

Medicaid Expansion & Montana Businesses



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Having health insurance brings peace of mind to many Montana workers, knowing that they will be protected financially in a worst-case scenario (such as a global pandemic and the resulting economic turmoil). However, in Montana, only about 40% of workers are covered by their employer's health insurance plan. Medicaid Expansion fills much of the gap in worker health insurance coverage. This article summarizes research on the utilization of Medicaid Expansion for health insurance among Montana's workforce and employers, including a review of the costs and benefits of providing this coverage. The full research report, titled "Medicaid Expansion and Montana Business," also reviews the costs and benefits of providing Medicaid Expansion coverage from an employer perspective. Jointly published by the Departments of Labor, Revenue, and Health and Human Services, that report is available for download at lmi.mt.gov/publications.

This report only includes data on adults 19 and older under 138% of the federal poverty line who were made eligible for Medicaid under the 2015 HELP Act, also known as the Medicaid expansion population.

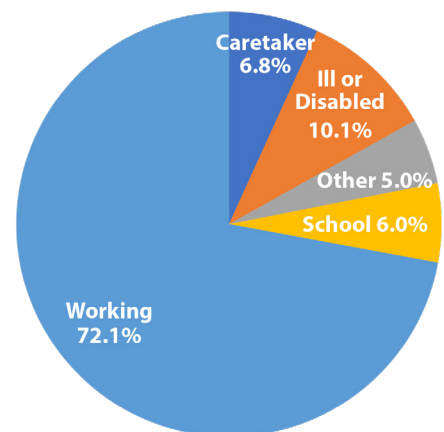
Most Medicaid Expansion Enrollees are Working

The 2019 Current Population Survey finds over 70% of Medicaid Expansion participants were working. Those not working included individuals who were ill or disabled (10%), in school (6%), or taking care of a family member (7%).¹ The work status of Medicaid Expansion enrollees is shown in **Figure 1**.

Matching Medicaid enrollment data with records from programs operated by MTDLI provides further details on Medicaid Expansion clientele's work patterns. More than 91,900 Medicaid Expansion enrollees were either employed in a payroll job or held an active independent contractor or professional license in 2019.²

Roughly 86,900 Medicaid Expansion enrollees held payroll jobs in 2019.

FIGURE 1
Reasons for Not Working



Total number of Non-SSI, Non-Dual, Nonelderly, Adult Medicaid enrollees in Montana - Reasons for not working. Source: CPS March 2019 Supplement

¹ March 2019 CPS survey data compiled by MTDLI using similar methodology to Garfield et al, 2019.

² This figure does not include all self-employed, unpaid family workers, domestic workers, and some agricultural workers.

Of this group, 64% worked in every quarter they were on Medicaid, and 90% worked at least half of the quarters they were on Medicaid. Another 2,900 Medicaid enrollees held a payroll job in 2019, but were not employed at the time they were enrolled. Private entities employed roughly 93% of the Medicaid enrollees who had payroll jobs in 2019. Medicaid Expansion enrollees held approximately 17% of all private sector jobs in 2019.

Montana Businesses That Employ Medicaid Enrollees

Over 16,100 Montana private businesses employed a worker who was simultaneously enrolled in Medicaid Expansion in 2019, representing roughly 60% of all Montana private businesses. Since Montana Medicaid Expansion went into effect in 2016, about 23,480 businesses have employed workers who were simultaneously enrolled in Medicaid. It is unclear whether these businesses provided health insurance coverage for the client after a waiting period, or if

the worker relied on Medicaid for health insurance throughout their employment.

Businesses in all industries, counties, and size classes employed workers insured by Medicaid Expansion. Of the 56 counties in Montana, 49 had over 50% of businesses employing at least one Medicaid worker. **Figure 2** illustrates the number of employers by county and the share of the county's businesses that employed a worker who was also simultaneously enrolled in Medicaid.

Both urban and rural counties have businesses that employed workers enrolled in Medicaid Expansion, with most counties having between 50% and 75% of firms with at least one worker participating in the program. Most businesses in urban areas of the state have employees enrolled in Medicaid Expansion. However, rural counties in Montana have a broad range of utilization of Medicaid for employee health insurance. Petroleum, Golden Valley, Mineral, and Sanders counties all had over 70% of businesses employing Medicaid Expansion enrollees in 2019.

FIGURE 2
Businesses Employing Workers Enrolled in Medicaid Expansion

Number of Businesses and Percent of Total Businesses in each County Employing Medicaid Expansion Enrollees. Private sector only.

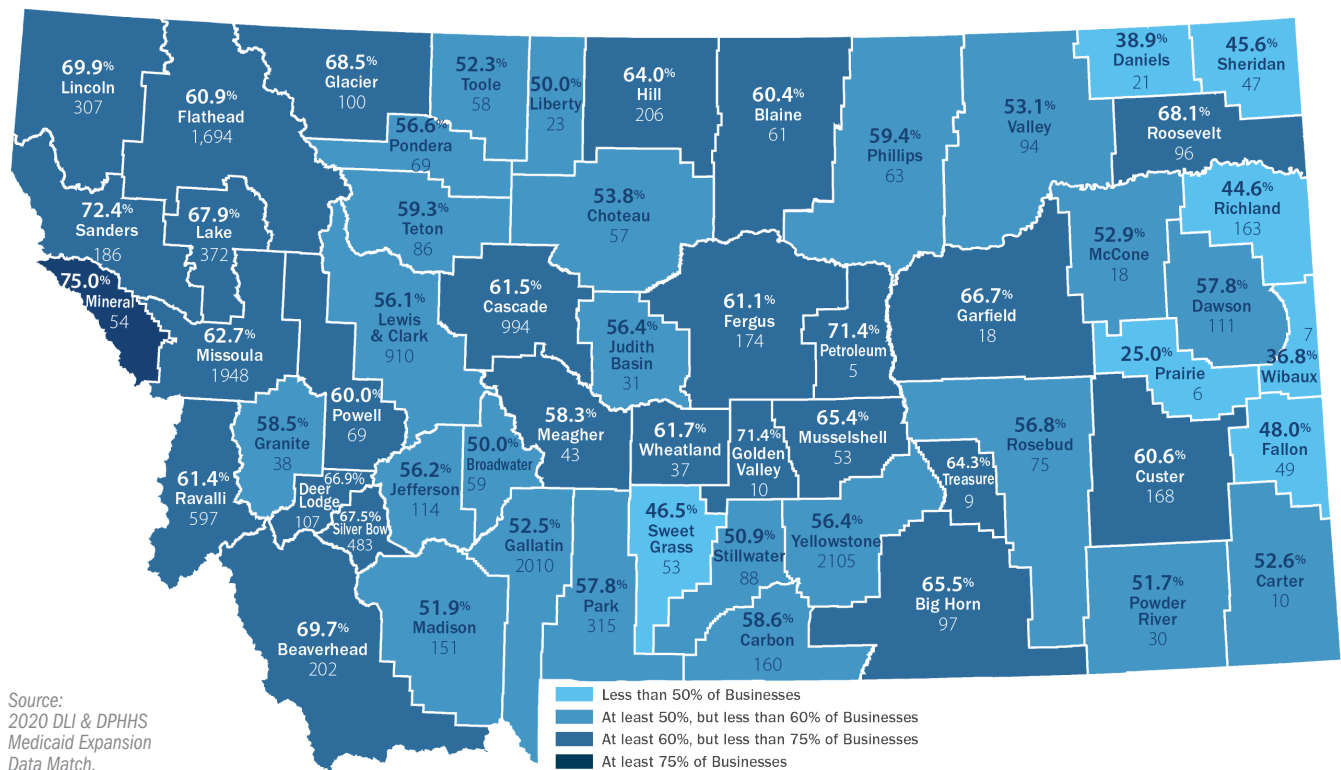
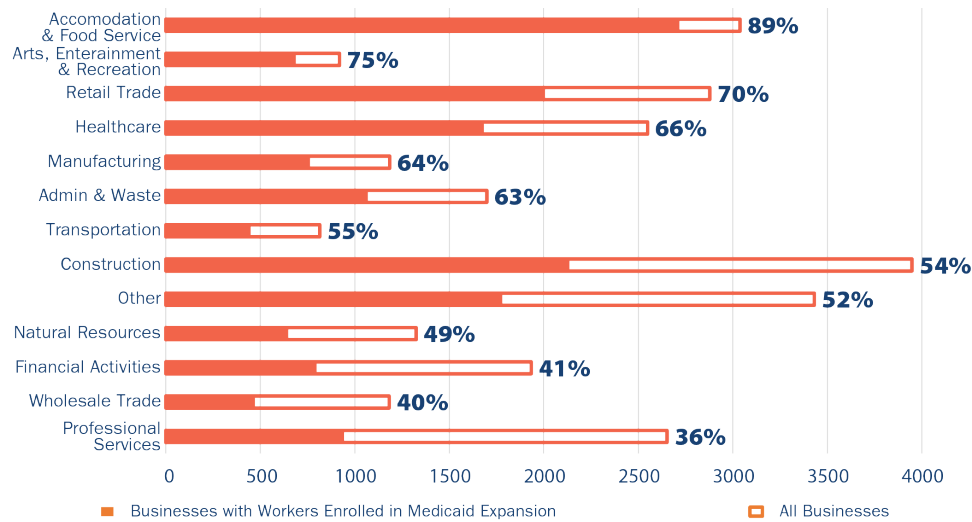


FIGURE 3
Employers with Workers Enrolled in Medicaid Expansion
By Industry, 2019



Source: 2020 DLI & DPHHS Medicaid Expansion Data Match. Private sector only.

Daniels, Wibaux, and Prairie counties had the lowest percentage of businesses employing Medicaid Expansion enrollees at less than 40%.

Medicaid Expansion Employers by Industry

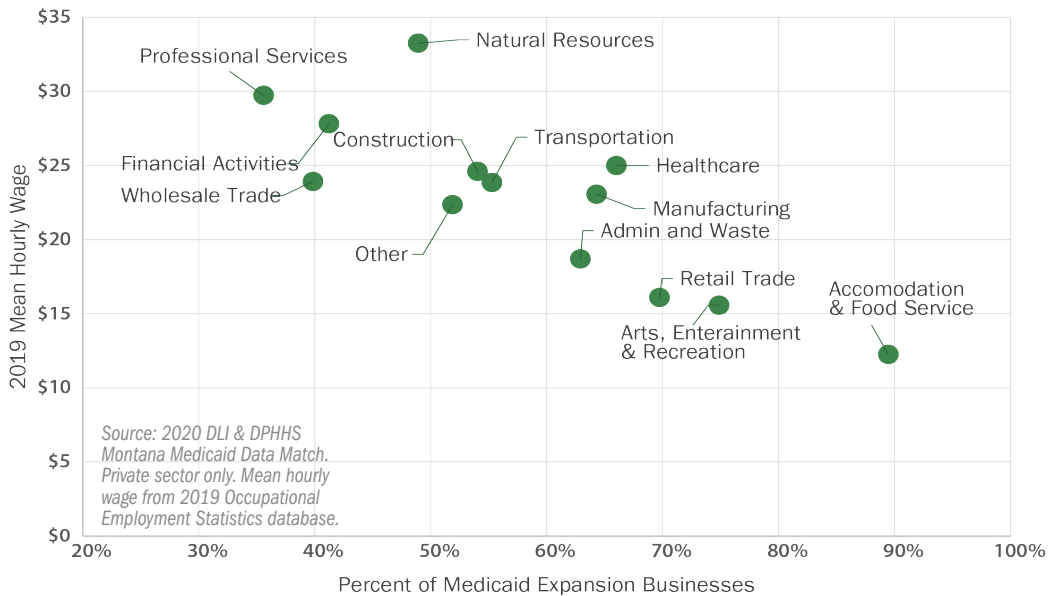
When broken down by industry, businesses in low wage sectors were significantly more likely to have employees enrolled in the program. Nearly 90% of businesses within the accommodation and food service industry had at least one employee enrolled in Medicaid Expansion in 2019. The accommodation and food service industry includes hotels, fast-food, and full-service restaurants, with workers who often have direct contact with customers and are at higher risk of COVID-19 exposure. Construction and retail trade also had most employers who employed Medicaid enrollees; 54% of firms within the construction industry had a worker participating in Medicaid compared to 70% of retail businesses. The retail industry includes gas stations, grocery stores, clothing retailers, or other stores selling directly to the public. Although there are few businesses in the arts,

entertainment, and recreation industry (which includes ski resorts, museums, and other tourist activities), 75% of firms in that industry have at least one worker who was enrolled in Medicaid Expansion. Manufacturing also has fewer businesses, but a high share (64%) with employees enrolled in the program. **Figure 3** illustrates both the number and share of employers who employed Medicaid Expansion enrollees in 2019.

The utilization of Medicaid Expansion increases in industries with lower wages, as illustrated in **Figure 4**. In Montana, retail trade, accommodation and food service, and arts & entertainment are all the lowest-paying industries for average annual wages. They are also the industries with the highest utilization of Medicaid among their staffs. These industries also utilize part-time employment more commonly than in other sectors. Part-time employment reduces the average annual wage due to fewer hours worked and is also associated with a lower likelihood of being offered employer-provided health insurance.³ Many workers in these industries, including sales clerks, cashiers, and food service workers, are also in direct contact with the public, and at risk of COVID-19 exposure.

3 MEPS, 2019.

FIGURE 4
Percent of Medicaid Employers and Average Hourly Wage in Each Industry



Size of Medicaid Expansion Employers

Large businesses are more likely to have employees enrolled in Medicaid Expansion.

Figure 5 illustrates the average employment of businesses with and without employees enrolled in Medicaid Expansion by industry. This analysis suggests that large employers are highly likely to have at least one of their workers enrolled in the program, even though they may offer health insurance. Further, if they offer insurance, smaller employers may be more likely to extend private health insurance to all employees regardless of position. However, additional analysis would be needed to confirm this conclusion.

Share of Employment Enrolled in Medicaid Expansion

Overall, nearly 60% of businesses employed workers concurrently enrolled in Medicaid Expansion in 2019. Most of these businesses had only a small share of their employees insured by the program, as illustrated in **Figure 6**. Over half of businesses had less than 25% of their

FIGURE 5
Average Employment per Business of Montana Private Employers

by Industry and Medicaid Expansion Usage Among Workers, 2019

Industry	Average Size of Businesses	
	Currently Employing Medicaid Expansion Enrollees	With No Workers Enrolled in Medicaid Expansion
Utilities	82.2	9.8
Mining	48.3	7.2
Healthcare	39.1	5.0
Finance & Insurance	36.2	4.4
Information	28.2	5.6
Retail Trade	28.0	4.4
Wholesale Trade	26.0	4.7
Manufacturing	25.3	4.8
Transportation	22.3	4.3
Accommodation & Food Service	19.8	4.1
Education	19.6	3.9
Admin & Waste	18.7	3.5
Management of Companies	18.2	4.2
Professional Services	14.7	4.1
Arts, Entertainment, & Recreation	13.7	3.7
Construction	10.4	3.6
Other Services	9.6	3.7
Real Estate	9.5	2.9
Agriculture	8.5	3.9
Other	3.8	2.4
Total	20.7	4.1

Source: 2020 DLI & DPHHS Medicaid Expansion Data Match. Private sector only.

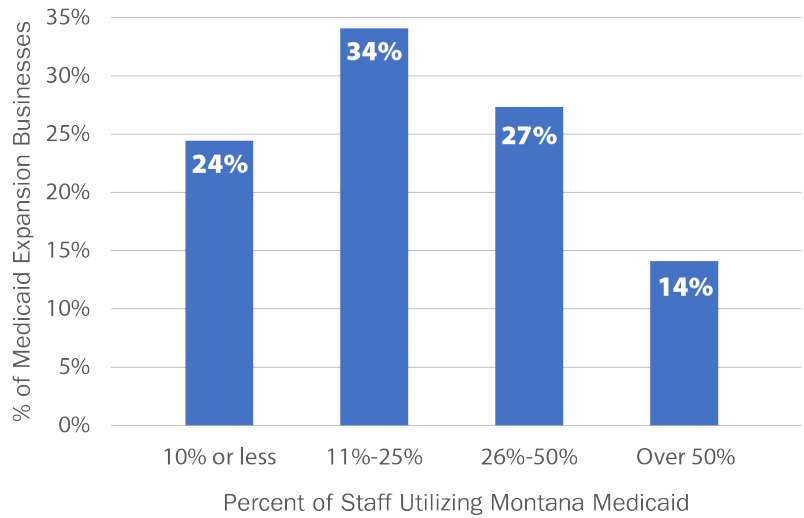
employees covered by Medicaid Expansion. However, 41% of businesses had over a quarter of their staff enrolled, representing significant reliance by these employers on Medicaid to provide employee health insurance. There were 14% of businesses with half or more of their employees enrolled in Medicaid Expansion.

Businesses with over 50% of their employees enrolled in Medicaid Expansion tended to be small and in low-wage industries. Roughly 78% of these high-use businesses have ten employees or less, and 29% are in the accommodation and food service industry. Another 13% of the high-use businesses are in construction, a middle-wage industry, but with a high

percentage of seasonal workers. Other high-use industries include retail (10%) and healthcare (10%). Healthcare is another example of a middle-wage industry with many entry-level occupations.

This research also examined large businesses (over 50 employees) with most of their employees insured by Medicaid Expansion. High-rate, large businesses were rare, as most large businesses offer health insurance to at least some of their staff, and because the ACA imposes penalties on large employers if they do not offer affordable coverage.⁴ There were roughly 50 large businesses in 2019 with most of their employees enrolled in Medicaid Expansion. 75% of these businesses were in two industries: accommodation and food service (which includes hotels and fast-food restaurants) and administration and waste services (which includes temporary employment firms).

FIGURE 6
Distribution of Employers Who Employ Medicaid Enrollees
By Percent of Staff Utilizing Medicaid Expansion



Source: 2020 DLI & DPHHS Medicaid Expansion Data Match. Private sector only.

The COVID-19 pandemic has emphasized the importance of health insurance coverage for workers and the benefits to employers of the Medicaid Expansion program. Employers in every county and industry, especially in industries requiring more face-to-face contact, employ workers enrolled in Medicaid. In the absence of Medicaid Expansion, some employers would provide workers health insurance coverage, but many workers would likely be uninsured. While direct benefits to employers include reducing the employer cost of providing health insurance, employers also benefit from having healthy workers. Workers receiving coverage through Medicaid Expansion are often in direct contact with the public and at higher risk of COVID-19 exposure. Medicaid expansion has improved access to care for these individuals, resulting in a healthier workforce and a more resilient economy.⁵

⁴ Henry J. Kaiser Family Foundation, 2018. "Employer Responsibility Under the Affordable Care Act" Available at www.kff.org/infographic/employer-responsibility-under-the-affordable-care-act/.

⁵ Sommers, B. D., Maylone, B., Blendon, R. J., Orav, E. J., and Epstein, A. M., "Three-Year Impacts of the Affordable Care Act: Improved Medical Care and Health Among Low-Income Adults," *Health Affairs* 36, no. 6 (2017): 1119-1128