

Making a Decision on Expanding KanCare Brief

It's about Coverage ...

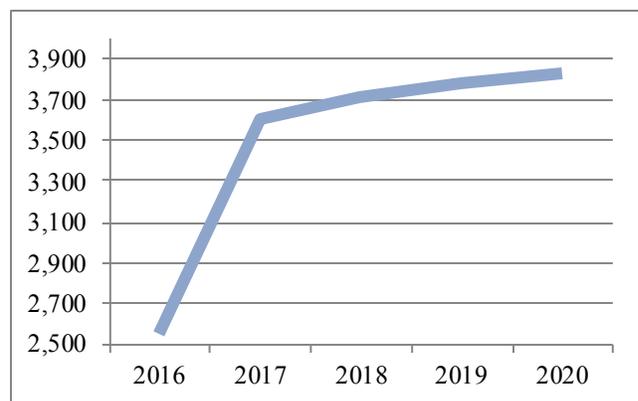
To date, Kansas has declined to join the majority of states in expanding Medicaid eligibility for low-income residents. Current income limits for KanCare eligibility in Kansas rank in the bottom quartile of states, and about one in seven Kansas adults under 65 remains uninsured.

Expanding KanCare could enable **100,000** low-income Kansas adults to gain coverage in 2016, and **144,000** by 2017.

It's about the Economy ...

Analyses by the Center for Health Policy Research at George Washington University and Regional Economic Models, Inc., indicate that not expanding KanCare is already hindering job creation and economic growth for 2014 and 2015 because Kansas is not capturing hundreds of millions in federal matching dollars that would otherwise flow into the state economy to make expansions more affordable.

KanCare Expansion Increases Jobs



Without Expansion ...

2,546 fewer jobs are created in 2016
3,830 fewer jobs are created in 2020

Economic Effects of Expansion

Year	New Federal Funds (in millions)	Increase in Gross State Product (in millions)
2016	\$299.2	\$182.9
2017	\$435.3	\$259.9
2018	\$465.8	\$269.0
2019	\$498.4	\$275.5
2020	\$533.3	\$280.7
Total	\$2,231.9	\$1,268.1

Statewide, about half the jobs not created would be in health care (such as hospitals or clinics); almost half would be in other sectors, such as construction or retail and wholesale trade. This ripple effect occurs because KanCare funding, received by hospitals, clinics or drug stores, is used to pay workers' salaries and to buy other goods and services. The economic benefits multiply as these funds are, in turn, used to pay for mortgages or rent, buy food and pay state and county taxes.

It's about Costs ...

The first issue is the amount the state must pay for its share of KanCare. In 2016, these costs are low because the federal government pays 100 percent of the costs for those newly eligible; there are slight costs because some additional people who were eligible under prior criteria would apply if there is publicity about an eligibility expansion. In 2017 and later years, the state costs grow because the matching rate for those newly eligible declines to 95 percent in 2017, then to 90 percent by 2020. Thus, over the period 2016-2020, there is an estimated \$312 million cost for the state. These costs would be partly offset by increased state revenues that are generated by higher economic and employment growth if KanCare is expanded. From 2016 to 2020, state revenue would rise by \$69 million, offsetting about one-fifth of the direct costs. The other area is potential savings from other state health care costs. Currently, the state contributes to care for low-income uninsured patients in various ways. KanCare expansion would provide health insurance to many of these patients, reducing the need for the state funding support. These health savings could offset some of the additional costs of KanCare expansion, or enable state funding to support more patients or broader services.

Net savings to the state of Kansas with KanCare expansion would be \$35.7 million from 2016-2020.

Kansas Fiscal Impacts

Year	Increased State Medicaid Costs	New State Revenues	Offsetting State Health Savings	Net State Savings
2016	\$10.30	\$5.20	\$34.10	\$29.00
2017	\$68.40	\$12.80	\$54.80	(\$0.80)
2018	\$72.90	\$15.90	\$58.80	\$1.80
2019	\$77.60	\$17.10	\$63.10	\$2.60
2020	\$82.70	\$18.10	\$67.80	\$3.20
Total	\$311.90	\$69.10	\$278.50	\$35.70

In Millions of Dollars

The Bottom Line ...

In the new legislative session, the state could resolve to expand KanCare by 2016. This analysis examines the potential effects of continuing to decline the opportunity to expand KanCare. If Kansas does not expand KanCare by 2016, more than \$2.2 billion in federal matching funds will be lost between 2016 and 2020, stifling economic and employment growth.

Expansion of KanCare not only will help more people get access to affordable health care, but also serve as an engine of economic development and job creation.

This brief is a summary of the full report, "Economic and Employment Effects of Expanding KanCare," by Regional Economic Models, Inc. and George Washington University. The full report can be found at www.kha-net.org.