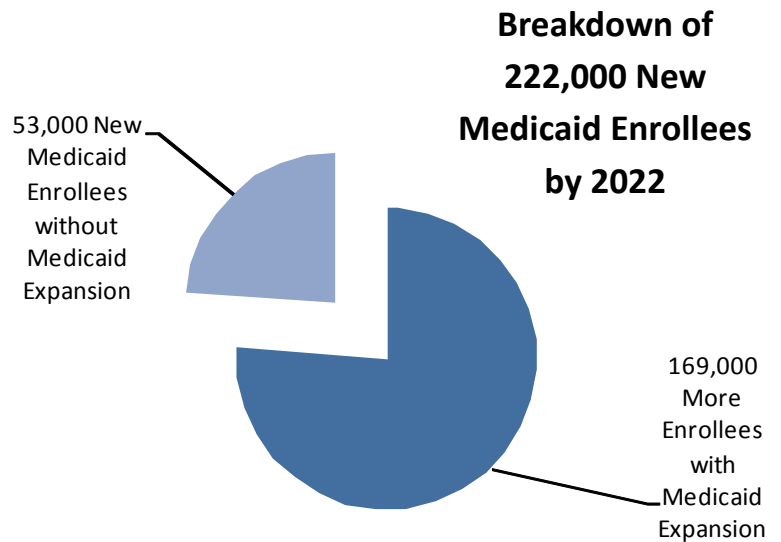


Making a Decision on Expanding KanCare

Brief

It's about **the Coverage** ...

Given last summer's Supreme Court decision, Kansas can now accept or decline Federal funds to expand the KanCare program to approximately 169,000 Kansans. In addition to these newly eligible Kansans, it is anticipated that 53,000 people who are currently eligible for Medicaid would enroll by 2022 due to the Affordable Care Act. This "woodwork" effect would partially occur even if Kansas does not expand Medicaid. If KanCare accepts the funds, it is estimated that **an additional 222,000 people would be covered.**



Source: Kaiser Commission on Medicaid & the Uninsured, Nov. 2012

It's about **the Economy** ...

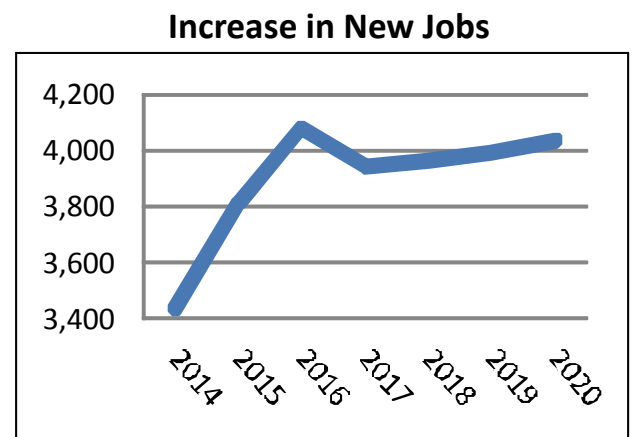
The total amount of expenditures on health care for those covered under an expanded Medicaid would be hundreds of millions of dollars, but the majority of that money will be put right back into the Kansas economy.

Economic Effects of Expansion

Year	New Federal Funds (in millions)	Increase in Gross State Product (in millions)
2014	\$334	\$249
2015	\$382	\$287
2016	\$427	\$319
2017	\$435	\$320
2018	\$466	\$336
2019	\$498	\$353
2020	\$533	\$371
Total	\$3,075	\$2,235

That money will result in an increase of approximately 3,400 new jobs in 2014 and 4,000 new jobs by 2020. These jobs will not only be in hospitals, clinics, nursing and other health facilities but also in those industries that support the Kansas health care industry.

Various businesses in Kansas will benefit from growth in incomes.



It's about **Costs** ...

Through 2016 the Federal Government will cover 100% of newly eligible enrollees. The Federal share will decline to 90% by 2020. In addition, Kansas will have to cover those costs for individuals who are currently eligible using the regular Medicaid matching rate (43.5% in 2013). New tax revenues due to economic growth and offsetting health savings can defray the new state Medicaid costs. Offsetting health savings include estimates of state-funded community mental health expenditures that might instead be covered by Medicaid expansion. Another potential savings is from funding for MediKan, the state-funded health insurance program for those on general assistance waiting for a disability determination. It seems likely that MediKan enrollees should all be eligible for Medicaid expansion, so these state funds could be counted as an offsetting savings. Net savings to the state of Kansas with Medicaid expansion would be \$82 million from 2014-2020.

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Kansas Fiscal Impacts

Year	Increased State Medicaid Costs	New State Revenues	Offsetting State Health Savings	Net State Savings
2014	\$13.0	\$6.1	\$18.3	\$11.4
2015	\$13.9	\$13.5	\$30.9	\$30.5
2016	\$14.8	\$15.9	\$45.4	\$46.5
2017	\$68.4	\$17.4	\$48.8	(\$2.2)
2018	\$72.9	\$18.5	\$52.4	(\$2.0)
2019	\$77.6	\$19.9	\$56.3	(\$1.4)
2020	\$82.7	\$21.3	\$60.5	(\$0.9)
Total	\$343.2	\$112.5	\$312.7	\$82.0

The Bottom Line ...

Expanding KanCare to non-elderly adults with family incomes up to 133 percent of the federal poverty level will provide considerable economic benefits to Kansans on top of providing health insurance coverage for more than one hundred thousand Kansans. Our estimates of the enrollment increases and state costs are similar to, but not exactly the same as the estimates of the Kansas Department of Health and Environment; projections of future impacts always have some uncertainty. This analysis shows that expansion will increase direct Medicaid costs to the state, particularly after 2016 when the federal support for the expansion population begins to decrease. However, the state investments also enable the state to draw down billions of dollars in additional federal funding that will support jobs and maintain the state's healthcare infrastructure.

The **increases in employment and economic activity** will occur both within the health care sector as well as in other sectors of the state economy. While Medicaid costs will increase, the **state will realize additional state tax revenues** that should offset a portion of the higher Medicaid costs. In addition, there are other potential offsetting state health care savings that could further reduce overall state costs, so from 2014 through 2020 **there would be a net savings to the state's budget.**

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