



Opinion Editorial

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Costs to States Not Expanding Medicaid

By Tom Bell, President and CEO, Kansas Hospital Association

(Sept. 15, 2014) Evidence continues to mount to support the importance of each state developing a plan that takes advantage of expanded federal funding to provide health insurance for low income individuals.

The Robert Wood Johnson Foundation and the Urban Institute published a study in August titled: What is the Result of States Not Expanding Medicaid? The study examines the 24 states that have so far refused to consider Medicaid expansion. The conclusions of this study were stunning: "These states are foregoing \$423.6 billion in federal Medicaid funds from 2013 to 2022, which will lessen economic activity and job growth. Hospitals in these 24 states are also slated to lose a \$167.8 billion (31 percent) boost in Medicaid funding that was originally intended to offset major cuts to their Medicare and Medicaid reimbursement." In short, for every \$1 a state invests in Medicaid expansion, \$13.41 in federal funds will flow into the state.

The study also points out that "every comprehensive state-level budget analysis of which we know, found that expansion helps state budgets because it generates state savings and additional revenues that exceed increased Medicaid costs," a conclusion that is consistent with a study earlier commissioned by the Kansas Hospital Association. Moreover, the authors write that the 24 states not expanding Medicaid spent an estimated \$44.9 billion on tax reductions and other subsidies to attract private business during 2012, which is 14 times the amount that would be required to finance Medicaid expansion. The report estimates it would cost Kansas \$525 million over the next decade to expand KanCare, the state's Medicaid program. Without expansion, the state will lose \$5.3 billion in federal funds, with hospitals losing \$2.6 billion in the next decade.

While these kinds of facts and figures are important to provide education about the issue, sometimes anecdotal evidence makes the point more forcefully. Recently, Mr. Paul Taylor, the CEO of the Ozarks Community Hospital, a health system with hospitals and clinics in southwest Missouri and northwest Arkansas, wrote to the Missouri Dislocated Worker Program to announce that his hospital

was laying off as many as 60 people in Missouri. In his letter, Mr. Taylor stated: "The layoffs will occur solely in the Springfield hospital and clinics. In fact, we recently added 62 full-time employees at our hospital and clinic in northwest Arkansas. The reason we are hiring in Arkansas and laying off in Missouri is that Arkansas chose to expand Medicaid under the Affordable Care Act and Missouri did not."

We will continue to see these kinds of statistics and anecdotes as more and more states realize the issue isn't going to go away. Kansas leaders need to be open to a Kansas-based plan to increase coverage for this group of low-income uninsured.

Tom Bell is the president and CEO of the Kansas Hospital Association in Topeka, Kansas. KHA is a not-for-profit association of health care provider organizations and individuals that are committed to the health improvement of their communities. KHA membership includes 217 member facilities, of which 128 are full-service community hospitals. Founded in 1910, KHA maintains its vision of "an organization of hospitals working together to improve access, quality and the affordability of health care for all Kansans."

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