



**KANSAS HEALTH INSTITUTE**

*Informing Policy. Improving Health.*

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**House Committee on Health and Human Services**

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**HB 2556: Cutting Healthcare Costs for All Kansans Act**

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The Kansas Health Institute supports effective policymaking through nonpartisan research, education and engagement. KHI believes evidence-based information, objective analysis and civil dialogue enable policy leaders to be champions for a healthier Kansas. Established in 1995 with a multiyear grant from the Kansas Health Foundation, KHI is a nonprofit, nonpartisan educational organization based in Topeka.

Chairwoman Landwehr and Members of the Committee:

Thank you for the opportunity to provide neutral testimony for today's hearing regarding Medicaid expansion. My name is Kari Bruffett, and I am here with my colleague, Sheena Schmidt, who led the analysis I will be discussing today. The Kansas Health Institute (KHI) is a nonprofit, nonpartisan educational organization based in Topeka, founded in 1995 with a multiyear grant from the Kansas Health Foundation. Today I am presenting KHI's updated estimate of enrollment and costs in KanCare if the program were to be expanded under the conditions of HB 2556, which proposes Medicaid expansion in Kansas. In addition, I will provide information on some characteristics associated with the expansion population, including employment status.

### **Enrollment Estimate**

Since 2012, KHI has conducted analysis and produced seven estimates of enrollment and costs associated with Medicaid expansion. The latest estimate uses detailed data from the U.S. Census Bureau's American Community Survey (ACS) for 2022, which is the latest-available data. KHI now projects that a KanCare expansion under the existing terms of the Affordable Care Act would add 151,898 new enrollees, including 106,450 adults age 19-64 and 45,448 children age 0-18.

The adults include approximately:

- 66,455 currently uninsured Kansans who would be newly eligible under expansion (this number includes approximately 13,000 adults who likely lost coverage in the unwinding of the continuous eligibility policy implemented during COVID-19);
- 1,781 currently uninsured adults who may already be eligible for Medicaid but are not enrolled (sometimes known as the "welcome mat" effect);  
and
- 38,214 currently insured adults who would be projected to switch to Medicaid from other insurance sources, including the federally facilitated Marketplace, if Medicaid were expanded (the "crowd-out" effect).

Expanding Medicaid would not change the eligibility levels for children, but it is assumed that more currently eligible children who are not enrolled would enroll in KanCare, as outreach efforts following expansion reached more people, particularly if their parents were to newly enroll.

The children include approximately:

- 16,377 children who are currently uninsured but likely eligible for Medicaid or the Children's Health Insurance Program (CHIP) would be estimated to enroll in KanCare, including approximately 6,000 children who lost coverage during unwinding;
- 29,071 currently insured children would be estimated to enroll in KanCare for similar reasons, including if their parents were to switch from another form of coverage to KanCare.

For a comparison to how many adults and children overall were uninsured in 2022, please see the attached infographic from this year’s Annual Insurance Update, which uses the same data source as the expansion enrollment estimate. However, there are differences between the way data are presented in the infographic, and how data were used for the expansion enrollment estimates, particularly related to the way households are defined for Medicaid eligibility purposes. As noted, in the expansion calculation we adjusted the estimates of uninsured Kansans to account for the Medicaid unwinding, which had not yet begun in 2022. Our enrollment estimates also account for what we call take-up rates – the percentage of people in each category who would likely enroll in Medicaid if expanded.

### **Cost Estimates:**

If Medicaid were expanded under the terms of the ACA, estimated total costs, including federal and state spending, would increase. The estimated net cost to the state totals \$171 million over a ten-year period. If Medicaid were expanded to low-income adults under the terms of the ACA, federal incentives enacted as part of the American Rescue Plan Act (ARPA) in 2021 would offset the equivalent of approximately eight years’ worth of net state expansion costs. Net state costs for newly eligible adult enrollees are estimated to be nearly revenue neutral over a 10-year period (\$5 million).

The KHI estimate includes new revenues, savings from adults who would enroll in the new expansion group (with a federal match rate of 90 percent) rather than another eligibility group with a less-favorable match rate (regular match rate of around 60 percent), additional administrative costs from new enrollment, and a two-year 5-percentage point bump in the federal match rate for traditional Medicaid populations enacted in ARPA. The ARPA incentive remains available to states that have not yet expanded Medicaid. For Kansas, the incentive would be worth an estimated \$509 million over two full years. Estimated new annual revenues associated with new KanCare enrollees include managed care privilege fees, increased drug rebates collected by the state, additional CHIP premiums collected and a hospital surcharge (\$233 per expansion enrollee in the aggregate) beginning in 2027, as outlined in the bill. State savings also are estimated to account for inmates who could be eligible for Medicaid in the case of a hospital admission longer than one day.

### **Characteristics of the Expansion Population**

KHI also has conducted analysis on characteristics of likely eligible adults in the expansion population (not discounting for take-up rates but excluding those already enrolled in Medicare or Medicaid).

Key findings related to characteristics include:

- Adults between the ages of 19-25 comprise 40.7 percent of those likely eligible for the expansion group.
- Male adults (52.2 percent) make up a slightly higher percentage than female adults (47.8 percent).

- While nearly 9 in 10 (87.9 percent) have at least a high school diploma or equivalent, only about a quarter (26.2 percent) have attained at least an associate degree.

HB 2556 includes a work requirement with exemptions for full-time students, full-time caregivers, veterans and Kansans with disabilities and certain medical conditions, among others. While more precisely estimating the effect of work requirements in an expansion would require additional information about likely enrollees' activities and circumstances, this analysis provides policymakers with a high-level view regarding the employment status of likely eligible adults under expansion. Analysis indicates:

- Approximately 7 in 10 (68.9 percent) likely eligible adults are working.
  - Nearly 6 in 10 (57.5 percent) likely eligible adults worked at least 20 hours per week in the last twelve months.
- 38.5 percent of likely eligible adults who are not employed have a child in their household.
- 19.1 percent of likely eligible adults who are not employed are individuals with disabilities.
- 16.1 percent of likely eligible adults who are not employed are current students.
- 3.8 percent of likely eligible adults who are not employed are veterans.

Thank you for the opportunity to present this information to you today. I will be happy to stand for questions at the appropriate time.

**Attachments:**

- **Health Insurance in Kansas in 2022:** <https://www.khi.org/wp-content/uploads/2023/12/AIU-INFOGRAPHIC-HEALTH-INSURANCE-IN-KANSAS-2022-2024-002-1.pdf>
- **2024 Medicaid Expansion Estimates: Enrollment, Costs and Characteristics of the Expansion Population:** <https://www.khi.org/wp-content/uploads/2024/02/Medicaid-Expansion-Estimate-Issue-Brief-2024.pdf>;
  - **Insert:** <https://www.khi.org/wp-content/uploads/2024/02/INSERT-Medicaid-Expansion-Estimate-Issue-Brief-2024.pdf>; and
  - **Technical Notes:** <https://www.khi.org/wp-content/uploads/2024/02/Technical-notes-regarding-the-KHI-Issue-Brief-2024-Medicaid-Expansion-Estimates-Enrollment-Costs-and-Characteristics-of-the-Expansion-Population.pdf>