



Medicaid *in* MONTANA

Montana Medicaid Background

MONTANA HEALTHCARE FOUNDATION



Report Purpose

This report provides an overview of Montana’s Medicaid program. Montana Medicaid and the Healthy Montana Kids program – collectively called “Medicaid” in this report – provide Montana residents with low income access to low- or no-cost health insurance.

This background report describes who is eligible for Medicaid, their health care needs, and how Medicaid coverage helps enrollees address those needs. It also details how the program is structured and administered in Montana and its federal and state funding sources.

The Montana Healthcare Foundation produces frequently updated reports on the impacts of Montana’s Medicaid program on health outcomes, the health care system, and the economy. These reports, organized by year, are available [here](#).



Medicaid provides Montanans with low income access to health care services that support their health and well-being.

- » Medicaid covers the cost of health care services to address members' physical, behavioral health, dental, and long-term care needs.
- » Medicaid provides coverage for children, adults, and seniors. It is a critical source of coverage for rural Montanans and American Indian communities.
- » Medicaid is a joint federal-state partnership managed by the Montana Department of Public Health and Human Services (DPHHS) and federally by the U.S. Centers for Medicare and Medicaid Services (CMS).
 - Like all Medicaid programs, Montana Medicaid submits a "State Plan" to CMS that outlines how DPHHS will administer the program, including who will be eligible to receive services and what services they will be eligible to receive beyond those minimally required by CMS. Montana's state plan is modified by "waivers" of statutory requirements, which allow Montana to tailor its Medicaid program.
- » The state and federal governments jointly fund Medicaid, and the federal government reimburses Montana for the majority of Medicaid spending.
- » Each year, Medicaid accounts for approximately 13% of Montana's state general fund spending.
- » Montana spends a lower proportion of its state general fund on Medicaid compared to peer states, including both expansion and non-expansion states.





What is Medicaid and Who Does it Cover?

Medicaid provides health care coverage to Montanans with low income.

Medicaid covers critical health care services to address members' physical, behavioral health, dental, and long-term care needs.



Office Visits & Outpatient Services

Medicaid covers preventive care, screenings, and other services and procedures delivered during office visits or outpatient settings, including care delivered by Montana's Federally Qualified Health Centers and Rural Health Centers.



Behavioral Health Services

Medicaid covers services for individuals with mental illness and substance use disorders, including screenings, outpatient treatment, crisis services, and inpatient care when needed.



Inpatient Hospitalization & Emergency Services

Medicaid covers inpatient care for individuals admitted to a hospital and emergency services when needed.



Dental Services

Medicaid covers necessary dental services, including exams, cleanings, fillings, and dentures. Montana is one of 39 states that cover preventive dental services for adults.



Hearing & Vision Services

Medicaid covers hearing and eye exams, as well as hearing aids, glasses, and contact lenses when needed.



Long-Term Services and Supports, Including Home and Community-Based Services

Medicaid waivers like the Big Sky Waiver and Home and Community-Based Waiver for Individuals with Developmental Disabilities, cover long-term care services for people with disabilities.

Medicaid supports the health care needs of children, adults, and seniors.

While most Medicaid members have access to the same set of benefits, different population groups require different services to support their unique health needs.



Pregnant Women, Mothers, Infants

Medicaid covers eligible pregnant women, new mothers, and their babies. Medicaid covers four out of 10 births in Montana and has historically provided coverage to new mothers for 60 days postpartum, which is associated with lower maternal mortality rates in the state. In 2023, Montana extended postpartum coverage from 60 days to 12 months. The coverage extension expires in 2025: the Montana State Legislature is considering making the postpartum coverage extension permanent.



Children

Medicaid provides coverage to children from households with low income and those living in foster care. The Early Periodic Screening Diagnostic and Treatment benefit, for example, covers services like regular well-child exams, hearing, vision, and dental screenings, as well as treatments for physical, behavioral, and developmental disabilities. Coverage of in-school services like speech and occupational therapy also helps address learning deficiencies early and, therefore, more effectively.



Adults

Medicaid provides coverage to eligible adults with low income, including pregnant women and nonelderly adults who qualify under Medicaid expansion (see next page). Access to primary and specialty care allows adults enrolled in Medicaid to manage chronic illnesses like diabetes or high blood pressure and receive evaluation and treatment for other physical and behavioral health conditions.



Seniors

Medicaid provides coverage to seniors (ages 65 and older) who require services that are not covered by Medicare, such as assisted living, personal care, nursing homes, and habilitative services. Many of these services allow seniors to continue to living in their homes or get the care they need to manage chronic conditions and other ongoing illnesses safely.



People with Disabilities

Medicaid provides coverage to people with disabilities for long-term care and personal care services, which helps them to remain at home and maintain their quality of life. Medicaid also helps thousands of disabled Montanans receive the assistance they need to carry out activities of daily living.

[Data & Sources](#)



In 2016, the Health and Economic Livelihood Partnership Act expanded Medicaid to cover nondisabled, nonelderly adults with low income.

In 2015, Montana passed the Health and Economic Livelihood Partnership (HELP) Act. Effective January 1, 2016, the HELP Act expanded Medicaid eligibility to include nondisabled, nonelderly adults with incomes up to 133% of the federal poverty level (FPL).

Forty states and Washington, DC, have expanded their Medicaid programs to include adults with low income. In Montana, Medicaid expansion was last renewed in 2019 and will sunset in 2025 unless renewed by the Legislature.

Through Medicaid expansion, Montana has increased the availability of health care services to adults with low income and brought in new federal funding to supplement existing Medicaid funds.

Objectives of the HELP Act



Expand health care coverage to additional individuals.

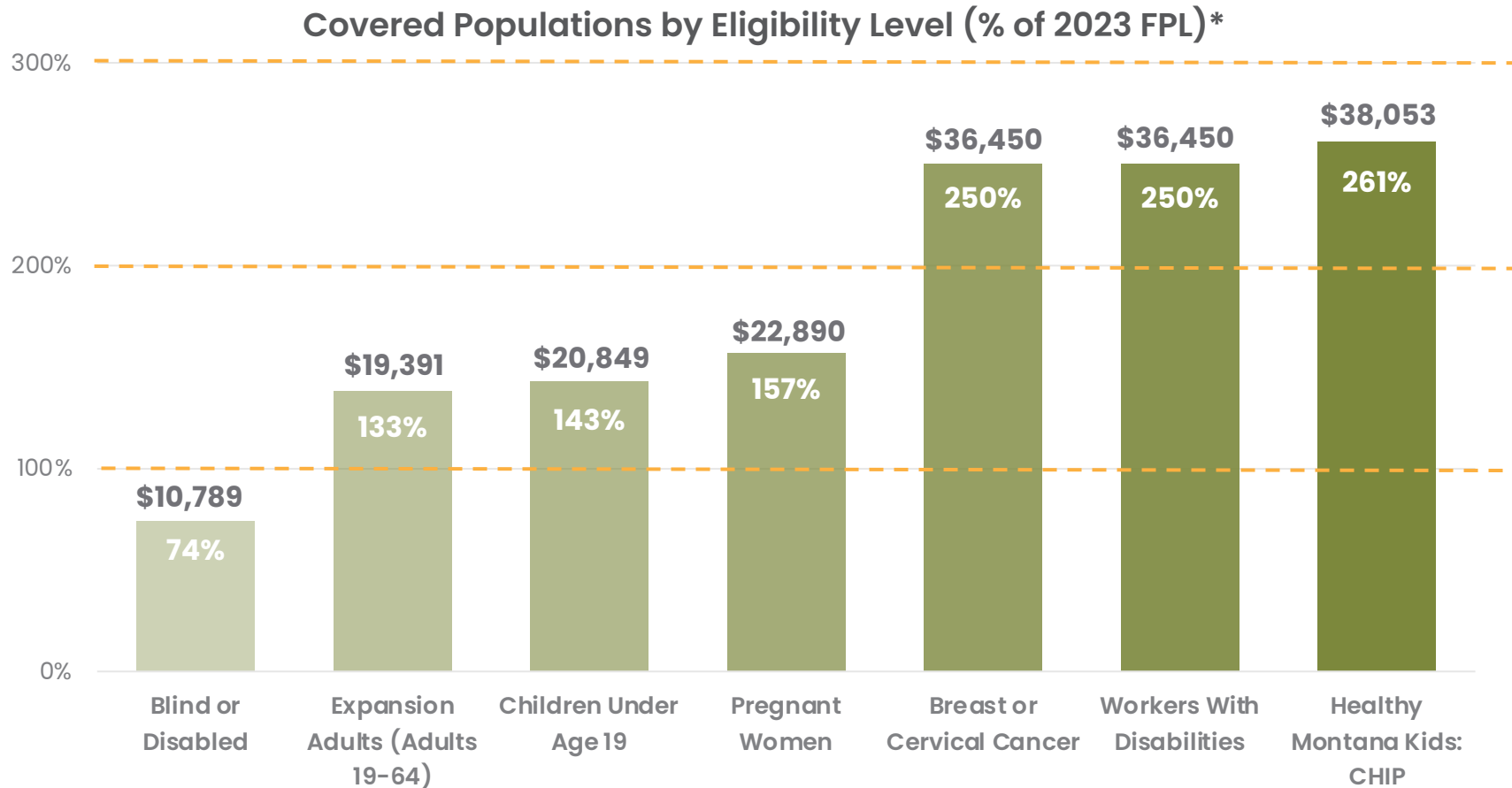


Improve access to health care services.



Control health care costs.

Eligibility for Medicaid varies by population and is defined against federal poverty level thresholds.



Medicaid provides health coverage for children and families, pregnant women, seniors, people with disabilities, and other adults with low incomes, defined against various FPL thresholds.

For example, adults with low income ages 19-64 may be covered under Medicaid expansion if they earn up to 133% of FPL, \$19,391 for an individual or \$39,000 for a family of four in 2023.

*Income limits do not include a disregard equal to five percentage points of the FPL applied to the highest income limit for the group.



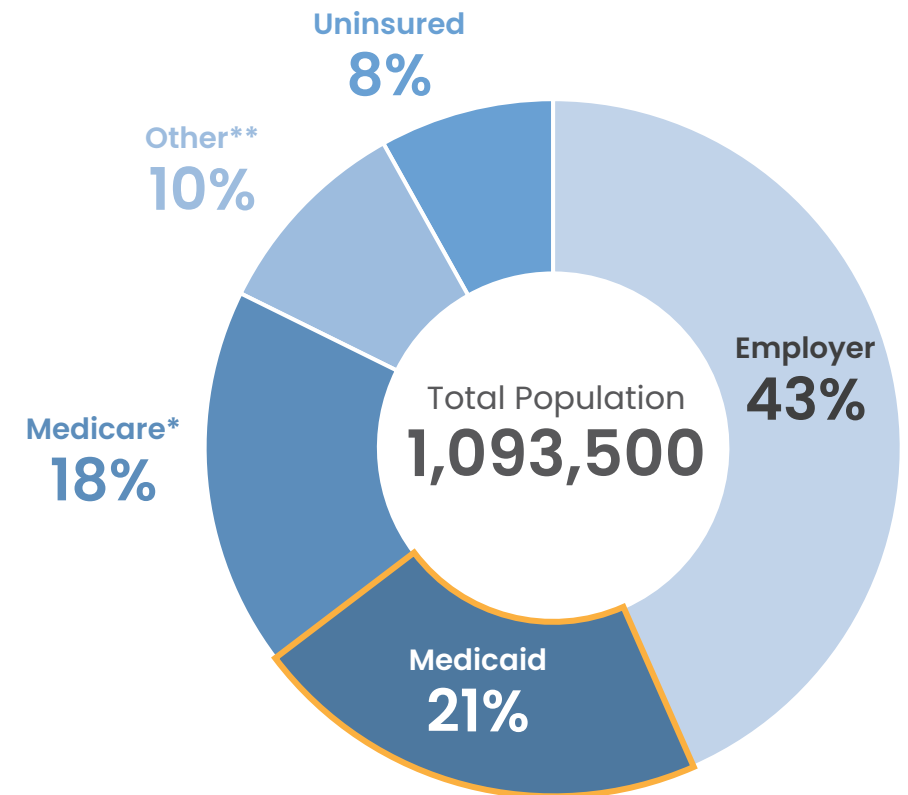
Medicaid provides health care coverage to more than one of every five Montanans, including approximately two of every five children.

Access to Medicaid helps reduce the number of people without health care coverage. It minimizes coverage gaps that could otherwise delay needed medical care and preventive services, such as chronic disease screenings, viral testing, and vaccinations.

In 2022, approximately one of every five Montanans was enrolled in Medicaid (21%). Medicaid is an especially valuable safety net program for children and youth, where nearly two of every five individuals aged 0-18 are covered by Medicaid (38%). Coverage for Montanans is similar to that of other states. Nationally, approximately 21% of Americans and 39% of children and youth are enrolled in Medicaid.

In 2023, Montana, like all states, redetermined eligibility for all Medicaid members following the end of the public health emergency. The redetermination process is resulting in significant declines in Medicaid enrollment across the country. Some data included in this report do not yet reflect the impact of the redetermination process.

Health Care Coverage of Montanans (CY 2022)



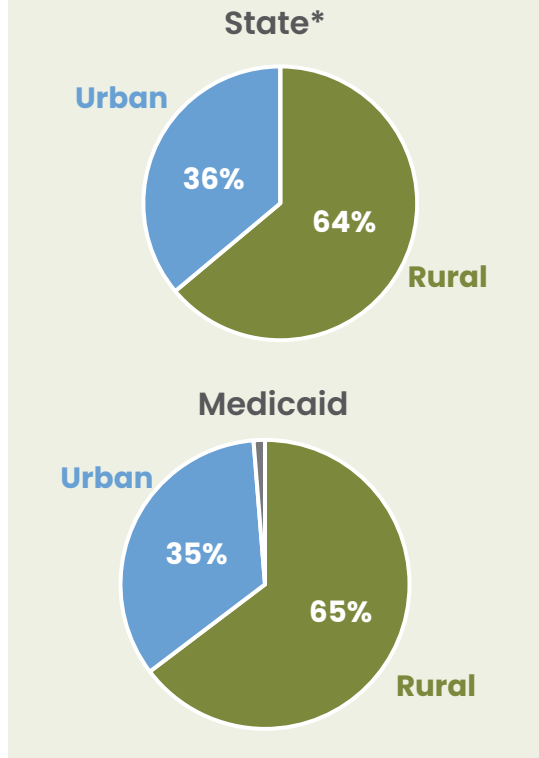
*The count of individuals with Medicare excludes those who report having both Medicare and Medicaid coverage, also known as "dual-eligibles."

**Includes those covered under the military or Veterans Administration and individuals and families who purchased or are covered as a dependent by non-group insurance.



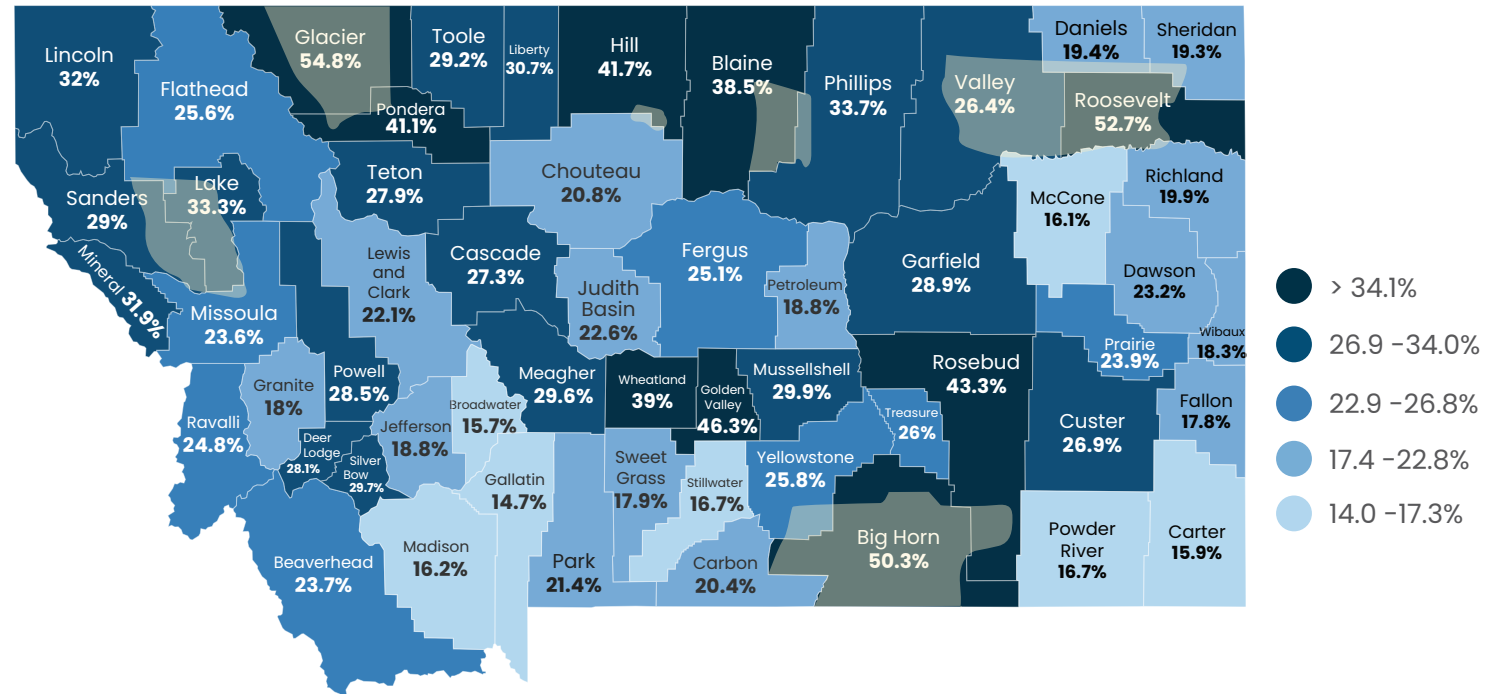
Medicaid is a critical source of health care coverage in rural Montana.

Medicaid Enrollment by Geography in Comparison With State Population (CY 2023)



Nearly two-thirds of Medicaid members reside in rural areas (65% in 2023). Nationally, individuals living in rural areas experience higher rates of chronic and behavioral health conditions and higher mortality rates, making access to health care coverage particularly critical to their health and well-being.

Medicaid Enrollment as Percent of Population by County (CY 2023)



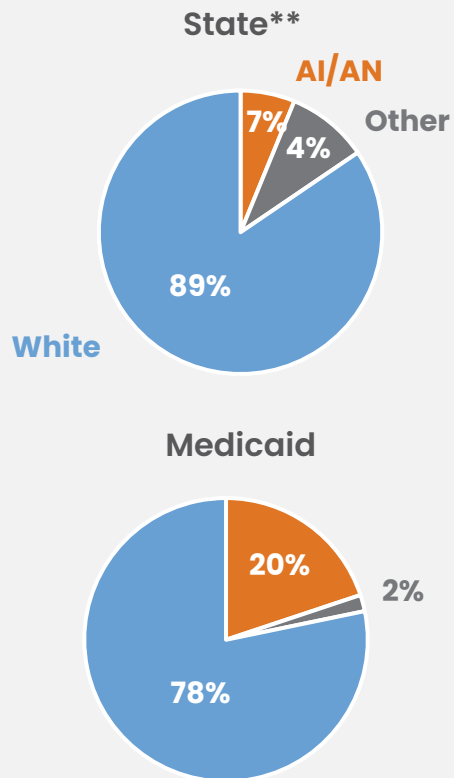
*State demographic data only available for 2022. Rural/urban definitions are from the University of Washington Rural Health Research Center's RUCA Census data crosswalk.

[Data & Sources](#)



Medicaid provides American Indians and Alaskan Natives access to care that was previously inaccessible.

Medicaid Demographics in Comparison with State Demographics (CY 2023)*



American Indians and Alaska Natives (AI/AN) in Montana and nationally face significant health disparities stemming from underfunding of the health care system and longstanding challenges such as trauma, unemployment, overcrowded housing, and discrimination. Over time, this has led to a stark health disparity: the median lifespan of American Indians in Montana is approximately 13 years shorter than that for white Montanans. In Montana, the AI/AN population comprise only 7% of the state’s population but make up 20% of its Medicaid enrollment.

How is Tribal Health Care Funded and Delivered?

The Indian Health Service (IHS) is a federal agency that provides health services to AI/AN people in Montana directly, through tribally operated programs, and through “purchased and referred care” (PRC). IHS also provides a limited amount of funding for urban Indian health programs that serve individuals who live in urban areas.

IHS has a limited budget for PRC, which is used to pay private-sector providers for services unavailable from an IHS or tribally-run facility. Historically, PRC referrals in Montana have been limited to “life or limb” emergencies due to chronic underfunding. Medicaid expansion allowed more American Indians to access care, including essential preventive services, through Medicaid, decreasing the demand for limited IHS funds.

*Excludes individuals with “Unknown” race category. **State demographic data only available for 2022..





How is Medicaid Structured and Funded?

Medicaid is a joint federal–state partnership.

Medicaid is a joint federal–state partnership managed locally by DPHHS and federally by CMS.

- » DPHHS and CMS agree to a “State Plan” that outlines how DPHHS will administer the Medicaid program. The State Plan describes who is eligible for Medicaid, eligibility levels, what services they can receive, and how services will be delivered. In general, State Plan services must be the same across the state, and equivalent in amount, duration and scope for all enrollees.
- » The State Plan is modified by jointly agreed-to “waivers” of federal requirements. Waivers allow Montana to tailor its Medicaid program to meet local needs and pursue alternative approaches for achieving program goals. Waivers give states flexibility to expand program eligibility, provide services not typically covered under Medicaid, or use innovative payment or delivery models.

*Not a comprehensive list.

Example Medicaid Waivers in Montana*



Healing and Ending Addiction through Recovery and Treatment (HEART) Waiver

The HEART Waiver expands the continuum of Medicaid-covered behavioral health services, including evidence-based stimulant use disorder treatment, tenancy support services, reentry services, and substance use disorder treatment in larger facilities.



Big Sky Waiver

Montana’s Big Sky Waiver Program allows seniors to receive long-term services and supports in a community-based setting.



Passport to Health Waiver

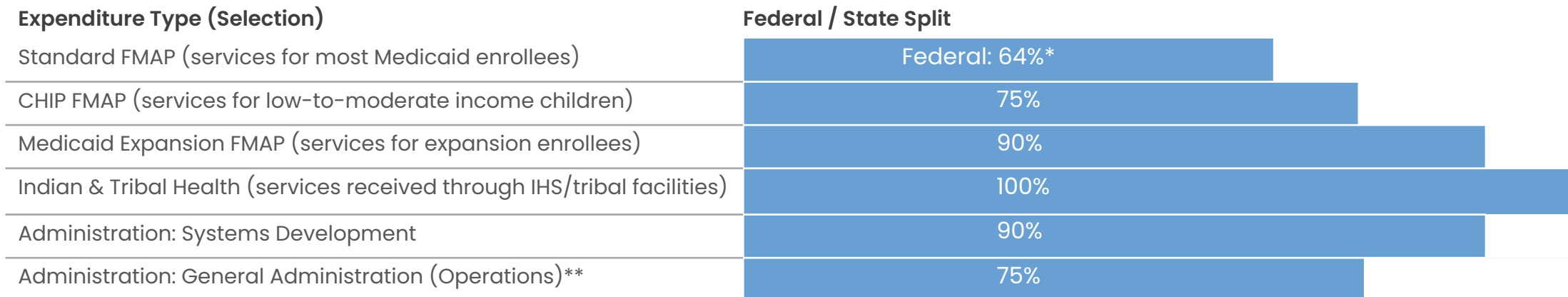
The Passport to Health Waiver authorizes Montana’s primary care case management program to help manage and coordinate care for Medicaid members.

The federal government reimburses Montana for a portion of health care costs for all Medicaid members, including \$9 of every \$10 spent on people receiving coverage through Medicaid expansion.

Medicaid services are paid for using both federal and state funds. The federal government reimburses Montana at varying rates—or Federal Medical Assistance Percentages (FMAP)—depending upon the expenditure type and the population. On average, Montana leverages more than four federal dollars for every state dollar it expends on Medicaid enrollees’ medical care at health

care providers across the state. Federal reimbursement rates are higher for Medicaid expansion enrollees (90%) than for most other Medicaid populations (64%),* while services provided or received through IHS and tribal health facilities are fully reimbursed (100%).

Montana Federal Medical Assistance Percentages Rates (Fiscal Year 2024)

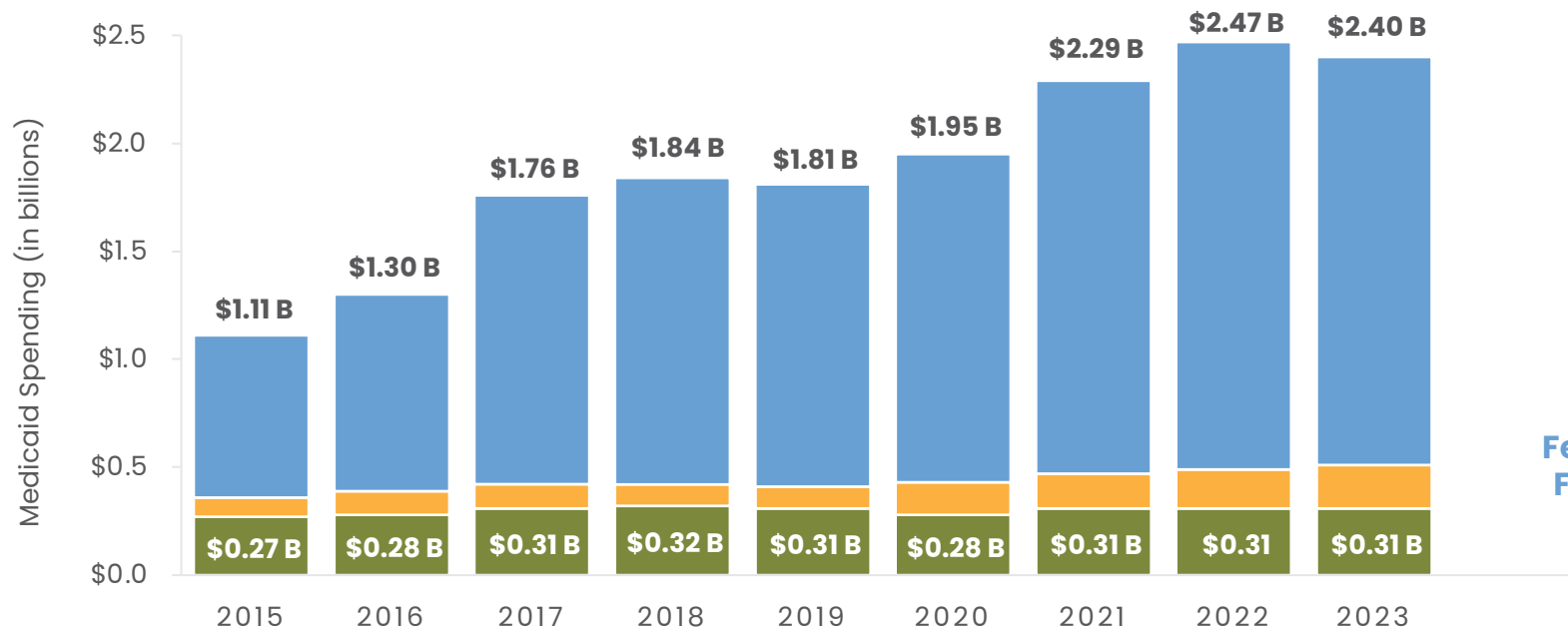


*During the COVID-19 public health emergency, Montana received federal matching funds (+6.2%) for populations covered under its “regular” FMAP in exchange for maintaining continuous coverage for those enrolled as of March 18, 2020, or at any time during the period thereafter. The standard FMAP returned to pre-public health emergency levels in 2023.

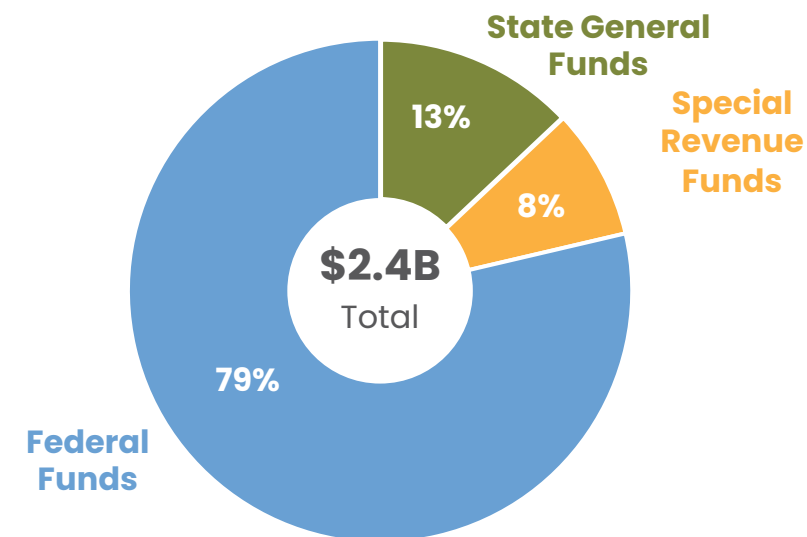
**Administration outside of Eligibility Determination Systems and Staffing, Claims Processing Systems and Operations, Skilled Medical Personnel, and Systems Development.

The federal government reimburses Montana for approximately 80% of Medicaid spending each year.

Spending on Montana Medicaid (SFY 2015–2022)



Montana Medicaid Budget (SFY 2023)



In SFY 2023, Montana’s Medicaid budget was \$2.40 billion, 79% of which (\$1.89 billion) was reimbursed by the federal government. Like other states, Montana’s total Medicaid spending has increased over time. The federal government reimbursed almost all new spending, mainly due to a high reimbursement rate – or FMAP – for the Medicaid expansion population. State general fund spending on Medicaid, however, has remained stable. In 2015, before Medicaid expansion, state general fund expenditures were approximately \$270 million. Since Medicaid expansion, state general fund expenditures have ranged from \$280 million to \$320 million annually. In addition to state general funds, Montana uses special revenue funds, including assessments and fees restricted to Medicaid, to fund the state share of Medicaid. Since 2019, special revenue funds have included a hospital utilization fee to partially fund the cost of Medicaid expansion.

[Data & Sources](#)

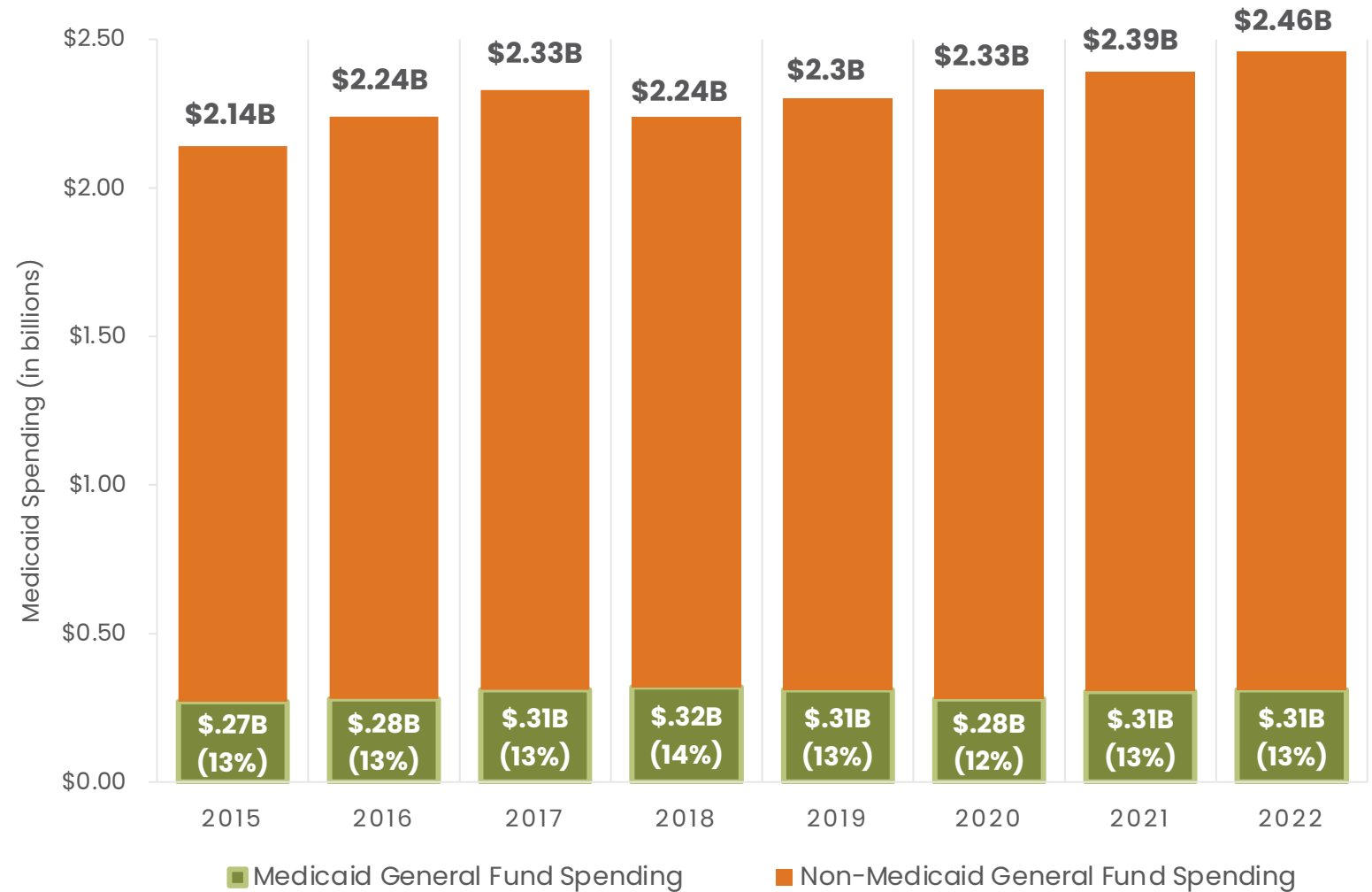


Medicaid consistently accounts for approximately 13% of Montana's state general fund spending.

Medicaid spending has accounted for approximately 13% of Montana's state general fund spending each year between SFY 2015 – before Medicaid expansion – and 2022.

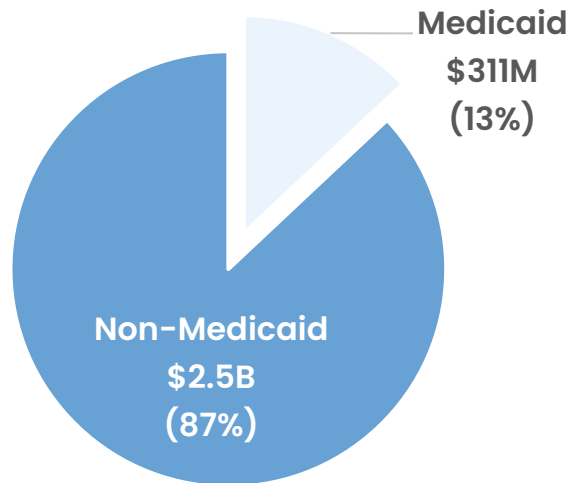
Increases in state general fund spending on Medicaid between 2015 and 2022 were generally proportional with overall general fund spending increases on other non-Medicaid programs including education, transportation, public welfare, and corrections.

Medicaid as a Percentage of State General Fund Spending (SFY 2015–2022)

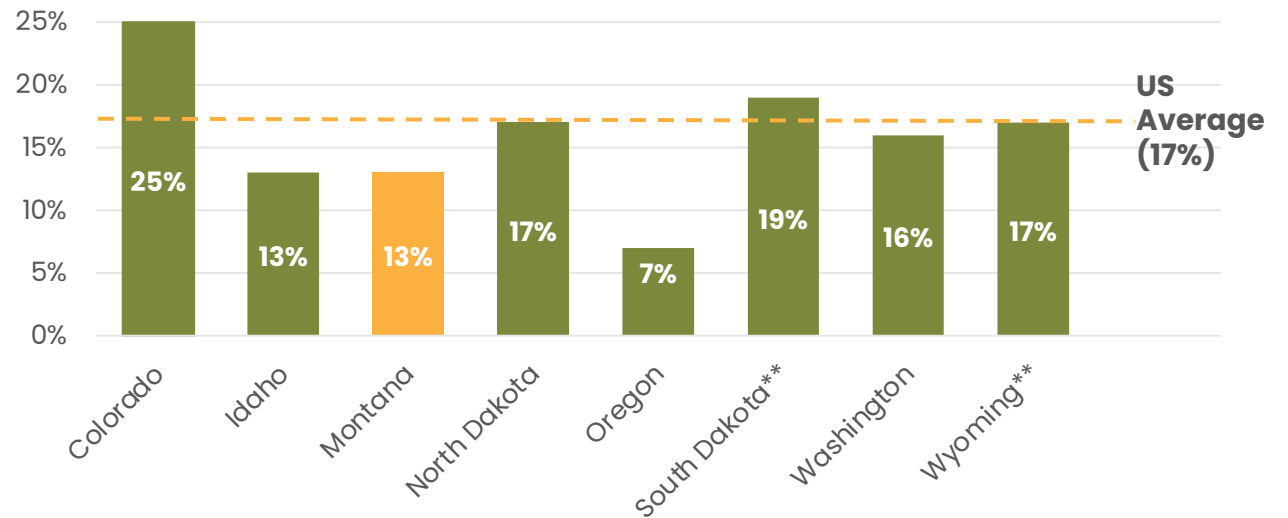


Compared to peer states, Montana leverages less of its state general fund to finance Medicaid.

Medicaid as Percentage of State General Fund Spending (SFY 2022)



Medicaid as a Percentage of State General Fund Spending (SFY 2022)



Montana spends a low proportion of its state general fund on Medicaid compared to the national average and peer states. During SFY 2022, Montana had the 13th lowest rate of state general fund spending on Medicaid nationally and a lower rate of spending than peer states, including those that have not expanded Medicaid.*

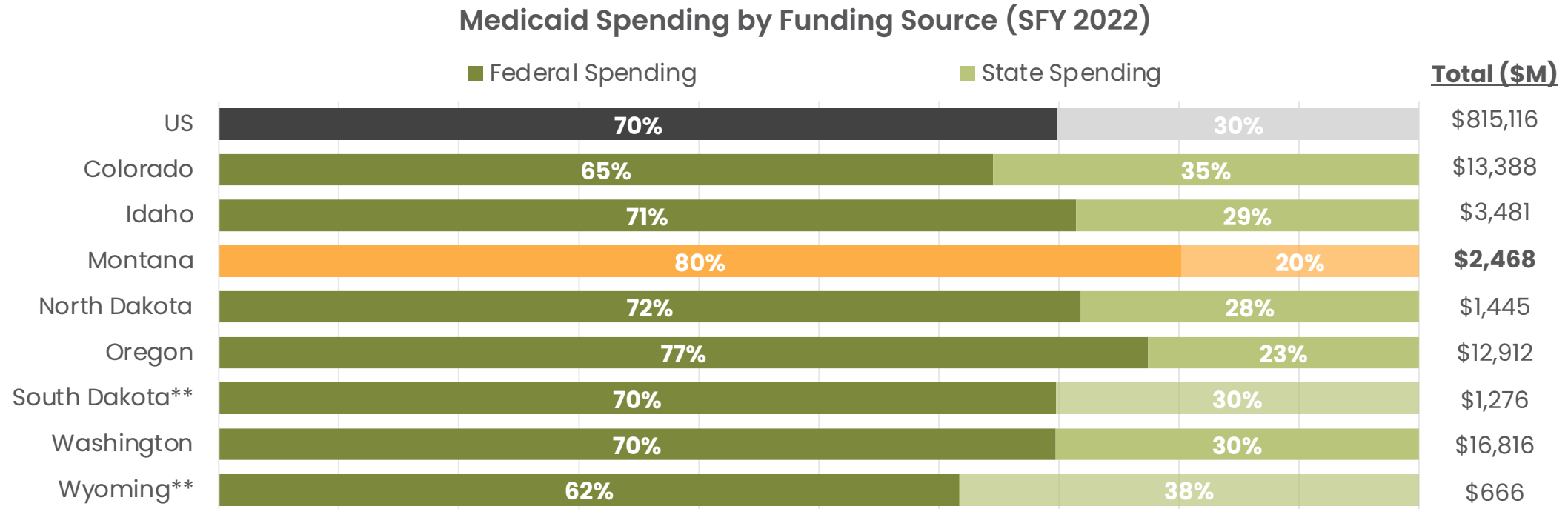
Montana supplements its state general fund spending on Medicaid with approximately \$178 million of other state and local funds.

*Peer states were selected as comparators based on demographic, geographic, and Medicaid expansion characteristics.

**States that have not expanded Medicaid.



Montana consistently pays a lower percentage of the total cost of its Medicaid program than peer states.



Montana benefits from high federal match rates for its Medicaid program. The federal government funded approximately 80% of its total Medicaid budget in SFY 2022, 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.





How is Medicaid Managed?

Medicaid is managed by Montana's health and human services agency.

Montana's Medicaid program is authorized under 53-6-101, [Montana Code Annotated](#), and Article XII, Section XII of the [Montana Constitution](#). Medicaid is administered by DPHHS, which is comprised of approximately 3,000 individuals with a budget of around \$7 billion biennially. DPHHS is the state's human service "superagency," also managing public health, the Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance for Needy Families (TANF) program, state health care facilities, federal childcare grants, child welfare, and other social services.

Medicaid is managed by the Medicaid and Health Services office within DPHHS, with the Medicaid director serving as the program's executive director.



Montana contracts directly with health care providers to deliver services to Medicaid members.

Nationally, managed care is the dominant delivery system for state Medicaid programs. In managed care systems, states deliver health care services to Medicaid members through contracted arrangements between the state Medicaid program and managed care plans which receive a “per-member per-month” capitated payment. As of July 2022, 40 states and Washington, DC, contract with comprehensive, risk-based managed care plans to provide care to at least some Medicaid members.

Unlike many states, Montana does not have Medicaid-managed care. Instead, Montana contracts directly with providers, and pays contracted providers in a variety of ways. Many Medicaid services, particularly outpatient services, are paid “fee-for-service.” Critical access hospitals and federally qualified health centers are paid on a cost basis. Montana Medicaid also improves quality through programs such as the Early/Elective Inductions and Cesarean Sections, which reduces reimbursement for non-medically necessary inductions and cesarean deliveries, as well as the Nursing Home Quality Rate program.

DPHHS closely monitors the Medicaid program for fraud and abuse.

Nationally, Medicaid's size, complexity, and diversity make it a target for fraud and abuse. To ensure program accountability, states are required to investigate and prosecute Medicaid provider fraud and abuse. Montana oversees rigorous programs to identify, recover, and prevent inappropriate provider payments, including:

- » Using its Medicaid Management Information System to scan for billing errors and stop provider payments when irregularities are detected.
- » Coordinating with DPHHS' Quality Assurance Division to audit payments and identify misspent funds.
- » Deploying its Medicaid Fraud Control Unit to investigate and prosecute Medicaid fraud, abuse, and neglect.

Each year, the Medicaid Fraud Control Unit recovers approximately \$1 million in provider fraud and convictions related to patient abuse or neglect. Additionally, a 2022 report from the Montana Legislative Audit Division found that Montana maintains a consistently low payment error rate measurement (PERM)* for both Medicaid and CHIP. In 2020, Montana's PERM was 4.6%, significantly lower than the national average (13.9%).

Medicaid Program Accountability Processes



Medicaid Management Information System scans for fraud and billing errors.



DPHHS' Quality Assurance Division audits payments and identifies misspent funds.



Montana's Medicaid Fraud Control Unit investigates and prosecutes Medicaid fraud and abuse.

*A national audit of Medicaid claims by state conducted every two years.



Conclusion

Medicaid is a safety net program that provides Montanans with low income access to essential health care services. Medicaid supports the health care needs of Montanans across their lifespan, including children, adults, and seniors. It is a particularly critical source of coverage for the state's rural and American Indian communities.

Beyond providing coverage for many individuals, Medicaid reimbursement plays an essential role in Montana's health care system, allowing providers and hospitals to maintain and expand essential services, such as emergency care, obstetric services, preventive care, and treatment for substance use disorders and mental illness.

Montana administers and funds the Medicaid program in partnership with the federal government and each year, the federal government reimburses Montana for nearly 80% of program costs. Medicaid continues to strengthen its services and supports to meet the needs of Montana's most vulnerable residents.



Acknowledgments

Montana Healthcare Foundation is a 501(c)3 private foundation that makes strategic investments to improve health in Montana. It provides funding, leadership, and expertise to help communities tackle Montana’s most important health problems. It conducts policy analysis so that Montanans can be well-informed and engaged in decisions that impact their health. It prioritizes supporting the health and well-being of people and communities at increased risk for poor health outcomes because of income, geographic barriers, the availability and accessibility of health and social services, and racial and ethnic disparities. To learn more, visit mthf.org.

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This report would not have been possible without the support of DPHHS.

Visit the [Montana Healthcare Foundation’s website](#) for more information about the report, for links to other Medicaid in Montana reports, and to download the accompanying data book. For any questions about the report, contact the Montana Healthcare Foundation at info@mthf.org.



Data & Sources



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Technical Note

The Healthy Montana Kids (HMK) program includes both HMK and HMK Plus. HMK is Montana's Children's Health Insurance Plan (CHIP), which offers free or low-cost health insurance coverage to eligible Montana children up to the age of 19, while HMK Plus provides Medicaid coverage for children from low-income families.

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Technical Notes

Blind/disabled income standards are set at the Social Security Supplemental Security Income (SSI) level, which is \$794/month for an individual and \$1,191/month for a couple. In 2020, \$794/month equates to 75% FPL for a blind or disabled individual.

FPL levels are for an individual (family size of one).

Some eligibility categories have allowable asset levels in addition to income limits.

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Technical Note

Rural/urban definitions are from the University of Washington Rural Health Research Center's RUCA Census data crosswalk. Available [here](#). RUCA was last updated in 2006. Rural/urban classifications have likely shifted in Montana since the last update, though distributions remain comparatively accurate.

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Technical Note

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Technical Note

Peer states were selected to provide a diverse sample of states with both similar and disparate populations, geographies, political leanings, and Medicaid expansion

action for ongoing reporting.

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