



KANSAS HEALTH INSTITUTE

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House Committee on Health and Human Services

March 18, 2015

Medicaid Expansion

House Bill 2319

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To improve the health of all Kansans by supporting effective policymaking, engaging at the state and community levels, and providing nonpartisan, actionable and evidence-based information.

Informing Policy. Improving Health.

Chairman Hawkins and Members of the Committee:

My name is Scott Brunner and I am a senior analyst and strategy team leader with the Kansas Health Institute (KHI). KHI is a nonprofit, nonpartisan health policy and research organization based here in Topeka, founded in 1995 with a multiyear grant from the Kansas Health Foundation.

The Kansas Health Institute does not take positions on legislation, and therefore we are not here to speak either for or against HB 2319. To help inform the committee's discussion on this issue, I am presenting as a neutral conferee to provide the committee with material KHI has developed to describe the potential financial and policy implications of a decision on Medicaid expansion in Kansas.

Included with my testimony are the following publications produced by KHI surrounding this topic:

- 1) **Alternative Medicaid Expansion Models: Case Study—Indiana:** A new issue brief describing alternative Medicaid expansion models focusing on Indiana's recently approved plan—HIP 2.0.
- 2) **Nearly 182,000 Kansans in the Eligibility Gap:** A brief we issued last year describing the number of people in the "eligibility gap" between Medicaid eligibility for adults and eligibility for premium tax credits through the Affordable Care Act (ACA).
- 3) **Eligibility for State/Federal Insurance Coverage by Income and Age in Kansas, 2015:** This new chart depicts the income eligibility requirements in 2015 by age for Kansas Medicaid and for the ACA subsidies.
- 4) **King v. Burwell Oral Argument: The Case that Puts ACA Consumer Tax Credits in Question:** A new brief describing the oral arguments in the *King v. Burwell* case before the U.S. Supreme Court.

There are many issues that the committee should consider when looking at the implications of expanding Medicaid to additional low-income adults. There are 182,000 Kansas adults in the "eligibility gap" who earn too much income to qualify for Medicaid under the current guidelines and cannot receive tax credits to purchase insurance through the health insurance marketplace created by the Affordable Care Act. Adults in this eligibility gap do not have to pay the penalty for not having health insurance, but they are either financially responsible for their own health care costs, rely on the safety net for care or have the costs of their care passed on to insured patients. Legislators will need to balance the current and future costs of expanding Medicaid with the benefits of broader insurance coverage.

All of our analysis on the issue—using data about Kansas and reviewing the results from other states—suggests that raising the eligibility level for adults to 138 percent of the federal poverty level (\$33,465 for a family of four in 2015) would cover an additional 151,000 low-income adult Kansans.

If Kansas expands its program, the federal government would pay 100 percent of the costs for newly eligible adults through 2016. In 2017, the state's portion would be 5 percent of the total costs, increasing to a cap of the state's share at 10 percent, beginning in 2020.

The children of these newly eligible adults would be incentivized to enroll through the "woodwork" or "welcome mat" effect. The health care costs for these children (new enrollees) would be subject to the regular state Medicaid matching rate (43.9 percent in fiscal year 2016). The costs for new enrollees at the regular matching rate, plus the reduction in the federal share of Medicaid expansion costs over time, means there would be new state costs if Kansas expands Medicaid.

If you have any questions regarding the information included with my testimony, or if we could be of further assistance in informing this issue, please contact me at (785) 233-5443 or sbrunner@khi.org. Thank you and I am happy to stand for questions at the appropriate time.