

FACT SHEET

The Kansas Medicaid Program

A brief overview of the state's largest health care program

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ABOUT THIS FACT SHEET

Medicaid is one of the most significant programs administered by state government. It covers the cost of health services for more than 300,000 Kansans. Its \$2.8 billion total cost — \$1.1 billion of which comes from the State General Fund (SGF) — makes it the state's second largest annual program expenditure, trailing only public education.

The Brownback administration is working on a plan to reduce the cost of Medicaid, which it will propose to the 2012 Legislature. This fact sheet provides a basic overview of Medicaid and how it operates in Kansas. For more detailed information, please consult *Kansas Medicaid: A Primer*, available at www.khi.org.

MEDICAID IN KANSAS

Kansas jointly administers and funds the Medicaid program with the

federal government. It is essentially a public health insurance program for low-income and disabled individuals who meet specific eligibility criteria.

- The federal government does not require states to offer Medicaid but all 50 states have chosen to do so.
- The federal government determines the minimum eligibility requirements for Medicaid and specifies the services it must cover. States may choose to expand eligibility and to provide optional services. Examples of those mandatory and optional services are provided in Table 1.

Populations Served

- More than 300,000 Kansans are covered by Medicaid, though the population fluctuates somewhat based on several factors including the strength of the economy.
- Of that total, more than half are children.
 - Children, pregnant women and very low-income families constitute the largest enrollment groups.
 - Adults with dependent children do not qualify unless they earn less than 30 percent of the Federal Poverty Level, about \$5,600 a year for a family of three.
 - Regardless of their income, childless adults do not qualify for Medicaid unless they are elderly or disabled.

Table 1. Examples of Medicaid Benefits*

Major mandatory benefits states must cover	Major optional benefits Kansas covers
<ul style="list-style-type: none"> • Hospital services • Physician services • Laboratory and x-ray services • Early Periodic Screening, Diagnosis and Treatment (EPSDT) services (for children) • Services at federally qualified health centers • Nursing home services for those under age 21 • Home health care for certain populations 	<ul style="list-style-type: none"> • Prescription drugs • Hospice services • Community mental health center and psychological services • Physical therapy • Dental services (limited to certain beneficiaries) • Home and Community Based Services • Inpatient psychiatric services • Early childhood intervention • Local health department services

*For a complete list of optional services see *Kansas Medicaid: A Primer*.

Eligibility

- Medicaid eligibility is always based on income, but may also depend on age, availability of other financial resources and, in some cases, health care needs or disability.
- The Affordable Care Act (ACA) prohibits states from reducing eligibility levels from those that were in place on March 23, 2010.

Cost and Financing

- The total cost of the Kansas Medicaid program is projected to be about \$2.8 billion in FY 2012. The federal government, based on the Federal Medical Assistance Percentages, or FMAP, formula, covers about 60 percent of that cost, or about \$1.7 billion. The state is responsible for approximately 40 percent of the cost, about \$1.1 billion.
- In fiscal years 2009 through 2011, Kansas received an enhanced FMAP rate under the American Recovery and Reinvestment Act. The enhancement, which increased the federal match to about 70 percent, expires just before the end of the state fiscal year.
- Medicaid spending will account for about 18 percent of SGF expenditures in FY 2012.
- Though only about one-third of Medicaid beneficiaries are elderly and/or disabled, they account for more than three-fourths of the program's cost. Conversely, children, families and pregnant women account for only about one-fourth of Medicaid's cost even though they constitute nearly two-thirds of beneficiaries (Figure 1).

Reimbursements and Service Delivery

- States determine the Medicaid reimbursement rates for services.
- Most children and families receive Medicaid services through a Managed Care Organization (MCO), to which the state pays a monthly set, or capitated, rate, an arrangement that is designed to increase the efficiency and quality of care. However, most elderly and disabled individuals, who typically have more high-cost health care needs, receive services on a fee-for-service basis.

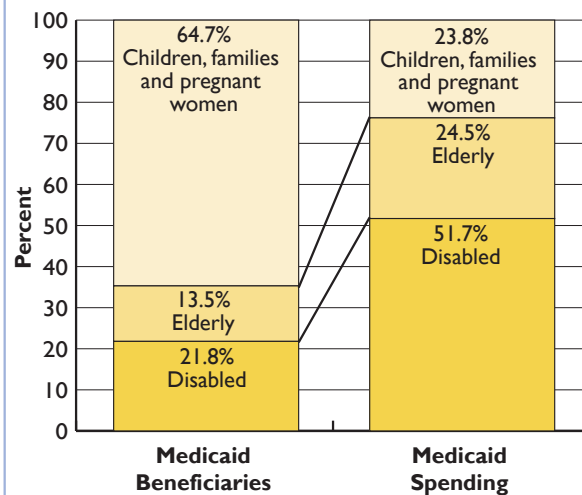
Administration

In Kansas, the part of Medicaid that provides health care to low-income families has been combined with the Children's Health Insurance Program (CHIP) to form HealthWave. Nearly 40,000 children whose families earn too much to qualify for Medicaid are enrolled in CHIP.

The Kansas Health Policy Authority (KHPA) administers HealthWave. However, the agency is being abolished and its administrative responsibilities transferred to a new Division of Health Care Finance within the Department of Health and Environment. Two other state agencies — the Department of Social and Rehabilitation Services and the Department

on Aging — also administer parts of Medicaid, managing the delivery of mental health and long-term care services, respectively.

Figure 1. Medicaid Spending and the Medicaid Population (2010)



Note: Numbers and expenditures do not include foster care/adoption, refugee, SOBRA, GA, tuberculosis, breast and cervical cancer, ADAP or CHIP populations.

Source: Kansas Health Policy Authority. (June 2010). *Kansas Medical Assistance Report (MAR)*.

This publication is based on work done by Emily Meissen-Sebelius, M.S.W. Other contributions were made by Jim McLean, Anne Berry, Duane Goossen, M.P.A., and Cathy McNorton. For more detailed information about the Kansas Medicaid program, please consult *Kansas Medicaid: A Primer*, available online at www.khi.org, or contact KHI at (785) 233-5443.

KANSAS HEALTH INSTITUTE

The Kansas Health Institute is an independent, nonprofit health policy and research organization based in Topeka, Kansas. Established in 1995 with a multiyear grant from the Kansas Health Foundation, the Kansas Health Institute conducts research and policy analysis on issues that affect the health of Kansans.

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