



# Annual Impact of KanCare Expansion

Beginning in 2016

	Hospital Impact		Non Health Care Impact	
	Kansas		Kansas	
	<u>Without Expansion</u>	<u>With Expansion</u>	<u>Without Expansion</u>	<u>With Expansion</u>
ACA Medicare Cuts*	\$ (118,846,430)	\$ (118,846,430)	\$ (63,846,471)	\$ (63,846,471)
ACA Medicaid DSH Cuts*	(13,075,400)	(13,075,400)	(7,024,344)	(7,024,344)
Total ACA Reductions	\$ (131,921,830)	\$ (131,921,830)	\$ (70,870,815)	\$ (70,870,815)
KanCare Expansion	\$ -	\$ 362,841,522	\$ -	\$ 194,925,088
<b>Net Gain/Loss</b>	<b>\$ (131,921,830)</b>	<b>\$ 230,919,692</b>	<b>\$ (70,870,815)</b>	<b>\$ 124,054,273</b>
Uncompensated Care	\$1,170,352,304	\$780,234,869		

\* 10-Year Average

## Explanation of Data

**Medicare ACA Cuts:** This number reflects the HANYS 10-year estimated impact of the ACA, divided by 10 for an average annual impact.

**Medicaid DSH Cuts:** This number assumes that the Medicaid DSH reductions will begin in 2016. The estimated annual Medicaid DSH reduction was applied to the 2013 DSH amount for FY 2014 through FY 2023 and divided by 10.

**KanCare Expansion:** This number is based on the KHA calculation of the average annual increase in hospital revenues with KanCare expansion over the next 10 years. The number was calculated using the assumptions in the January 2014 Aon Hewitt study done for KDHE dated January 29, 2014. The estimated KanCare budget increase under the ACA without KanCare expansion was compared with the estimated budget increase under the ACA with KanCare expansion for only the newly eligible. The percentage increase was then applied to the hospital reimbursement data for KanCare from FY 2011, 2012 and 2013.

**Uncompensated Care (without expansion):** This number reflects the annual charity care and bad debt costs as reported by this hospital in the 2013 AHA annual survey. Charity care is defined as care for which the hospital never expected to be reimbursed. Bad debt is incurred when a hospital cannot obtain reimbursement for care provided because patients either are unable to pay their bills and do not apply for charity care or are simply unwilling to pay their bills.

**Uncompensated Care (with expansion):** This number reflects a reduction of a third of the uncompensated care reported by this hospital in the 2013 AHA annual survey. The uncompensated care amount with expansion was calculated based on the Colorado Hospital Association study dated September 2014 which found that, while all states saw a reduction in uncompensated care with the implementation of the ACA, on average, expansion states had a reduction of 52 percent in uncompensated care while non-expansion states saw only a 15 percent reduction. Expansion alone results in a one-third reduction in uncompensated care.

**Non Health Care Impacts:** The non health care impacts are calculated using data from the January 2015 report "Importance of the Health Care Sector to the Kansas Economy" produced by the Office of Local Government and K-State Research and Extension. Kansas hospitals have both a direct and indirect economic impact based on sales, wages and employment generated by business activity. When hospitals experience losses, so does the community they serve. The impacts reflect both income and retail sales as well as additional county tax revenues.