

*Medicaid Expansion &*  
**MONTANA EMPLOYERS**



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## Executive Summary

This report examines the role of Medicaid Expansion in Montana's workforce, focusing on the work patterns of the Medicaid Expansion population in 2023 and the businesses employing these workers. Using data from the Montana Departments of Labor & Industry, Revenue, and Health & Human Services, this report shows the way in which Medicaid Expansion addresses gaps in employer-sponsored health insurance while estimating the benefits to businesses relative to employer sponsored insurance alternatives. Key findings include:

- Across all of 2023, 94,990 Medicaid Expansion enrollees held payroll jobs, representing 16% of Montana's private sector employees.
- 68% of these workers were employed every quarter they were enrolled in Medicaid Expansion, and 91% for at least half the time enrolled.
- Over 20,000 private sector businesses employed at least one Medicaid Expansion enrolled worker in 2023, representing nearly 35% of all private businesses in Montana.
- Nearly 72% of businesses in the accommodation and food services industry and 52% of retail businesses employed at least one Medicaid Expansion enrolled worker.
- In 47 of Montana's 56 counties, a third or more of businesses employed at least one Medicaid Expansion enrolled worker. Some rural counties, including Petroleum, Glacier, Blaine, Wheatland, and Valley, exceeded 40%.
- Businesses employing Medicaid Expansion enrolled workers tend to be larger, with an average size of 26.8 employees compared to just 3.1 for businesses without.
- Almost half of businesses with employees enrolled in Medicaid Expansion have over 25% of their workforce covered by Medicaid Expansion.
- To provide health insurance for all Medicaid Expansion enrolled workers in 2023, it would cost employers an estimated \$430 million to \$1.1 billion, depending on whether single or family coverage was offered.
- Businesses with Medicaid Expansion enrolled employees have a lower average tax liability per worker, at an average of \$590 per employee, compared to \$1,971 per employee for businesses without.
- Overall, corporate income taxes fund less than 0.3% of the costs of Medicaid Expansion.





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## Introduction

In the United States, employer-sponsored health insurance is a critical part of worker compensation, contributing to about 6.9% of total employee compensation in 2024.<sup>1</sup> However, in Montana, only 44% of workers are covered by employer-provided health insurance, highlighting substantial gaps in coverage for the state's workforce.<sup>2</sup> This report explores the impact of Montana's Medicaid Expansion program in addressing these gaps and evaluates its costs and benefits for both workers and employers. It focuses on adults eligible for Medicaid through the 2015 HELP Act, often referred to as the Medicaid Expansion (ME) population.

This report finds that most individuals enrolled in ME are employed. Data from the Montana Department of Labor & Industry (MTDLI) shows that approximately 94,990 ME enrollees held payroll jobs in 2023, constituting 55% of people enrolled in ME at some point in the year. This finding likely undercounts the full scope of employment by excluding self-employed individuals, independent contractors, and other workers not reported in payroll employment data. Roughly 35% of private-sector employers in Montana employed at least one ME enrollee in 2023.

The analysis also identifies patterns among businesses with ME-enrolled employees. Employers of ME-enrolled workers are found across all counties and industries, and are typically larger employers. It remains uncertain whether workers used ME as their primary insurance or as a temporary safety net while awaiting eligibility for employer-sponsored health plans. However, 91% are enrolled in ME for at least half the period they're employed during the year.

Data from the Montana Department of Revenue (MTDOR) indicates that businesses employing ME-enrolled workers had an average tax liability of \$590 per employee, compared to \$1,975 per employee for businesses without ME-enrolled employees. This report estimates the costs and savings associated with ME for Montana employers, utilizing data from the Montana Department of Public Health & Human Services (MTDPHHS). Without ME, many employers would bear additional health insurance costs, while some workers would likely remain uninsured. For employers, the estimated cost to provide insurance as a benefit to all ME-enrolled employees ranges between \$430 million and \$1.1 billion.

In conclusion, the report demonstrates ME-enrolled workers constitute a significant portion of the workforce. By covering many workers, ME enables greater economic stability through access to health coverage.



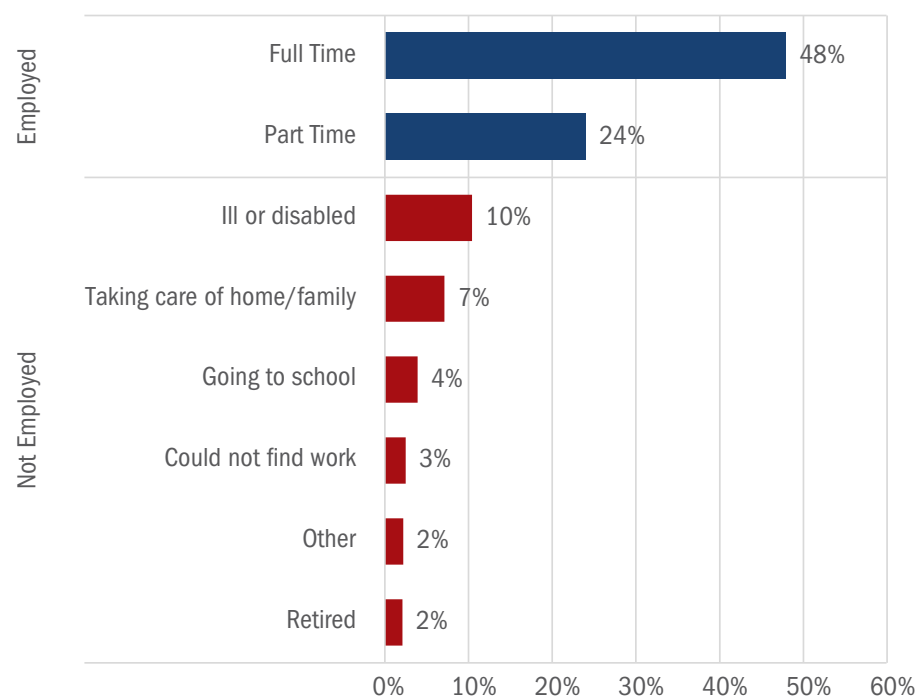
## Most on Medicaid Expansion are Employed

Most people enrolled in ME are employed. A detailed study by the Kaiser Family Foundation, using 2022 data from the Current Population Survey, found that 71% of Medicaid enrollees in Montana are working, and 85% live in households where at least one family member is employed.<sup>3</sup>

The Current Population Survey (CPS) shows similar employment patterns for Medicaid enrollees, as illustrated in Figure 1. Over 70% of Medicaid participants in Montana were employed, while others were unable to work due to illness or disability (10%), caring for a family member (7%), or attending school (4%).<sup>4</sup>

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.

**FIGURE 1: EMPLOYMENT STATUS AND BARRIERS TO WORK AMONG MEDICAID-ENROLLED ADULTS IN MT**



Source: IPUMS March Supplement 2022-2024 average. Includes nonelderly adults (ages 18-64) covered by Medicaid, excluding those qualifying as disabled under SSI or covered by Medicare.

Linking ME enrollment data with Unemployment Insurance (UI) wage records offers more insight into the employment patterns of the 173,137 individual people in Montana enrolled in ME at some point in 2023. Overall, 94,990 of those enrollees held payroll jobs (see Figure 2), 55% of the total. These nearly 95,000 workers make up 16% of private sector employees in MT.

Among these individuals, 91% were employed for at least half the time they were ME-enrolled, and 68% worked every quarter.<sup>5</sup> The remaining 8,900 ME enrollees were employed for less than half of their time on ME. These figures likely underestimate total employment rates, as they exclude self-employed individuals, independent contractors, unpaid family workers, domestic workers, and certain agricultural workers, which are included in the above estimates of employment rates from the CPS Additional details on this wage match can be found in the appendix.

**FIGURE 2: ME ENROLLED WORKERS AND BUSINESSES EMPLOYING ME ENROLLEES, 2023**

Medicaid Expansion Enrollees with Payroll Jobs	Number	% of Total
Total	94,990	-
With Job all Quarters of ME Enrollment	64,339	68%
With Job At least Half of Quarters of ME Enrollment	86,124	91%
With Job Less Than Half of ME Enrollment	8,867	9%
Private Sector Businesses		
Total	58,620	-
Private Sector Businesses Employing ME Enrollees	20,260	35%

Source: DLI & DPHHS Montana Medicaid and UI Wage Data Match.

## Montana Businesses That Employ Medicaid Expansion Enrollees

ME-enrolled workers accounted for approximately 16% of all private sector payroll workers in Montana in 2023. Of the 94,990 ME enrollees who held payroll jobs in 2023, about 92% were employed by private sector employers. Approximately 20,260 private sector businesses, 35% of statewide UI-covered employers in Montana employed at least one worker who was also enrolled in ME in 2023. Figure 2 shows the number of Montana businesses employing ME-enrolled workers during 2022 and 2023. It is possible that some businesses offered health insurance coverage after a waiting period, or that workers were able to obtain insurance on their own after earning income from their job. However, with 68% working every quarter while on ME, many employees are likely to have relied on ME throughout their employment.

The high share of businesses employing ME enrollees is consistent with the available statistics on employer-provided health insurance in Montana. According to the 2023 Medical Expenditure Panel Survey (MEPS), only 34.9% of private firms in Montana offered health insurance plans.<sup>6</sup> Three-quarters of businesses offering insurance required a waiting period before employees become eligible. From an employee perspective, 71.6% of private employees worked in an establishment that offered health insurance in 2023. 80% of those employees were eligible for insurance and only 77.2% of those employees enrolled in the employer's plan.

## Medicaid Expansion Employers by Industry

In 2023, businesses in industries with lower average wages were more likely to employ workers enrolled in ME. In the accommodation and food services industry, nearly 72% of businesses employed at least one ME-enrolled worker (Figure 3). The accommodation and food services industry includes a broad range of businesses like hotels, fast-food establishments, bars, and full-service restaurants. These types of businesses tend to offer lower average wages and have more variable hours that can contribute to earnings at a level that qualifies for ME. On average, only 39% of workers nationwide in the leisure and hospitality industry, which includes accommodation and food services, have access to employer-provided medical benefits, compared to 72% of workers across all industries.<sup>7</sup>

Retail trade also has a considerable share of businesses employing at least one ME-enrolled worker, at 52% of businesses in the sector. This category includes businesses such as gas stations, grocery stores, convenience stores, and clothing retailers, which often rely on a mix of part-time and lower-wage positions. Manufacturing, although typically associated with more stable, full-time employment, also had a significant portion of businesses (45%) with ME-enrolled employees. This may reflect a combination of wage levels and work schedules common within specific manufacturing subsectors.

**FIGURE 3: SHARE OF BUSINESSES EMPLOYING WORKERS ON MEDICAID EXPANSION**

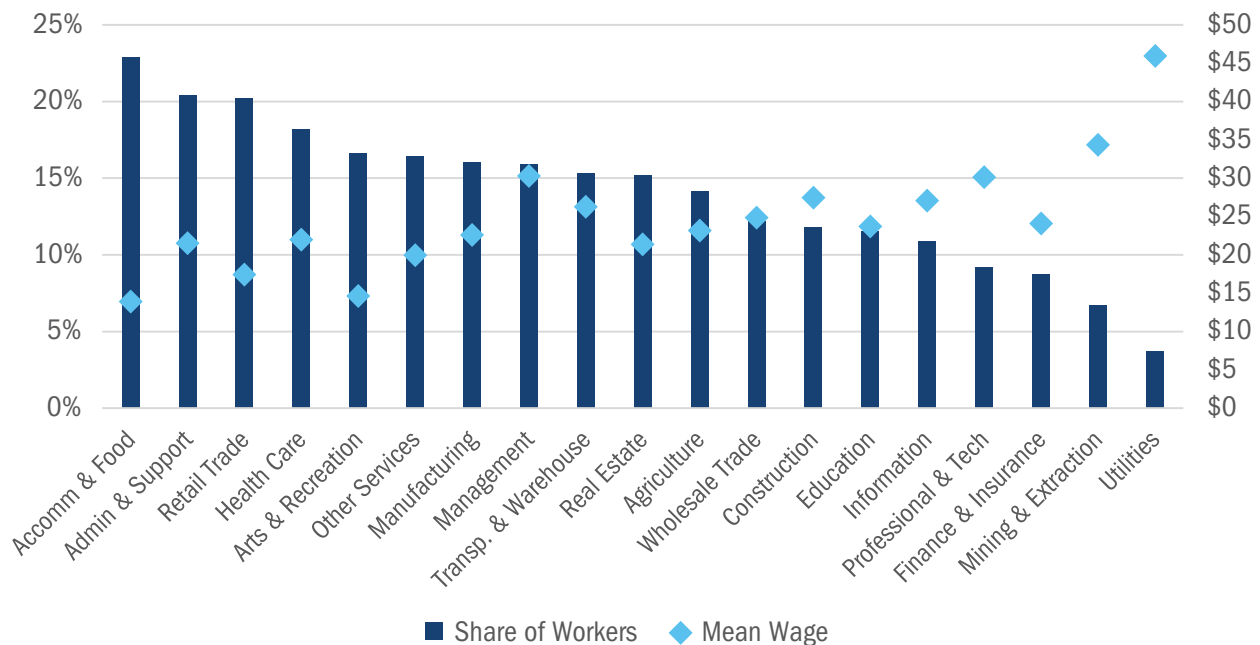


Source: 2023 DLI & DPHHS Montana Medicaid and UI Wage Data Match. Private sector only.

Figure 4 provides a visual representation of the percent of 2023 employment enrolled in ME by industry, underscoring the relationship between industry wages and ME participation. ME usage for health coverage is highest in lower-wage industries. In Montana, sectors like retail trade, accommodation and food services, and arts & entertainment have the lowest median hourly wages and the highest ME enrollment rate. These industries also rely more heavily on part-time employment which often limits access to employer-provided health insurance.<sup>8</sup>



**FIGURE 4: PERCENT OF WORKERS IN INDUSTRY ENROLLED IN MEDICAID EXPANSION BY MEDIAN HOURLY WAGE**

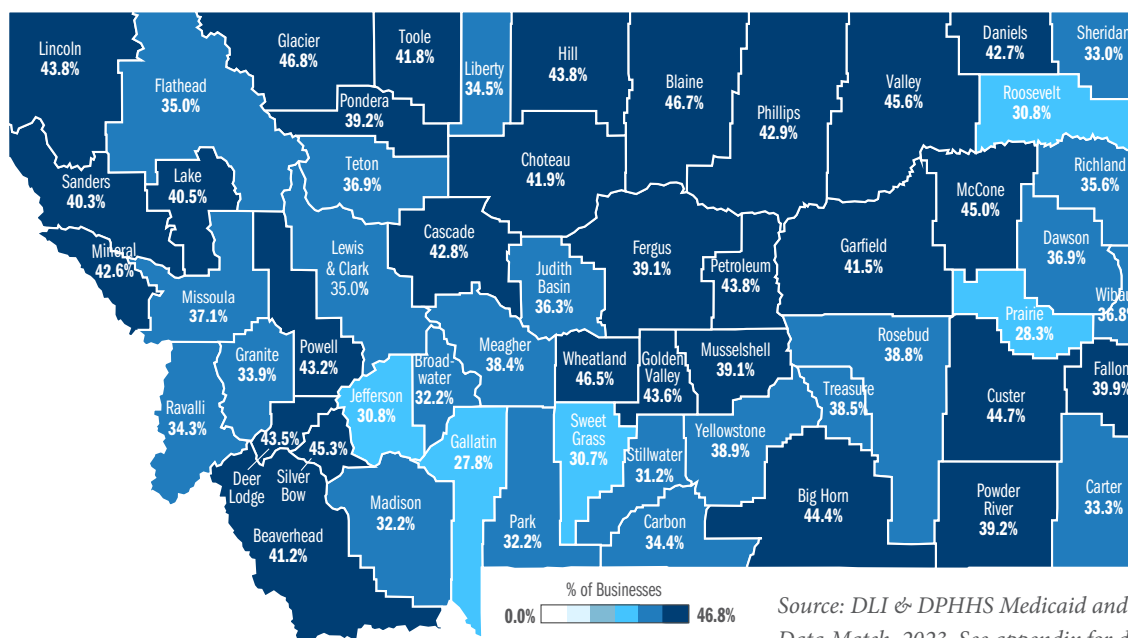


Source: 2023 DLI & DPHHS Montana Medicaid and UI Wage Data Match. Private sector only. Median hourly wage from 2023 Occupational Employment and Wage Statistics.

### Medicaid Expansion Employers by County

In 2023, around 34.6% of all private businesses in Montana employed at least one worker enrolled in ME. This percentage of businesses employing ME-enrolled workers varied throughout the state with some areas having higher, or lower, shares. In 47 of Montana’s 56 counties, a third or more of businesses employed at least one ME-enrolled worker. Figure 5 displays the percentage of businesses within each county that employed a worker who was simultaneously enrolled in ME.

**FIGURE 5: PERCENT OF BUSINESSES EMPLOYING MEDICAID EXPANSION ENROLLED WORKERS BY COUNTY, 2023**



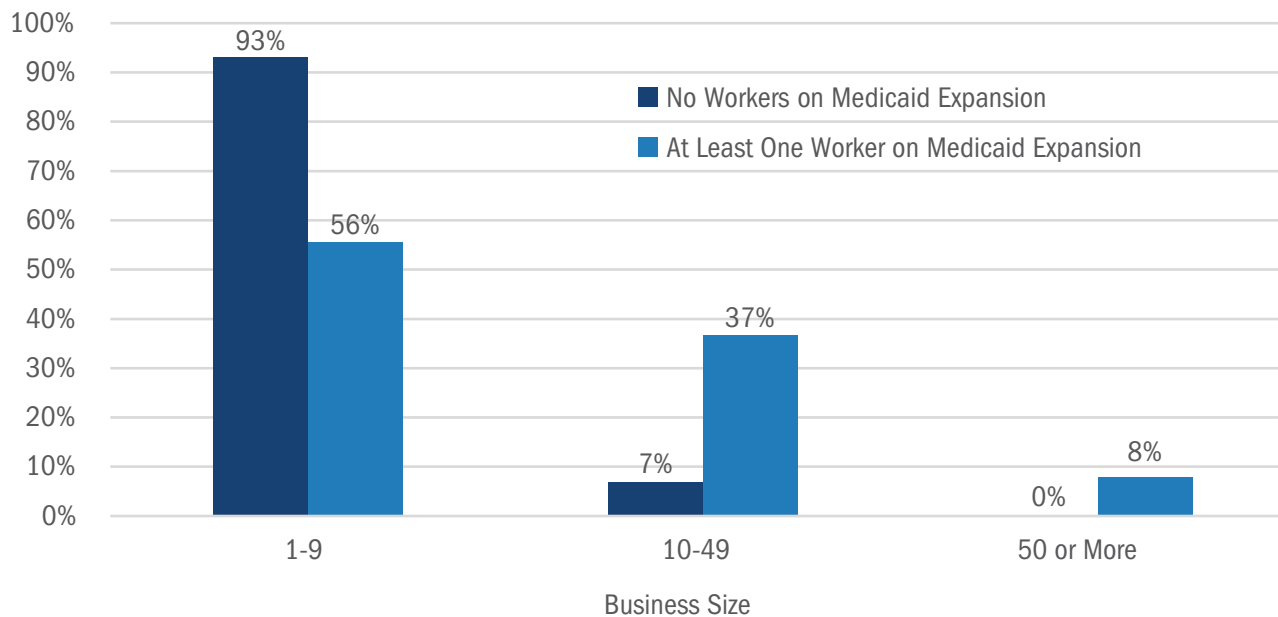
Source: DLI & DPHHS Medicaid and UI Wage Data Match, 2023. See appendix for details.

Businesses in both urban and rural counties employed workers enrolled in ME, with the percent of businesses with at least one ME-enrolled worker ranging from 27% to 48%. Counties with higher average wages, such as Gallatin County, have lower rates of businesses who had a worker on ME in 2023. Rural counties in Montana show a wider range in ME utilization for employee health insurance, with larger variations in part due to the smaller number of businesses creating volatility in the estimates. In 2023, over 40% of businesses in Petroleum, Glacier, Blaine, Wheatland, and Valley counties employed ME enrollees, counties while counties like Jefferson, Roosevelt, Sweetgrass, and Prairie had 30% or fewer businesses employing ME enrollees.

### Employers with Medicaid Expansion Enrollees

Larger businesses are more likely to have employees enrolled in ME than businesses with fewer employees. Businesses employing ME-enrolled workers have an average size of 26.8 employees compared to just 3.1 for businesses without ME-enrolled workers. Figure 6 demonstrates this trend. For businesses that employ workers on ME, 8% have at least 50 employees, while 37% have 10-49 employees. By comparison, 93% of businesses that don't employ workers on ME have 1-9 employees, and only 7% have 10 to 49 employees. Even though larger businesses may provide private health insurance to other employees, at least some of their workers may be enrolled in ME. In contrast, smaller companies may be more likely to offer private insurance to all employees.

**FIGURE 6: BUSINESS SIZE AND MEDICAID EXPANSION ENROLLED WORKERS, 2023**



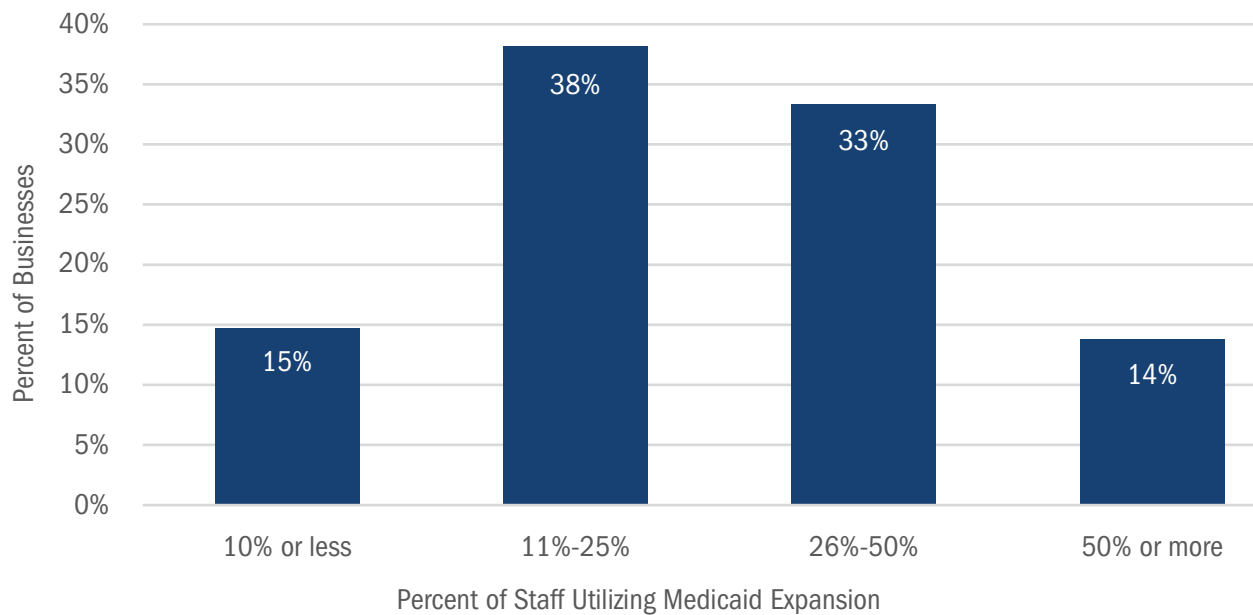
Source: 2023 DLI & DPHHS Montana Medicaid and Wage Data Match. Private sector only.



## Share of Employees Enrolled in Medicaid Expansion

In 2023, almost 35% of businesses had at least one employee enrolled in ME. For the majority of these businesses, only a small portion of their workforce relied on ME for health coverage, as shown in Figure 7. Specifically, 53% of businesses had less than 25% of their employees covered by ME. However, 47% of businesses had more than a quarter of their workforce enrolled in the program, indicating significant use of ME for employee health insurance. Additionally, 14% of businesses had over half of their staff covered by ME.

**FIGURE 7: DISTRIBUTION OF EMPLOYERS WITH ME-ENROLLED WORKERS BY PERCENT OF STAFF ENROLLED IN ME**



Source: 2023 DLI & DPHHS Montana Medicaid and Wage Data Match. Private sector only.

Among businesses with over 50% of employees enrolled in ME, the most common industry is construction, followed by the other services and the professional and technical services industries. While businesses that employ at least one ME-enrolled worker tend to be larger, these businesses with a high percentage of employees enrolled in ME tend to be smaller, with less than 10 employees on average. In 2023, only about 60 businesses with 20 employees or more had over half of their workforce enrolled in ME. Of these, 33 businesses were in accommodation and food services (including hotels and fast-food outlets), 13 were healthcare and social assistance, and 5 were administration and waste services (which includes temporary staffing agencies). Businesses that have less than 10% of their employment on ME have an average of 55 employees. The industries with the most businesses in this category include construction, accommodation and food service, and retail trade. Most large companies offer health insurance to at least some employees, and the Affordable Care Act requires large employers to provide affordable coverage or face penalties.

## The Benefits of Medicaid Expansion for Employers

Benefits associated with ME for employers range from reduced costs associated with providing health coverage to greater access to labor through higher labor force participation. This section provides estimates of the costs not faced by employers when some employees receive coverage through ME instead of employer provided coverage and lists some other benefits.

For Montana businesses, the annual expense of providing health insurance to employees averaged \$6,488 for individual employee coverage and rose to \$17,275 for family coverage. Figure 8 displays data from the Medicaid Expenditure Panel Survey, illustrating the average costs for employer-based insurance in Montana Medical Expenditure by plan type. If all ME-enrolled workers received coverage from an employers' health insurance plan, the estimated cost to employers would have ranged from \$430 million to \$1.1 billion in 2023, depending on whether single or family coverage was offered. This calculation focuses solely on the employer's share of costs and adjusts for part-year employees by estimating coverage only for the weeks they worked. Further details on this estimation are available in the appendix.

**FIGURE 8: MONTANA COSTS FOR EMPLOYER-PROVIDED INSURANCE**

Plan Type	Average Total Premium	Average Employee Contribution	Average Cost to Employer
Single	\$7,821	\$1,333	\$6,488
Single + One	\$16,839	\$4,079	\$12,759
Family	\$22,771	\$5,496	\$17,275

It would cost employers \$430 million to \$1.1 billion in 2023 to provide health insurance coverage to Montana workers who currently received coverage from Medicaid, depending on whether single or family coverage was offered.

Source: 2023 Medical Expenditure Panel Survey.

Not all ME enrollees working in payroll jobs would qualify for employer-sponsored health insurance due to limited hours or work history. Among those who remained on ME for the full year, 34% were employed year-round. After restricting analysis to include only those who were full-time, year-round ME-enrolled workers, estimated cost for employers to provide insurance to these year-round workers would range from \$173 million to \$460 million, depending on the type of plan offered.

Recent studies have suggested that ME can reduce the financial burden on employers by decreasing the number of employees relying on employer-sponsored insurance. For instance, a 2019 study from the Journal of Health Economics found that expansion led to a reduction in employer sponsored insurance coverage among low-income workers.<sup>9</sup> Additionally, a 2020 literature review by the Kaiser Family Foundation noted that expansion has led to increased coverage and access to care, with mixed effects on private coverage. Some studies found no evidence of ME substituting for private coverage, while others observed declines in private coverage associated with expansion among certain populations.<sup>10</sup>

Another area of savings can arise from rules established in the Affordable Care Act (ACA) that require large employers (those with 50 or more full-time employees) to offer health insurance to at least 95% of their full-time employees. Employers who fail to meet this requirement may face penalties if any full-time employee seeks subsidized coverage through the ACA marketplace. In Montana, low-income employees earning up to 138% of the federal poverty level (FPL) may qualify for ME, reducing the use of subsidized coverage through the ACA marketplace insurance and subsequent penalties for the employer.

ME can benefit Montana businesses indirectly as well. ME lowers costs within employer insurance pools by reducing the unmet healthcare needs of newly insured workers which can drive up premiums.<sup>11</sup> Additionally, a 2019 update from the Bureau of Business and Economic Research (BBER) estimated that ME injects about \$600 million into Montana annually, supporting approximately 5,900 to 7,500 jobs and



generating \$350 to \$385 million in personal income.<sup>12</sup> BBER's analysis concludes that the economic gains from Medicaid outweigh the costs to the state. Further, the research found in the two years following the passing of ME in 2016, labor force participation among low-income Montanans age 18 to 64 rose by 6 to 9 percentage points, increasing labor supply for business in need of hiring and highlighting indirect positive impacts on the overall labor market and economy.

## Employer Benefits Compared to Costs Through the Tax System

An analysis comparing corporate tax liabilities to the value of insurance provided suggests that the benefits of ME for Montana businesses outweigh the associated costs. Montana employers incur costs from ME, as it is partially funded through state tax dollars. In state fiscal year (SFY) 2021, over 90% of ME costs were covered by federal funding, with around 4% coming from state general funds.

Employers with at least one employee on ME paid about \$154 million in taxes in 2021, as shown in Figure 9. Only 1.3% of Montana's general fund went to ME in SFY 2021, meaning that approximately \$2 million of the state tax contributions from employers with ME-enrolled employees went toward funding the program.<sup>13</sup> For these employers of ME-enrolled workers, this translates to an annual cost of approximately \$6 per employee to support ME. In comparison, the average cost to employers for single-employee health insurance is \$6,488.

**FIGURE 9: TAX LIABILITY OF MEDICAID EXPANSION EMPLOYERS AND OTHER EMPLOYERS BY YEAR**

	2020		2021	
	Employers of ME-Enrollees	Employers with NO Workers on ME	Employers of ME-Enrollees	Employers with NO Workers on ME
Montana Taxable Income	\$1,702,352,667	\$1,078,133,323	\$1,647,716,421	\$1,135,956,487
Montana Tax Liability	\$155,437,036	\$100,068,428	\$153,734,490	\$99,621,510
Average Tax Liability Per Business	\$13,020	\$5,869	\$12,607	\$6,099
Average Tax Liability Per Employee	\$619	\$1,859	\$590	\$1,975
Tax Liability Paid to Montana Medicaid**	\$1,417,586	\$912,624	\$1,998,548	\$1,295,080
Average Tax Liability Per Business Paid to Medicaid Expansion**	\$118	\$53	\$164	\$79
Average Tax Liability Per Employee Paid to Medicaid Expansion**	\$6	\$17	\$8	\$26

Source: MTDLI & DOR Medicaid Data Match. Employer counts include only businesses with tax liability that matched to tax records, not the full set of employers of workers enrolled in MT Medicaid Expansion. See appendix for details.

\*\* Assuming 1.1% of state tax dollars go to Medicaid Expansion in Montana based on FY2020 and FY2021 expenditures.

Another way to evaluate the costs and benefits for employers is to examine the per-client costs of ME from various funding sources, as shown in Figure 10, using data from the Department of Public Health & Human Services. Montana tax revenues contribute a small portion to the overall costs of ME, with most of the funding coming from federal sources. In SFY2024, federal funds covered 90% of the program's expenses.

Additional funding came from the hospital utilization fee, which is \$26.24 per inpatient bed per day, paid by patients and collected by hospitals. State general fund contributions were relatively small, with only \$36.00 per client per month, or about \$360 per year. In contrast, the average annual cost for employers to provide health insurance was at least \$6,488 per employee.

**FIGURE 10: COSTS OF MEDICAID EXPANSION PER CLIENT PER MONTH FOR STATE FISCAL YEARS 2023-2024**

Medicaid Expansion Per Member Per Month - SFY 2023

Expenditure Category	Tax Revenue	State Funds	Federal Funds	Total
Administrative Costs	--	\$4.51	\$2.13	\$6.63
Hospital Utilization Fee	\$19.91	--	\$179.19	\$199.10
Benefits	\$16.82	\$27.54	\$460.06	\$504.42
<b>Total</b>	<b>\$36.73</b>	<b>\$32.05</b>	<b>\$641.38</b>	<b>\$710.16</b>

Medicaid Expansion Per Member Per Month - SFY 2024

Expenditure Category	Tax Revenue	State Funds	Federal Funds	Total
Administrative Costs	--	\$3.89	\$9.02	\$12.91
Hospital Utilization Fee	\$26.24	--	\$268.81	\$295.04
Benefits	\$23.69	\$32.11	\$532.51	\$588.30
<b>Total</b>	<b>\$49.92</b>	<b>\$36.00</b>	<b>\$810.34</b>	<b>\$896.26</b>

Source: Department of Health and Human Services, information request received October 2024.



## Tax Liability of Medicaid Employers Versus Other Employers

When examining the tax liability of employers who hire ME enrollees versus those who do not, businesses with ME-enrolled employees tend to have a lower average tax liability per employee but a higher overall tax liability per business. Figure 11 illustrates this comparison for 2023. Although tax liability is influenced by various factors and isn't directly linked to whether a business provides employee health insurance, this comparison sheds light on whether taxpaying employers bear the state's ME program costs. The outcome varies based on the metric used: on a per-employee basis, companies employing ME-enrolled workers paid \$590 in corporate taxes per employee, compared to \$1,975 per employee for businesses without ME-enrolled workers. However, when assessed per business, employers of ME enrollees had a higher average tax liability (\$12,607) than businesses without ME-enrolled employees (\$6,099).

**FIGURE 11: 2021 COMPARATIVE TAX LIABILITY OF EMPLOYERS WITH AND WITHOUT ME ENROLLEES\***

	Employers of Medicaid Expansion Enrollees	Employers with no Workers on Medicaid Expansion
Montana Taxable Income	\$1,647,716,421	\$1,135,956,487
Montana Tax Liability	\$153,734,490	\$99,621,510
Average Tax Liability Per Business	\$12,607	\$6,099
Average Tax Liability Per Employee	\$590	\$1,975

Source: DLI & DOR Medicaid Data Match.

\*Employer counts include only businesses with tax liability that matched to tax records, not the full set of employers of workers enrolled in Montana Medicaid. See appendix for details.

This pattern of higher per-employee tax liability for employers without ME-enrolled workers is consistent across most industries, as seen in Figure 12. In the accommodation and food service industry, the largest employer of ME enrollees, businesses with ME-enrolled employees had an average tax liability of \$182 per employee, compared to \$772 for similar employers without such employees. All industries showed a lower per-employee tax liability for employers with ME enrollees than those without.





**FIGURE 12: TAX LIABILITY OF EMPLOYERS WITH AND WITHOUT ME-ENROLLED EMPLOYEES BY INDUSTRY, 2021**

Industry	Employers with at Least One Worker enrolled in Medicaid Expansion		Other Employers without Staff enrolled in Medicaid Expansion	
	Tax Liability	Per Employee	Tax Liability	Per Employee
Agriculture	\$2,095,336	\$394	\$3,291,271	\$1,558
Mining	\$2,371,641	\$1,179	\$2,356,616	\$2,425
Construction	\$19,499,617	\$832	\$16,131,358	\$1,541
Manufacturing	\$14,177,694	\$937	\$3,241,186	\$1,617
Wholesale Trade	\$10,232,220	\$898	\$10,509,832	\$3,335
Retail Trade	\$27,079,808	\$663	\$4,545,069	\$1,079
Transport & Warehousing	\$3,735,106	\$472	\$2,235,639	\$1,210
Information	\$1,665,145	\$906	\$963,739	\$1,391
Finance & Insurance	\$19,807,768	\$3,052	\$9,205,800	\$3,997
Real Estate	\$2,297,563	\$705	\$7,183,408	\$2,932
Professional & Technical	\$12,583,438	\$1,055	\$20,724,239	\$2,530
Management	\$580,167	\$753	\$2,227,806	\$12,730
Admin Services	\$4,614,617	\$228	\$3,223,469	\$1,306
Education	\$440,741	\$291	\$305,412	\$946
Health Care	\$17,885,104	\$485	\$7,938,062	\$2,215
Arts & Recreation	\$2,192,822	\$241	\$1,032,359	\$984
Accommodation & Food	\$9,814,662	\$182	\$1,182,092	\$772
Other Services	\$2,509,705	\$365	\$2,469,056	\$948
<b>Total</b>	<b>\$153,734,490</b>	<b>\$590</b>	<b>\$99,621,510</b>	<b>\$1,975</b>



Source: DLI & DOR Montana Medicaid Data Match. Private sector only.

\* Utilities not listed due to less than 10 businesses.



## Appendix: Methodology

Workers frequently change jobs, with an average of 26,000 new hires and separations a month in Montana in 2023.<sup>14</sup> This means that approximately 5% of the workforce changes jobs each month. Measuring ME enrollment among employees is challenging because job and worker counts do not align exactly. To address this, the report uses two metrics: one to count individuals enrolled in ME while employed and another to count the jobs held by these enrollees. In 2023, around 94,990 individuals who were enrolled in ME at some point in the year held a payroll job at the same time as being enrolled in ME, with an average of about 65,870 employed each quarter.

To track total ME-enrolled workers, monthly ME data was matched to quarterly Unemployment Insurance (UI) wage records. This analysis assumes that those insured for at least one month are enrolled for the full quarter. In 2023, 88% of ME enrollees remained in the program the entire quarter, and 95% were enrolled for at least two months, supporting the merging of monthly ME and quarterly employment data. Approximately 55% of ME enrollees were matched to wage records, with an assumption of some unmatched employment existing outside payroll employment.

Adjustments were made to align this employment data with the Quarterly Census of Employment and Wages (QCEW), the standard for payroll statistics. The combined quarterly ME and wage data were aggregated by year, quarter, and business, then matched to employer records to compare ME-enrolled workers with other employees and determine the share of ME enrollees per business. Businesses with an average of one or fewer employees were excluded, as these are often startups, closures, or self-employed individuals.

The Department of Revenue (DOR) matched employment data of businesses employing ME enrollees with tax records for tax years 2020 and 2021. C-corporations represented 7-8% of businesses in both 2020 and 2021. Corporate tax liabilities were taken directly from records, while pass-through entities and sole proprietorship tax liabilities were estimated by DOR using a 6.9% rate on taxable income. The DOR estimated tax information for approximately 60% of businesses (over 28,529). Non-matching records (19,083) were often due to subsidiary versus parent company reporting, particularly for disregarded entities. Nonprofit employers were included in the ME-enrolled employer data but are not subject to income tax reporting with DOR.

### A1: NUMBER OF BUSINESSES BY TAX TYPE

Tax Type	2020	2021
No Match	13,770	19,083
Sole Proprietorship	3,092	3,277
Partnership	3,069	3,047
S-Corporation	19,231	18,655
C-Corporation	3,597	3,550

Source: DLI & DOR Montana Medicaid Data Match. Private sector only.



## Calculation of Medicaid Expansion Costs Paid by Corporate Taxpayers

The Legislative Services Division reports that corporate tax revenues for SFY2021 were \$253.3 million, making up 8.5% of the general fund's total revenue of \$2.96 billion. Additionally, general fund spending on ME that year totaled \$38.4 million, accounting for 1.3% of the general fund's revenues. Assuming that funds entering the general fund are distributed evenly to all eventual programs and expenses, we estimate that 1.3% of the \$253.3 million, or \$3.3 million, in corporate tax revenues are allocated to ME.

## Calculation of Insurance Costs if All Workers Were Provided Private Health Insurance

According to data from the Montana Department of Labor & Industry, 67.7% of ME enrollees worked every quarter while on ME, and 91% worked in at least half of the quarters during their enrollment. However, the data does not include information on hours worked. To estimate part-time and full-time employment among ME enrollees, data from the 2023 American Community Survey (ACS) 1-Year Estimates (U.S. Census Bureau, Table S2303) was used, assuming ME enrollees follow similar work patterns as the broader population. Figure A2 shows ACS data on hours and weeks worked, along with estimated counts of ME-enrolled workers. Based on this data, 64% of ME enrollees likely worked full-time for 50 or more weeks, and 76.1% worked full-time for at least part of the year.

**FIGURE A2: DISTRIBUTION OF WORKERS BY WORK HOURS**

Number of Weeks Worked	Distribution of Workers in Montana According to 2023 ACS Data			Estimated Number of Workers on Medicaid Expansion based on ACS Data		
	35+ hours per week	15 to 34 hours per week	1 to 14 hours per week	35+ hours per week	15 to 34 hours per week	1 to 14 hours per week
Full-Year (50-52 weeks)	64.10%	9.90%	2.20%	60,883	9,362	2,058
48 to 49 weeks	1.30%	0.60%	0.10%	1,201	595	127
40 to 47 weeks	3.60%	2.00%	0.30%	3,416	1,900	329
27 to 39 weeks	2.40%	1.40%	0.60%	2,272	1,285	559
14 to 26 weeks	2.70%	2.40%	0.90%	2,549	2,236	874
1 to 13 weeks	2.10%	2.20%	1.40%	1,964	2,074	1,308

Source: 2023 DLI & DPHHS Montana Medicaid and UI Wage Data Match. U.S. Census Bureau 2023 ACS 1-year Estimates of Employment by hours and weeks worked by usual hours worked and weeks worked.

To estimate the cost to employers of insuring ME-enrolled workers, the analysis used ACS-based distributions of workers typically working 35 or more hours, applying a prorated cost of insurance based on weeks worked, as detailed in Figure A3.

**FIGURE A3: PRORATED AVERAGE COST TO EMPLOYER OF PROVIDING CARE**

Weeks Worked	Prorated Single Per Worker	Prorated Family Cost Per Worker	Full Time Workers	Cost for Single Coverage (Low)	Cost for Family Coverage (High)
Full-Year (52)	\$6,488	\$17,275	60,883	\$395,008,904	\$1,051,753,825
48 to 49 weeks (49)	\$6,051	\$16,112	1,201	\$7,267,251	\$19,350,512
40 to 47 weeks (44)	\$5,062	\$13,479	3,416	\$17,291,792	\$46,044,264
27 to 39 weeks (33)	\$3,213	\$8,554	2,272	\$7,299,936	\$19,434,688
14 to 26 weeks (20)	\$1,236	\$3,290	2,549	\$3,150,564	\$8,386,210
1 to 13 weeks (7)	\$166	\$443	1,964	\$326,024	\$870,052

Source: MEPS 2023 data on employer insurance costs per employee, prorated by weeks.



## Additional Data

**FIGURE A5: BUSINESSES EMPLOYING MEDICAID EXPANSION ENROLLEES BY INDUSTRY**

	Number of Businesses		% of Businesses within Industry that Employ Medicaid Expansion Workers		Average Percentage of Employees on Medicaid Expansion		Average Hourly Wage
	2022	2023	2022	2023	2022	2023	2023
Accommodation & Food Services	2,887	2,865	73%	72%	23%	22%	\$15.14
Administrative & Support Services	1,455	1,495	38%	37%	19%	17%	\$24.59
Agriculture	577	594	37%	37%	11%	12%	\$23.82
Arts, Entertainment, & Recreation	804	810	50%	49%	17%	16%	\$19.75
Construction	2,775	2,840	34%	33%	10%	10%	\$29.41
Education	282	292	32%	31%	10%	10%	\$27.77
Finance & Insurance	479	500	22%	22%	7%	6%	\$32.93
Health Care & Social Assistance	2,067	2,159	45%	43%	15%	15%	\$30.61
Information	216	213	26%	24%	10%	8%	\$33.02
Management	37	38	17%	17%	14%	13%	\$41.35
Manufacturing	874	878	47%	45%	13%	12%	\$27.07
Mining & Extraction	133	145	26%	27%	5%	5%	\$36.66
Other Services	1,704	1,677	36%	34%	15%	14%	\$23.67
Professional & Technical Services	1,475	1,531	17%	16%	7%	7%	\$39.39
Real Estate	582	578	23%	24%	14%	13%	\$24.68
Retail Trade	2,154	2,204	53%	52%	18%	17%	\$19.64
Transportation & Warehousing	522	544	33%	33%	12%	12%	\$28.09
Utilities	36	46	23%	25%	2%	3%	\$44.77
Wholesale Trade	617	621	22%	21%	9%	9%	\$30.19
<b>Total</b>	<b>19,840</b>	<b>20,257</b>	<b>35%</b>	<b>35%</b>	<b>14%</b>	<b>14%</b>	<b>\$26.88</b>

Source: 2023 DLI & DPHHS Montana Medicaid and UI Wage Data Match. Private sector only. Average hourly wage from 2023 Occupational Employment and Wage Statistics.



## Endnotes

- 1** U.S. Bureau of Labor Statistics. (n.d.). Employer Costs for Employee Compensation. Health insurance as a percent of total compensation for private industry workers, Private industry workers, United States, All Workers. Retrieved November 26, 2024, from [bls.gov](https://www.bls.gov).
- 2** MEPS Table VII.A.2, Table VII.A.2.f, Table VII.B.2, Table VII.B.2.a, VII.B.2.a(1)
- 3** Guth et al. 2023. "Understanding the Intersection of Medicaid and Work: A Look at What the Data Say" Henry J. Kaiser Family Foundation. <https://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-work-a-look-at-what-the-data-say/>
- 4** March 2022-2024 CPS survey data compiled by MTDLI using similar methodology to Guth et al, 2023.
- 5** Calculated as the number of quarters enrolled in Medicaid Expansion divided by number of quarters employed and while enrolled in Medicaid Expansion.
- 6** MEPS Table VII.A.2, Table VII.A.2.f, Table VII.B.2, Table VII.B.2.a, VII.B.2.a(1)
- 7** U.S. Bureau of Labor Statistics, 2024 National Compensation Survey.
- 8** MEPS, 2023.
- 9** Abraham, Jean M., et al. 2019. "The Impact of Medicaid Expansion on Employer-Sponsored Insurance." *Journal of Health Economics*. [https://www.russellsage.org/sites/default/files/Abraham2019\\_Article\\_TheImpactOfMedicaidExpansionOn.pdf](https://www.russellsage.org/sites/default/files/Abraham2019_Article_TheImpactOfMedicaidExpansionOn.pdf)
- 10** Kaiser Family Foundation. 2020. "The Effects of Medicaid Expansion Under the ACA: Updated Findings from a Literature Review." <https://www.kff.org/medicaid/report/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review/>
- 11** Fertig AR, Carlin CS, Ode S, Long SK. Evidence of Pent-Up Demand for Care After Medicaid Expansion. *Medical Care Research and Review*. 2018;75(4):516-524. doi:10.1177/1077558717697014
- 12** Ward, B., & BBER (Bureau of Business and Economic Research). (2019). The economic impact of Medicaid expansion in Montana: Updated findings. University of Montana. [https://www.bber.umt.edu/pubs/BBER/Mediacaoid\\_Expansion\\_2019.pdf](https://www.bber.umt.edu/pubs/BBER/Mediacaoid_Expansion_2019.pdf)
- 13** 1.3% is the share of General Fund Tax Revenue that funds the state's share of Medicaid Expansion expenses. 1.3% is applied to the corporate tax revenues to determine the share of corporate tax revenues that fund Medicaid Expansion expenses.
- 14** U.S. Bureau of Labor Statistics. (n.d.). Job Openings and Labor Turnover Survey (JOLTS). Retrieved November 26, 2024, from [bls.gov](https://www.bls.gov).
- 15** U.S. Bureau of Labor Statistics. (n.d.). Employer Costs for Employee Compensation. Health insurance as a percent of total compensation for private industry workers, Private industry workers, United States, All Workers. Retrieved November 26, 2024, from [bls.gov](https://www.bls.gov).
- 16** MEPS Table VII.A.2, Table VII.A.2.f, Table VII.B.2, Table VII.B.2.a, VII.B.2.a(1)
- 17** Guth et al. 2023. "Understanding the Intersection of Medicaid and Work: A Look at What the Data Say" Henry J. Kaiser Family Foundation. <https://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-work-a-look-at-what-the-data-say/>
- 18** March 2022-2024 CPS survey data compiled by MTDLI using similar methodology to Guth et al, 2023.
- 19** Calculated as the number of quarters enrolled in Medicaid Expansion divided by number of quarters employed and while enrolled in Medicaid Expansion.
- 20** MEPS Table VII.A.2, Table VII.A.2.f, Table VII.B.2, Table VII.B.2.a, VII.B.2.a(1)

## Endnotes, Continued

- 21** U.S. Bureau of Labor Statistics, 2024 National Compensation Survey.
- 22** MEPS, 2023.
- 23** Abraham, Jean M., et al. 2019. "The Impact of Medicaid Expansion on Employer-Sponsored Insurance." *Journal of Health Economics*. [https://www.russellsage.org/sites/default/files/Abraham2019\\_Article\\_TheImpactOfMedicaidExpansionOn.pdf](https://www.russellsage.org/sites/default/files/Abraham2019_Article_TheImpactOfMedicaidExpansionOn.pdf)
- 24** Kaiser Family Foundation. 2020. "The Effects of Medicaid Expansion Under the ACA: Updated Findings from a Literature Review." <https://www.kff.org/medicaid/report/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review/>
- 25** Fertig AR, Carlin CS, Ode S, Long SK. Evidence of Pent-Up Demand for Care After Medicaid Expansion. *Medical Care Research and Review*. 2018;75(4):516-524. doi:10.1177/1077558717697014
- 26** Ward, B., & BBER (Bureau of Business and Economic Research). (2019). The economic impact of Medicaid expansion in Montana: Updated findings. University of Montana. [https://www.bber.umt.edu/pubs/BBER/Mediacaaid\\_Expansion\\_2019.pdf](https://www.bber.umt.edu/pubs/BBER/Mediacaaid_Expansion_2019.pdf)
- 27** 1.3% is the share of General Fund Tax Revenue that funds the state's share of Medicaid Expansion expenses. 1.3% is applied to the corporate tax revenues to determine the share of corporate tax revenues that fund Medicaid Expansion expenses.
- 28** U.S. Bureau of Labor Statistics. (n.d.). Job Openings and Labor Turnover Survey (JOLTS). Retrieved November 26, 2024, from [bls.gov](https://www.bls.gov).

