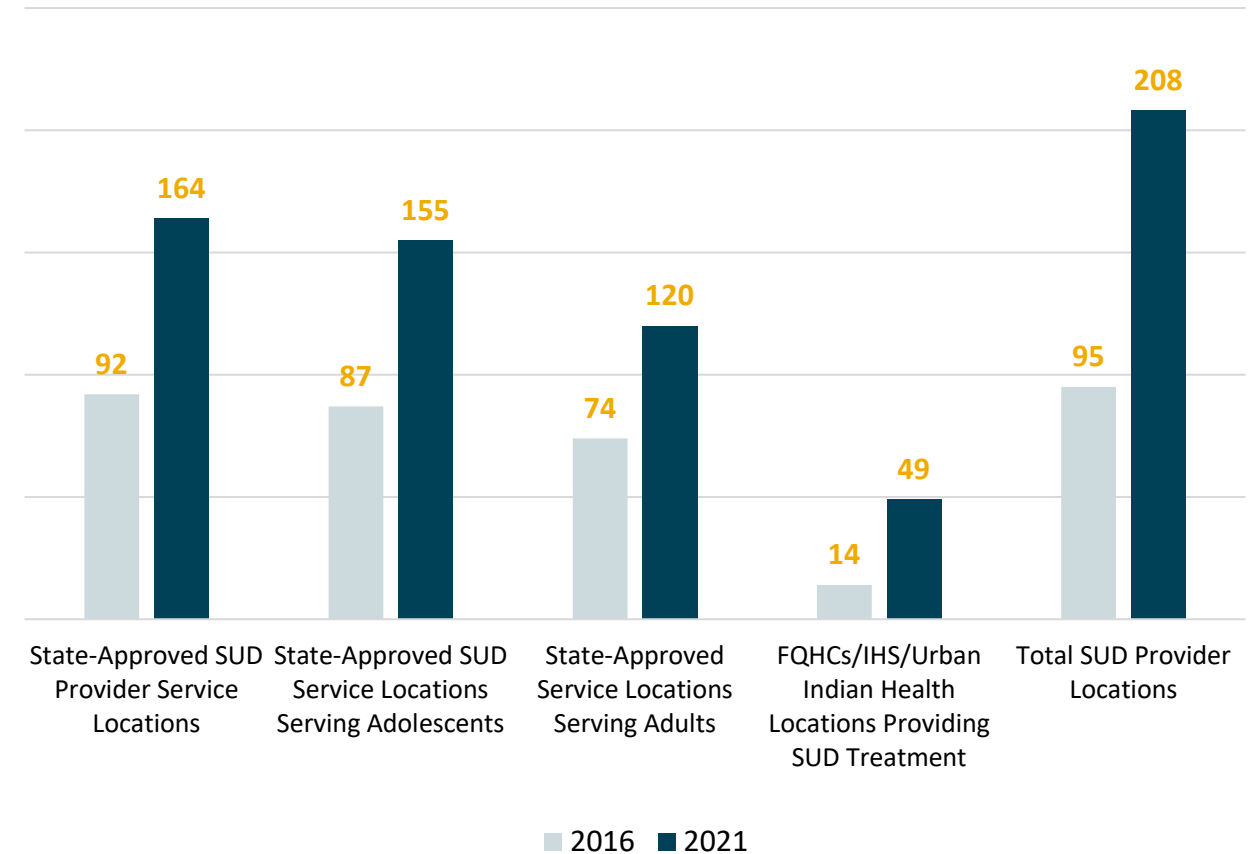
# Medicaid expansion also increased Montana's capacity to support the prevention and treatment of substance use disorders.

### Medicaid Funding for SUD Treatment (\$ in millions)



- Medicaid funding for SUD treatment services has increased by a factor of five since the implementation of Medicaid expansion, increasing from \$5.1 million in 2016 to more than \$24 million in 2021.
- Funding increases, combined with the state's elimination of a restriction on the number of organizations authorized to bill Medicaid for SUD treatment in each county, has led to a significant increase in the number of state-authorized SUD treatment providers.

### Number of Montana SUD Treatment Provider Service Locations (CY 2016, 2021)



# Through the Healing and Ending Addiction Through Recovery and Treatment (HEART) Initiative, Montana has expanded available behavioral health treatment for Medicaid members. HEART primarily serves adults through Medicaid Expansion.

## Community-Based Treatment

Community-based treatment includes services that support Montanans in their homes and communities, including case management, peer support services, and other community-based supports.

## Early Intervention

Early intervention includes services and screenings to educate and support Montanans to prevent acute or chronic health conditions.

## Outpatient Services

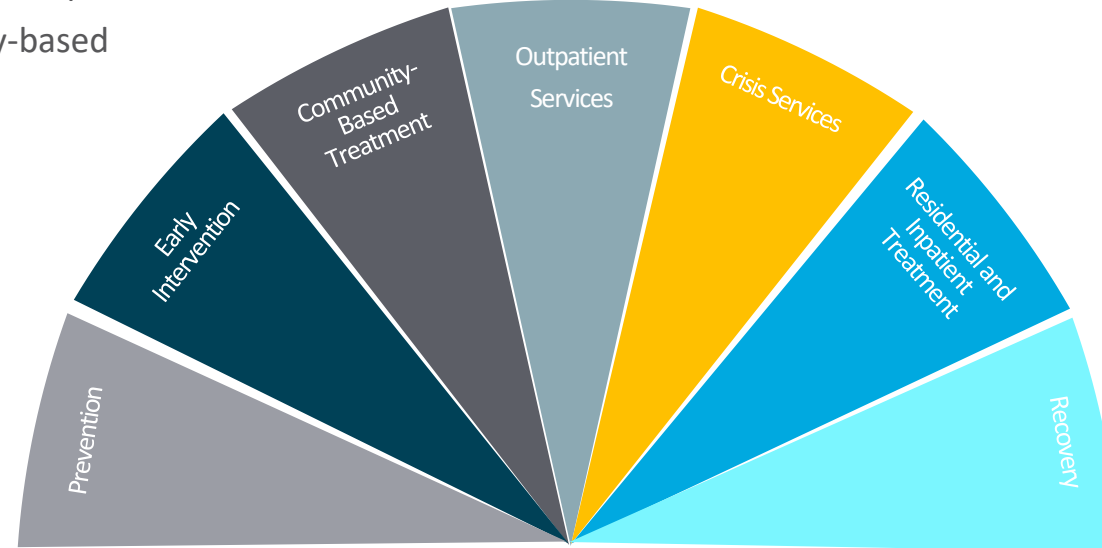
Outpatient services include individual and group therapy and other medications and supports in an outpatient hospital or primary care setting.

## Crisis Services

Crisis intervention services assess, stabilize, and treat Montanans experiencing acute mental health or substance use-related distress.

## Residential and Inpatient Treatment

Short-term residential treatment can divert Montanans from more intensive services or can be used as a step-down from such services. Inpatient services are delivered in facility settings to those who require intensive care and monitoring.



The state seeks to support a strong continuum of outpatient and crisis services to provide more effective care, as well as to improve the availability of inpatient services. In July 2022, the Centers for Medicare and Medicaid Services approved a portion of DPHHS' Section 1115 demonstration request to expand options for residential and inpatient substance use care.







**Kinda Serafi | Partner**

**[KSerafi@manatt.com](mailto:KSerafi@manatt.com)**



**Kevin McAvey | Managing Director**

**[KMcAvey@manatt.com](mailto:KMcAvey@manatt.com)**



**Zoe Barnard | Senior Advisor**

**[ZBarnard@manatt.com](mailto:ZBarnard@manatt.com)**