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Study: Montana to lose \$4.8 billion in federal funding for Medicaid under the American Health Care Act

More than 70,000 Montanans to lose health coverage by 2026

Bozeman, Mont. – [An independent analysis](#) commissioned by the Montana Healthcare Foundation (MHCF) projects that if the current health care bill in Congress – the American Health Care Act (AHCA)—is enacted, Montana’s Medicaid program would lose \$4.8 billion in federal funding, and more than 70,000 adults enrolled through the recent Medicaid expansion would lose coverage by 2026. The analysis, conducted by Manatt Health, takes an in-depth look at the U.S. House-passed AHCA and its impact on both health care coverage and the state budget. Although leadership in the U.S. Senate is crafting its own legislation, current options being considered still include core features of the AHCA, including capped funding for Medicaid and the elimination of Medicaid expansion funding.

“These cuts would hurt Montana’s most vulnerable residents, including children, seniors, and people with disabilities,” said MHCF CEO Dr. Aaron Wernham. “Furthermore, they would weaken the state’s healthcare system, threaten the viability of our rural hospitals, and put our state’s balanced budget at risk.”

Key findings of the report include:

- **A loss of the recent Medicaid expansion**, which currently covers over 75,000 Montanans and provides over \$500 million per year in federal funding.
- **A major impact on the state budget including:**
 - Loss of \$4.8 billion in federal Medicaid funds from 2020 through 2026, which is more than a third of Montana’s federal Medicaid funding.
 - Ripple effects that would potentially affect other state priorities such as education and infrastructure.
 - Marked year-to-year volatility in healthcare funding, creating uncertainty in state and private-sector budget decisions.
- **A cap on federal financial support for the Montana Medicaid program**, making it harder to respond to crises such as an epidemic or recession, and leaving the state with no federal partnership in the case of an emergency.
- **Montana would need to respond to the federal cuts by curtailing spending** through cutting eligibility, reducing reimbursement rates, eliminating benefits, or otherwise reducing spending for the children, seniors, people with disabilities, and adults who remain in coverage.

MHCF contracted with nationally-recognized experts from Manatt Health to analyze the impact of the AHCA on Montana. “This analysis of Montana impacts makes clear that per capita caps are really just cuts

by another name,” said Deborah Bachrach, partner and co-author of the analysis. “Montana stands ready to lose a staggering \$4.8 billion in federal funding by 2026.”

The report is the most recent in [a series of MHCF reports](#) that look at the implications of recent Medicaid policy proposals for Montanan’s health.

About Manatt Health

Manatt Health, a division of Manatt, Phelps & Phillips, LLP, is an integrated, multidisciplinary legal, regulatory, advocacy and strategic business advisory healthcare practice. Manatt Health’s experience spans the major issues re-inventing healthcare, including payment and delivery system transformation; Medicaid coverage, redesign and innovation; health IT strategy; health reform implementation; healthcare mergers and acquisitions; regulatory compliance; privacy and security; corporate governance and restructuring; pharmaceutical market access, coverage and reimbursement; and game-changing litigation shaping emerging law. With 90 professionals dedicated to healthcare—including attorneys, consultants, analysts and policy advisors—Manatt Health has offices on both coasts and projects in more than 30 states. For more information, visit <https://www.manatt.com/Health>.

About the Montana Healthcare Foundation

The Montana Healthcare Foundation (MHCF) makes strategic investments to improve the health and wellbeing of all Montanans. MHCF focuses on behavioral health (including mental illness and substance use disorders), American Indian health, public health and strengthening the rural health system through focusing on new partnerships and value-based care. The foundation supports improving access to quality and affordable health services, evidence-based health education, research and analysis, improving the upstream influences on health and illnesses and informed public policy. Created in 2013, MHCF has approximately \$135 million in assets, making it Montana’s largest nonprofit health foundation, and is designed to be permanent resource for the state. To learn more about MHCF, please visit www.mthcf.org.

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