



Health Insurance Coverage in Montana: The Rural Implications

a series examining health care issues in rural America



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Key Findings

- Montana's rural counties have lower health insurance coverage rates than more urban counties for residents under 65; as county population decreases uninsured rates increase.
- Rural Montana faces structural barriers and economic differences from urban Montana that result in lower health insurance coverage rates. The consequences are weaker rural communities and a less healthy rural Montana.
- Montana has two primary policy choices and mechanisms to reduce the number of rural residents without health insurance - health insurance exchanges that meet the unique needs of rural residents and the new Medicaid initiative for working adults, both in the Affordable Care Act.
- Expanding Medicaid as allowed in the Affordable Care Act would reduce the rural uninsured rates by a third.

Background

During the last several years, access to health care has been one of the most compelling social, economic and political issues in the United States. Numerous reports have documented the problems of adequate insurance coverage, including a 2005 report of the Center for Rural Affairs entitled *Health Care in Rural America*, which outlined the parameters of the problem for rural citizens.¹

The purpose of this report is to examine the most recent data on health insurance coverage in Montana and determine if there is a distinction between geographic areas of the state, particularly between rural and urban areas.

While there are many similarities between urban and rural areas regarding insurance coverage, critical differences exist. Health insurance is particularly important for rural areas as they have older, poorer and less educated populations that typically need more health care.² Also, rural economies are often in vulnerable positions, and health care is an important part of a sound economy.

Yet, the delineation between urban and rural does not always work as rural areas differ in terms of their health care situations. For instance, problems with insurance are generally worse in more remote rural areas, rural areas further away from significant population centers.

Outcomes for Montana

A review of the U.S. Census Bureau Small Area Health Insurance Estimates reveals that rural Montana has significantly higher uninsured rates than does urban Nebraska for those under 65 years of age.³ This analysis divides Montana counties into three types—metropolitan, micropolitan and rural. Definitions of each are in the box below.

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Metropolitan: Any county designated as part of a Metropolitan Statistical Area (MSA) based on the 2010 Census. Each MSA must have at least one urbanized area of 50,000 or more inhabitants.

Micropolitan: Counties based around a core city or town with a population of 10,000 to 49,999. A micropolitan area may consist of more than one county depending upon economic, social and cultural connections.

Rural: Counties with a population center of less than 10,000 inhabitants and not included in either a metropolitan or micropolitan area.

The following table sets out the data for each county type.

County Type	2010 Population (under 65)	2010 Uninsured (under 65)	2010 Uninsured Rate (Pct.)
Rural (46 counties)	270,022	66,353	24.6%
Micropolitan (6 counties)	260,058	48,847	18.8%
Metropolitan (4 counties)	293,772	55,311	18.8%

Table 1. 2010 Uninsured Rates by County Type
Source: U.S. Census Bureau, Small Area Health Insurance Estimates

The following graph sets forth the 2010 Montana uninsured rates by county type.

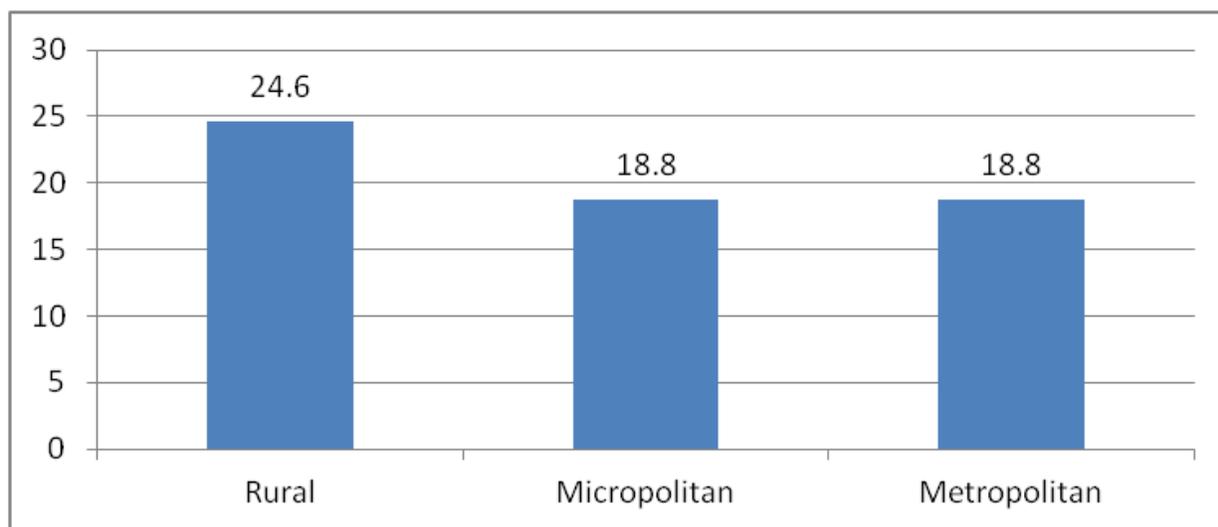


Chart 1. 2010 Uninsured Rates by County Type
Source: U.S. Census Bureau, Small Area Health Insurance Estimates

It is important to note that micropolitan counties, while having a central population center greater than rural counties, are quite similar to rural counties. Most micropolitan counties consist of small towns and large rural areas. In fact, some micropolitan counties are small rural counties that just happen to be adjacent to a relatively large population center with economic, social and cultural connections.

One of the common characteristics rural and micropolitan counties have is generally high uninsured rates. Taken together, Montana's rural and micropolitan counties—52 counties representing Montana's non-metropolitan population—have a 21.7 percent uninsured rate for those less than 65 years of age, still significantly higher than the metropolitan uninsured rate.

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Of Montana's 46 rural counties, 28 have an uninsured rate at or above 25 percent. In those rural counties the one in four or greater residents without health insurance impose a significant burden on those with health insurance, on local health care providers, and on their community in general.

Implications

Clearly, rural Americans face more structural barriers to adequate health insurance coverage than urban Americans. With an economic foundation of small businesses, self-employment, and low wages, rural communities are not well served by a health insurance system that relies on employer-based coverage. Many families are forced to purchase from the individual insurance market where they all too often wind up underinsured, with coverage that costs too much and provides too little. Those who cannot afford the significantly more expensive individual packages must go without or rely on public insurance.

Unfortunately, these primary means of getting (or not getting) health insurance translate into weaker rural communities. A community's economic development, community cohesiveness, and health care infrastructure are all threatened by a lack of affordable health insurance that results in more families without health insurance or less than adequate insurance.

And we all pay for the skyrocketing costs of health insurance as the insured and health care providers in rural Montana face increasing economic pressure from uncompensated care, or the costs of health care services to the uninsured or underinsured that are not paid by insurance or any other source. Like most issues facing rural America, everyone is in it together.⁵

The significantly higher uninsured rates in rural Montana affect the health status of rural individuals and families and rural communities. Research shows rural people receive fewer necessary health care services and less preventive care, leading to more expensive health care.⁶ The ultimate result of less than adequate care for rural residents is a worsening of health status and an increase in chronic conditions, exactly what has been found in rural areas.

The Montana uninsured data show that the health insurance coverage aspects of the Affordable Care Act must be fully implemented. In the long-term, those provisions are critical for the health of rural people and families and the economic well-being of rural communities.

In the coming months Montana policymakers can take one act that could significantly reduce the rural uninsured rate. The Legislature will decide whether to expand Medicaid to working, low-income adults as allowed by the Affordable Care Act. An estimated 60,000 Montanans would be eligible for the new Medicaid initiative under the Affordable Care Act.⁷ The most recent data from the Montana Department of Public Health and Human Services shows that 66 percent of the average monthly Medicaid enrollment resides in non-metropolitan counties of the state.⁸ Extrapolating the same beneficiary figure to the estimate of those eligible for the new Medicaid initiative under the Affordable Care Act shows an estimated 39,600 rural Montanans could potentially receive health insurance coverage from the new Affordable Care Act Medicaid initiative. The new Medicaid initiative in the Affordable Care Act could potentially reduce the rural uninsured rate to about 14 percent, a third less than the current rate (when combining the rural and micropolitan data above in Table 1).⁹

The other major health insurance coverage provision in the Affordable Care Act is the creation of the health insurance exchanges. The exchange is an insurance marketplace with the goal to help individuals and small businesses access affordable and quality health insurance. Those without health insurance are a primary market for the exchange.

Because of the health insurance circumstances of rural areas, an effective exchange will be critical for rural residents.¹⁰ Health insurance will be made affordable by the availability of premium assistance payments available only through exchanges.

The Affordable Care Act contemplated state-operated exchanges. However, Montana has opted for the default decision of allowing the federal government to operate the Montana exchange. It will be critical for the federal Department of Health and Human Services to design the Montana health insurance exchange in a way that effectively meets the unique circumstances and needs of rural Montana.

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Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities.

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