



MEDIA RELEASE

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Kansas Economy Would Benefit from KanCare Expansion

New Report Demonstrates Net Savings, Details Consequences without Expansion

(Nov. 20, 2014) – The Kansas Hospital Association has issued a report, *Economic and Employment Effects of Expanding KanCare*, which quantifies the negative consequences of the state's decision to not expand KanCare in 2014. In addition, the new report highlights the positive benefits implementation of KanCare expansion by 2016 could have for Kansas taxpayers and businesses, as well as uninsured citizens. This independent analysis provides solid data to help Kansas decide whether to accept or decline some \$2.2 billion in federal funds between 2016 and 2020.

In the coming year, Kansas has the opportunity to revisit this issue, which could lead to implementation of KanCare expansion by 2016. Such an expansion could enable approximately 100,000 low-income Kansas adults to gain coverage in 2016, and 144,000 by 2017. Deciding again not to expand KanCare would extend the negative consequences outlined in the report into future years:

- Kansas is losing approximately \$334 million in federal funding in 2014 and more than \$380 million in 2015, compared to the amounts it would have earned had it expanded KanCare.
- Expansion would have created more than 3,000 jobs statewide in 2014 and beyond.
- Kansas is losing more than \$6 million in potential state tax revenue in 2014 because the total economy (as measured by gross state product) is approximately \$220 million smaller than it would have been if KanCare had been expanded.

The report clearly demonstrates the economic benefits of KanCare expansion. About half of the jobs created would be in health care, but the other half would be in diverse sectors, including construction; retail and wholesale; professional, scientific and technical; and food and beverage. Although KanCare expansion increases funding for health care, the benefits spread broadly as health care providers purchase additional goods and services and use their income to pay their mortgages, buy groceries and make consumer purchases that broadly impact the state's economy.

“KanCare expansion would stimulate economic growth and job creation in Kansas,” said Tom Bell, president and CEO of the Kansas Hospital Association. “In addition, more than 100,000 low-income Kansans would have access to health care in a more appropriate setting than the hospital emergency department.”

According to the analysis performed by George Washington University researchers and Regional Economic Models, Inc. analysts, over the five-year 2016 to 2020 period, KanCare expansion would increase the state gross product by more than \$1.2 billion and total business activity by about \$2.2 billion. Expanding KanCare would trigger additional economic growth for Kansas, leading to greater state tax revenues without changing tax rates. Failure to expand KanCare will derail substantial economic gains that could boost the state’s economy and forego more than \$69 million in potential state revenue that could be used to help balance the budget.

The bottom line for many is cost, and this report demonstrates that KanCare expansion produces a net savings to the state of Kansas. If the state expands KanCare by 2016, there are increased state Medicaid costs, but those are offset by new state revenue and reductions in other health care spending. The net savings to Kansas if KanCare is expanded would total \$29 million in 2016 and approximately \$36 million from 2016 to 2020, according to the financial analysis in the report.

“The facts in this report demonstrate that expanding KanCare not only increases coverage, but also saves the state money,” Bell said. “This is just one more reason that Kansas should consider a unique, Kansas-based solution to expansion.”

The full report and a summary brief can be found on the KHA website at: www.kha-net.org.

The Kansas Hospital Association 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 216 member facilities, of which 127 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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