



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

MEDICAID EXPANSION IN MONTANA

WHAT LEGISLATIVE ACTION AUTHORIZED MEDICAID EXPANSION?

The Affordable Care Act (ACA) of 2010 expanded the Medicaid program in all states. Subsequent action by the Supreme Court upheld the ACA and determined that states could not be forced to expand Medicaid but have the opportunity to choose whether or not to participate instead. The Montana Health and Economic Livelihood Partnership (HELP) Act (SB 405), passed in 2015 by the 64th Legislature, authorized the expansion of Medicaid in Montana. The HELP Act reached its sunset date on June 30th, 2019 but Medicaid expansion was subsequently reauthorized through HB 658. The termination date for HB 658 is June 30th, 2025.

Medicaid is a partnership between state and federal governments. In the Medicaid program already in place, prior to expansion (often referred to as traditional Medicaid), Montana receives approximately 64.0% federal reimbursement for Medicaid services. For everyone hundred dollars of services provided, the federal government pays sixty-four dollars, and the state covers the remaining thirty-six dollars. In 2020, the state reached the federal matching rate of 90.0% federal and 10.0% state funding for the expansion portion of Medicaid, which will continue into the future.

Federal Match Rate		
Calendar Year	Federal Share	State Share
2016	100.0%	0.0%
2017	95.0%	5.0%
2018	94.0%	6.0%
2019	93.0%	7.0%
2020+	90.0%	10.0%

HOW IS MONTANA'S MEDICAID EXPANSION DIFFERENT FROM OTHER STATES?

HB 658 continued Medicaid expansion with several differences from the original ACA-prescribed expansion as well as the Montana HELP Act (SB 405). HB 658 continued what was originally termed a "uniquely Montana solution." Parts of these differences required official "waivers" from the Centers for Medicare & Medicaid Services (CMS). These unique aspects include:

- Premium payments
- Workforce development
- Community engagement requirement

Premium Payments

HB 658 stipulated that participants must pay a premium equal to a percentage of a participant's modified gross adjusted income. This percentage is set to 2.0% of their income in the first two years that a participant receives coverage. A participant's premium is increased 0.5% for each subsequent year that they receive coverage with premiums being capped at 4.0% of a participant's total income. Additionally, when CMS approved the waiver for cost sharing, those individuals earning less than 50.0% of the federal poverty level (\$6,795 for a single individual in 2022) were specifically excluded from this requirement. As a result, only

those participants earning between 100.0-138.0% of the federal poverty level are paying premiums. The current federal administration has notified the state that premiums must end after CY 2022.

Workforce Development

Another unique aspect of the HELP Act that did not require a waiver from CMS rules was the inclusion of a workforce development training program to assist in helping participants develop the skills needed to move up the pay scale and out of the Medicaid program. Participants in Medicaid expansion have access to a suite of workforce development resources provided by the Montana Department of Labor & Industry (DLI).

Community Engagement Requirement

The current Medicaid expansion bill, HB 658, includes a community engagement requirement which requires individuals receiving coverage under Montana Medicaid expansion to participate in 80 hours of community engagement. This could include employment, workforce training or continuing education, substance abuse treatment, volunteering, or a host of other potential activities. There are various exceptions to this waiver including but not limited to being blind or disabled, pregnant, or mentally or physically unable to work.

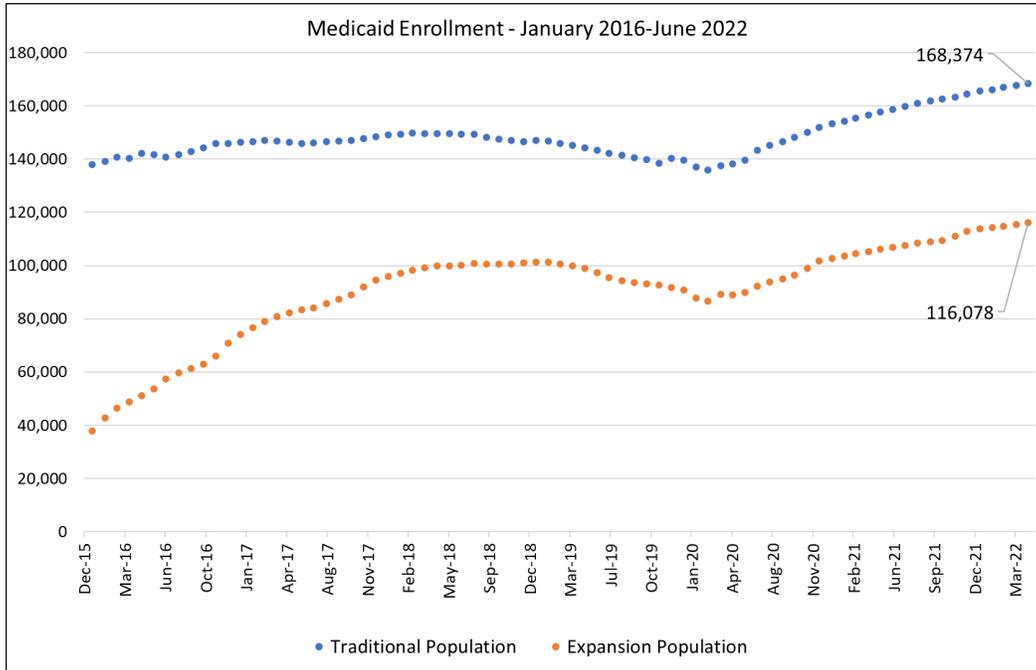
This proposal was submitted to the CMS in 2019 but its approval was put on hold due to the COVID-19 pandemic. Under the current federal administration, work requirements across the country were discontinued. The Montana proposal will remain unapproved after the current CMS leadership concluded that such waivers reduce coverage and fail to promote the purpose and objectives of the Medicaid program.

WHO IS ELIGIBLE FOR MEDICAID EXPANSION?

The expansion of Medicaid specifically targets individuals between the ages of 19-64 earning less than 138.0% of the federal poverty level (FPL). In 2022, this was the equivalent of \$18,754 for an individual or \$38,295 for a family of four. Prior to Medicaid expansion, the only eligible adults in this age range were pregnant women under 157.0% of the FPL, blind or disabled individuals meeting income and asset tests, and parents making less than 54.0% of the FPL.

Enrollment

As of the end of FY 2022, 116,677 individuals were enrolled in Montana's Medicaid expansion (see following graphic). Before the COVID-19 public health emergency (PHE), enrollment was steadily decreasing from its height of enrollment in February of FY 2019. After declaring the national PHE in FY 2020, the federal government put a pause on disenrollment from state Medicaid programs as a condition for receiving additional federal Medicaid funding (in the form of an additional 6.2% of FMAP rate) through the Families First Coronavirus Response Act (2020). Participating states are not permitted to disenroll Medicaid enrollees unless an individual moves out of state or requests a disenrollment. For this reason, the Medicaid population has continued to grow since the onset of the pandemic. This policy will continue until the national PHE is revoked.



HOW MUCH IS SPENT ON MEDICAID EXPANSION?

Expenditures in Medicaid expansion are directly related to the number of individuals participating in the program as well as the utilization level of those individuals and the costs of services provided. Medicaid expansion funding comes from three sources: general funds, state special revenue funds, and federal funds. The largest source of funding is, by far, federal funds. This is due to Medicaid expansion matching rate of 90.0% federal funds to 10.0% state funds.

Originally, the only other source of funding was the state general fund. HB 658 established the Montana HELP Act state special revenue account in FY 2020. This account is funded with taxpayer integrity fees (15-30-2660, MCA), the outpatient hospital utilization fee (15-66-102(3)(b), MCA), the health service corporation fee established in HB 658, and premiums paid by members (53-6-1307, MCA).

The adjacent figure shows total Medicaid expansion expenditures by fund type from FY 2016 to FY 2022. FY 2022 expenditures totaled \$1,018 million. This includes \$39.1 million of general fund, \$53.4 million of state special revenue funds, and \$926 million of federal funds.

