

Estimated Costs and Savings/Revenues Upon Implementation of The Bridge to a Healthy Kansas

	2017	2018	2019	2020	2021	2022	2023	2024	2025
EXPANSION NEWLY ELIGIBLE	115,222	138,958	141,204	143,470	145,755	148,058	150,382	152,724	155,087
FMAP Rate for the Expansion Population	0.95	0.94	0.93	0.90	0.90	0.90	0.90	0.90	0.90
Federal Funds	\$ 613,535,229	\$ 754,098,862	\$ 780,882,248	\$ 790,851,299	\$ 827,548,089	\$ 865,847,548	\$ 905,817,005	\$ 947,526,541	\$ 991,049,100
State Funds	32,291,328	48,133,970	58,776,083	87,872,367	91,949,788	96,205,283	100,646,334	105,280,727	110,116,567
TOTAL	\$ 645,826,557	\$ 802,232,832	\$ 839,658,331	\$ 878,723,666	\$ 919,497,876	\$ 962,052,831	\$ 1,006,463,339	\$ 1,052,807,268	\$ 1,101,165,667
Immediate Revenue/Savings									
Increase KanCare Revenues									
1 Drug Rebate Increases	\$ 7,950,331	\$ 9,588,100	\$ 9,743,107	\$ 9,899,425	\$ 10,057,063	\$ 10,216,029	\$ 10,376,334	\$ 10,537,986	\$ 10,700,996
2 Privilege Fee Increase to SGF	27,226,559	17,122,462	17,811,681	18,062,207	19,001,915	19,986,727	21,018,747	22,100,175	21,642,714
3 Reduction for change in Medically Needy/Spend Down Eligibility	38,385,774	38,717,231	39,024,563	37,124,440	38,429,364	39,780,156	41,178,429	42,625,850	44,124,149
4 Eliminate MediKan	5,003,611	5,124,967	5,248,672	5,257,899	5,442,715	5,634,026	5,832,062	6,037,059	6,249,262
5 Beneficiary Payments	\$ 16,454,109	\$ 19,843,655	\$ 20,164,461	\$ 20,487,979	\$ 20,814,228	\$ 21,143,227	\$ 21,474,995	\$ 21,809,553	\$ 22,146,920
Total Revenues and Savings	\$ 95,020,385	\$ 90,396,414	\$ 91,992,484	\$ 90,831,950	\$ 93,745,283	\$ 96,760,165	\$ 99,880,567	\$ 103,110,623	\$ 104,864,040
Additional Health Care Cost Savings									
6 SSI Disabled	5,569,432	11,288,648	17,150,292	21,859,780	28,428,388	35,495,068	43,091,084	51,249,547	60,005,525
7 Pregnant Women	8,826,707	8,858,393	8,884,036	8,408,620	8,660,878	8,920,705	9,188,326	9,463,976	9,747,895
8 Mental Health	\$ 24,700,000	\$ 40,000,000	\$ 43,300,000	\$ 46,800,000	\$ 50,700,000	\$ 52,221,000	\$ 53,787,630	\$ 55,401,259	\$ 57,063,297
9 Substance Abuse	9,400,000	14,800,000	15,500,000	16,300,000	17,100,000	17,613,000	18,141,390	18,685,632	19,246,201
10 Prisoner Hospitalization	1,000,000	1,030,000	1,030,900	1,030,927	1,030,928	1,030,928	1,030,928	1,030,928	1,030,928
Subtotal Health Care Cost Savings	\$ 49,496,139	\$ 75,977,041	\$ 85,865,228	\$ 94,399,326	\$ 105,920,194	\$ 115,280,701	\$ 125,239,358	\$ 135,831,341	\$ 147,093,845
11 Increased State Revenues*	\$ 5,210,000	\$ 12,790,000	\$ 15,880,000	\$ 17,070,000	\$ 18,100,000	\$ 18,643,000	\$ 19,202,290	\$ 19,778,359	\$ 20,371,709
Total	\$ 54,706,139	\$ 88,767,041	\$ 101,745,228	\$ 111,469,326	\$ 124,020,194	\$ 133,923,701	\$ 144,441,648	\$ 155,609,700	\$ 167,465,555
Net Gain/Loss for the State (Total of items 1 through 11 less the State Funds cost)	\$ 117,435,196	\$ 131,029,486	\$ 134,961,629	\$ 114,428,910	\$ 125,815,690	\$ 134,478,582	\$ 143,675,880	\$ 153,439,596	\$ 162,213,028

Explanations and Sources of Revenue/Cost Savings

- 1 Drug Rebate Increases: The estimate is based on the state collecting \$70 million in drug rebates in 2015. That number is then divided by the number of beneficiaries in 2015 for a per beneficiary benefit. That benefit is divided in half, assuming a healthier population among the newly eligible, for a per beneficiary rebate collection of \$69. This was then multiplied by the number of beneficiaries estimated by KDHE. Source: Kansas Legislative Research Department.
- 2 Increased Privilege Fee Collections: The estimate is based on the privilege fee amount passed by the 2015 Legislature in Senate Substitute for HB 2281, applied to the additional revenue collected by the KanCare MCOs with KanCare expansion caseload increases and the transition of beneficiaries from the regular KanCare population to the expanded population. The rate for 2016 and 2017 is 3.31% and drops to 2.0% in 2018 and every year thereafter. The KanCare MCOs are held harmless for the privilege fee cost and no other entities would be impacted by the expansion population. Source: KDHE estimate of KanCare expansion costs and Senate Sub. for HB 2281.
- 3 Medically Needy Spend Down: Certain Kansans are eligible for KanCare only after they spend down their resources to a level of \$495 per month and \$2,000 in assets for a single person. By eliminating spend down eligibility for persons 19-64 who are not otherwise eligible through HCBS, Working Healthy etc, the budget can be reduced to reflect the shift of those persons from the current KanCare program to the newly eligible group.
- 4 MediKan: The estimate assumes elimination of the MediKan program, which provides a limited array of Medicaid benefits, completely funded with state dollars, to low income persons who are seeking a disability determination. Source: Kansas Department of Health and Environment Medical Assistance Report.
- 5 Beneficiary Payments: The estimate applies the Indiana HIP 2.0 model of beneficiary premiums and assumes that half of the newly eligible beneficiaries below 100% FPL will pay the premiums and all of the newly eligible beneficiaries above 100% FPL will pay the premiums. Source: American Community Survey and HIP 2.0 Waiver documents.
- 6 SSI Disabled: The estimate assumes that the current growth of the SSI Disabled program will be reduced by half. Expansion states are seeing fewer people seeking disability determinations because they are now eligible for services based on their income. The savings are a result of the difference between the current match rate for this group and the newly eligible match rate. Source: Kansas Department of Health and Environment Medical Assistance Report.
- 7 Pregnant Women: The estimate assumes that the current number of beneficiaries would be eligible for expanded KanCare prior to becoming pregnant, which will allow them to receive services for a portion of their pregnancy at the newly eligible matching rate. The savings reflected is the difference between the current match rate and the newly eligible rate. Source: Kansas Department of Health and Environment.
- 8 Mental Health: The estimate reflects calculated savings based on a one-third reduction in uncompensated hospital costs related to mental health and a one-third reduction in community mental health and inpatient psychiatric funding. Source: Economic and Employment Effects of Expanding KanCare, George Washington University and REMI.
- 9 Substance Abuse: The estimate reflects a fifty percent reduction in substance abuse grants as costs are shifted to the KanCare program. Source: Economic and Employment Effects of Expanding KanCare, George Washington University and REMI.
- 10 Prisoner Hospitalization: Prisoners who are hospitalized for more than 24 hours are eligible for KanCare. Assuming that at least a portion of that cost being funded by the state would be covered by KanCare at the newly eligible match rate. Source: Kansas Department of Corrections.
- 11 Increased State Revenues: The estimate reflects the growth in state revenues related to the influx of federal dollars into the economy, resulting in increased sales and income tax collections as new jobs are created and expenditures increase. Source: Economic and Employment Effects of Expanding KanCare, George Washington University and REMI.