



MEDICAID EXPANSION IN KANSAS: IMPACTS OF FEDERAL POLICY OPTIONS UNDER CONSIDERATION AND UPDATED ESTIMATES

Introduction

Federal budget proposals discussed in 2025 proposed altering funding for Medicaid expansion. If enacted, these changes would likely shift more costs to the states. Proposed cuts include eliminating the enhanced federal match rate (90 percent) for newly eligible adults and eliminating the 2021 American Rescue Plan Act (ARPA) incentive for states, which provides additional federal funding to states that newly expand Medicaid. Proposed changes also include instituting work requirements for Medicaid. While some proposals have suggested significant cuts or restructuring that would affect the current KanCare program as well as expansion estimates, no changes to the Medicaid program have been enacted as of the publication date of this brief. Under current law, an estimated 120,157 Kansans would be expected to newly enroll in KanCare if expanded, at an estimated 10-year net cost to the state of \$75 million after accounting for federal match rates, incentives, new state revenues, administrative costs and offsetting savings.

Since 2012, when the U.S. Supreme Court made Medicaid expansion optional for states, the Kansas Legislature has debated whether to expand coverage to adults age 19–64 with

incomes at or below 138 percent of the federal poverty level (FPL; \$21,597 for an individual or \$44,367 for a family of four in 2025). In 2025, Governor Laura Kelly again proposed expanding Medicaid in the Healthcare Access for Working Kansans (HAWK) Act, which included a work requirement for expansion enrollees with some exceptions. However, even with current incentives in place, Kansas lawmakers have not adopted Medicaid expansion. Currently, Kansas offers Medicaid to certain groups, such as low-income parents, pregnant women, people with disabilities, children and seniors. Most other states – 40 plus Washington, D.C. – have expanded Medicaid. Some did so under standard Affordable Care Act (ACA) rules, while others used federal waivers to tailor their programs.

This brief estimates how expanding Medicaid in Kansas under current law would affect KanCare enrollment and spending, based on the latest data. It also discusses how federal policy options under consideration could impact the estimates.

Impacts of Proposed Changes for Medicaid Expansion

The Kansas Health Institute (KHI) analyzed how specific federal proposals, if enacted, would impact costs if Medicaid is expanded in

KEY POINTS

- ✓ If federal incentives in the American Rescue Plan Act of 2021 remain, expanding Medicaid under the terms of the Affordable Care Act would provide an estimated \$542 million in savings to Kansas over two years – offsetting the equivalent of approximately nine years’ worth of net expansion state costs.
- ✓ Congress is considering changing federal funding for Medicaid expansion. If federal incentives for expanding Medicaid are reduced to the regular 2026 match rate for Kansas, the state’s net cost of expansion would increase by approximately \$2.5 billion dollars over 10 years.
- ✓ Congress and Kansas are considering work requirements for Medicaid. If a work requirement was included in the state’s expansion program, as proposed in the [HAWK Act](#), analysis of available data indicates an estimated 20,000 fewer Kansans would be likely to enroll in the expanded program.

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Kansas. See *Figure 1* for how the changes discussed would impact the state's share of projected costs for Medicaid expansion.

For more analysis of proposed federal changes to Medicaid and impacts to Kansas, see [Hill to the Heartland](#), a product series from KHI providing regular updates on federal health policy discussions.

Eliminate Enhanced Federal Medical Assistance Percentage (FMAP) for Medicaid Expansion

Under current law, the federal government covers 90 percent of the cost for the expansion population on a permanent basis, with states being responsible for covering the remaining 10 percent of costs. Proposals to reduce the enhanced FMAP (i.e., match rate) for Medicaid expansion, if adopted, would likely reduce the federal government's share for the expansion population to each state's regular match rate.

States would need to adjust their budgets to take on a much larger share of expansion costs. Some may roll back expansion due to provisions that require them to do so if the 90 percent federal match rate goes away. Nine states have trigger laws in place to automatically end their expansion if the 90 percent federal match were to be eliminated. These states are Arizona, Arkansas, Illinois, Indiana, Montana, New Hampshire, North Carolina, Utah and Virginia. The HAWK Act also includes such a provision.

Eliminate the Additional Incentive for States to Implement Medicaid Expansion

Under current law, if remaining non-expansion states were to adopt Medicaid expansion, they would receive an additional 5 percentage point increase in their regular FMAP (for non-expansion enrollees) for two years, no matter when they newly expand. Currently, the ARPA incentive remains available to states that have not yet expanded Medicaid. Kansas would receive an estimated \$542 million over two years if it expanded Medicaid in 2026, which is the equivalent of approximately nine years of net state expansion costs. However, if Congress eliminates this provision from ARPA, non-expansion states would lose this financial incentive, which has been a major driver in other states, such as North Carolina's decision to expand Medicaid. Without the funding incentive, states like Kansas may see slower, or stalled, expansion decisions.

Figure 1. Kansas State Costs of Expansion Under Select Federal Policy Scenarios, 2026 to 2035

Federal Policy Scenario	State Net Cost of Expansion, 2026–2035
State net cost of expansion with 90 percent federal match rate and ARPA incentive (current law)	\$75 million
With 90 percent federal match rate and no ARPA incentive	\$617 million
With 60.67 percent (regular) federal match rate and ARPA incentive	\$2.645 billion
With 60.67 percent (regular) federal match rate and no ARPA incentive	\$3.188 billion

Source: Kansas Health Institute analysis of IPUMS USA 2023 American Community Survey data; U.S. House of Representatives Reconciliation Options, January 2024, Fiscal Year 2024; and 2025 Medical Assistance Reports from the Kansas Department of Health and Environment and the Kansas Department of Corrections.

Costs of Medicaid Expansion Under Current Law

The detailed estimate that follows assumes expansion as currently funded in federal law would be implemented on Jan. 1, 2026. Over 10 years, estimated total costs including federal and state spending would increase. However, offsetting cost savings and new revenues associated with expansion would significantly reduce costs to the state if current federal incentives remain in place. The estimated net cost to the state of \$75 million over 10 years includes new revenues and 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) and additional administrative costs from new enrollment. 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. The estimated state net costs do not include the projected effects on the workforce or the overall state economy. The estimate also includes a two-year, 5-percentage point bump in the federal match rate for traditional Medicaid populations enacted in the American Rescue Plan Act (ARPA) in 2021 as an incentive to states to newly expand their programs. For Kansas, the incentive would be worth an estimated \$542 million over two full years, the equivalent of approximately nine years of net state expansion costs. The resulting estimated costs are presented in *Figure 2*, page 3.

Figure 2. Estimated Direct and Indirect Costs Related to Medicaid Expansion, 2026–2035 (in Millions)

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Current Costs Under Existing Funding Structure for Medicaid Expansion											
Combined Federal and State Spending on New Enrollees	\$781	\$819	\$857	\$896	\$937	\$980	\$1,025	\$1,071	\$1,118	\$1,168	\$9,653
State Gross Cost of New Enrollees	\$114	\$120	\$131	\$137	\$144	\$151	\$158	\$165	\$172	\$179	\$1,471
New State Revenues, Offsetting Savings, Administrative Costs	\$67	\$75	\$75	\$79	\$83	\$87	\$91	\$95	\$99	\$104	\$853
State Net Cost of New Enrollees Under Expansion	\$48	\$45	\$56	\$58	\$61	\$64	\$67	\$70	\$73	\$76	\$617
State Net Cost of New Adults	\$9	\$4	\$7	\$7	\$7	\$8	\$8	\$8	\$8	\$9	\$74
State Net Cost of Current Adults	\$7	\$7	\$8	\$9	\$9	\$10	\$10	\$10	\$11	\$11	\$92
State Net Cost of Current Children	\$33	\$35	\$41	\$43	\$45	\$47	\$49	\$51	\$53	\$56	\$452
ARPA Incentive	\$(266)	\$(277)	-	-	-	-	-	-	-	-	\$(542)
State Net Cost of Expansion (w/ 2-year incentive)	\$(218)	\$(232)	\$56	\$58	\$61	\$64	\$67	\$70	\$73	\$76	\$75

Note: This analysis presents results by calendar year, assuming a Jan. 1, 2026, implementation. Numbers may not sum due to rounding. The total American Rescue Plan Act (ARPA) incentive only includes savings associated with the population currently eligible and enrolled. Costs for new enrollees who are currently eligible were accounted for separately in the two years that the ARPA incentive is applied. Detailed assumptions are available in a [technical supplement](#). “0” indicates net savings. New adults indicate adults newly eligible for Medicaid if expanded who would enroll. Current adults and current children indicate adults and children who are currently eligible for Medicaid but would newly enroll if Medicaid is expanded.

Source: Kansas Health Institute analysis of IPUMS USA 2023 American Community Survey data, Fiscal Year 2024 and 2025 Medical Assistance Reports from the Kansas Department of Health and Environment and the Kansas Department of Corrections.

Enrollment Estimates

As in previous estimates from KHI, the estimate in this brief represents all those who are expected to newly enroll if Medicaid is expanded. This assessment differs from other estimates of Medicaid expansion enrollment, including state fiscal notes, because it includes potential indirect effects of expansion, such as currently eligible children and adults who might newly enroll in an expanded Medicaid program. The estimate of 120,157 additional enrollees includes 83,207 adults and 36,950 children. Of the 83,207 estimated new adult enrollees (Figure 3), 48,142 would be adults who are currently uninsured, of which all but 1,674 would be newly eligible, and 35,065 adults who might switch to KanCare from another insurance source.

This brief also considers that some adults already enrolled in KanCare could shift to the expansion group, which is estimated to reduce state costs. Approximately 7,000 current KanCare members who might otherwise have enrolled in

pre-expansion eligibility categories could instead become eligible in the new expansion group. That effect would increase the adult enrollment in the expansion group but not the total enrollment, so the group is not included among the estimated 83,207 “new” adult enrollees. 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 estimate of 36,950 newly enrolled children (Figure 4) includes 14,617 currently uninsured children and 22,333 children who might switch to KanCare from other coverage.

Impacts to Expected Medicaid Enrollment in Kansas

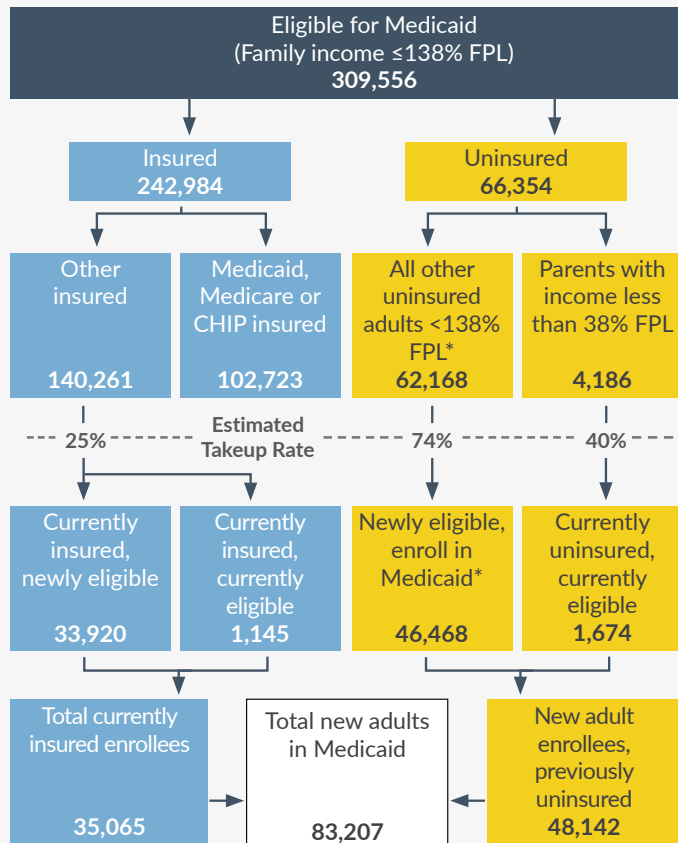
The latest enrollment estimates for Medicaid expansion in Kansas are lower, in part, due to a smaller pool of individuals being eligible under expansion and key shifts in insurance coverage, including:

- Marketplace Enrollment Growth:** In part because of large gains in health insurance marketplace enrollment, there have been fewer uninsured Kansans in recent years. If Medicaid is expanded, marketplace enrollees with income below 138 percent FPL would likely enroll in Medicaid. However, enhanced federal subsidies enacted during the pandemic are set to expire at the end of 2025, which is expected to reduce

marketplace enrollment in 2026 and beyond.

- Medicaid Unwinding:** Fewer people lost coverage during Medicaid unwinding (the process of redetermining eligibility following the end of the COVID-19 public health emergency's continuous coverage requirement) than expected – as many likely shifted to marketplace plans or another source of coverage.

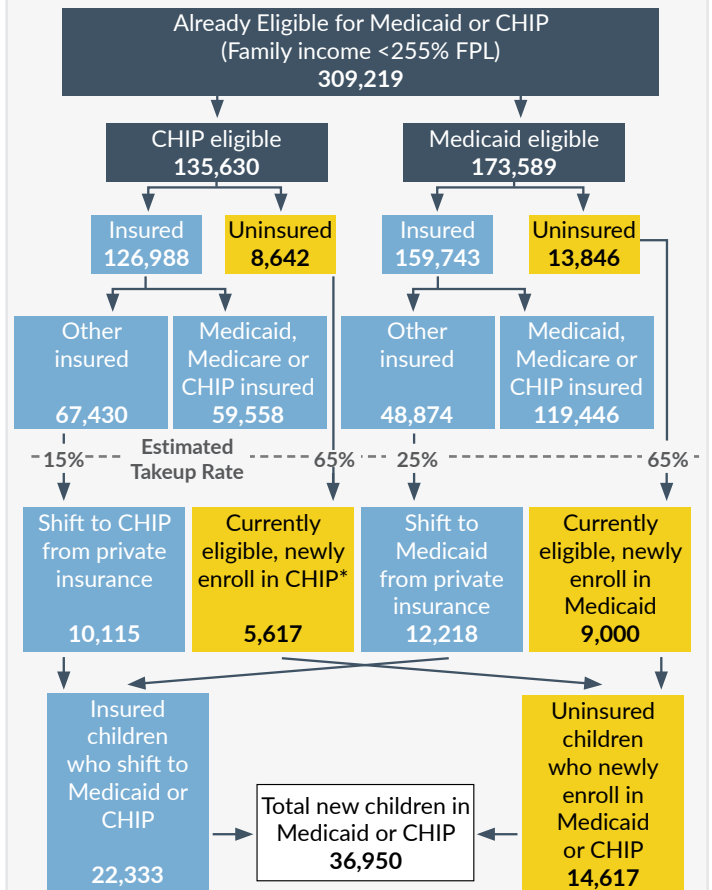
Figure 3. Projected Kansas Adults Age 19–64 in Medicaid Expansion Population With Income Under 138 percent of the Federal Poverty Level (FPL)



Note: The estimate for newly eligible adults enrolling in Medicaid includes 1,782 uninsured adults assumed to have lost coverage during unwinding. Take-up rate is the estimated probability of enrolling in Medicaid if expanded among Kansans potentially eligible for Medicaid if expanded.

Source: Kansas Health Institute analysis of IPUMS USA 2023 American Community Survey data and Kansas Department of Health and Environment 2023 Administrative Data. Estimates of poverty level use the State Health Access Data Assistance Centers (SHADAC's) Health Insurance Unit (HIU) definition of family.

Figure 4. Projected Kansas Children Affected by Potential Medicaid Expansion for Adults



Note: The estimate of total new children in Medicaid or the Children's Health Insurance Program (CHIP) includes 1,020 children assumed to have lost coverage during unwinding. Take-up rate is the estimated probability of enrolling in Medicaid if expanded among Kansans potentially eligible for Medicaid if expanded.

Source: Kansas Health Institute analysis of IPUMS USA 2023 American Community Survey data and Kansas Department of Health and Environment 2023 Administrative Data. Estimates of poverty level use the State Health Access Data Assistance Centers (SHADAC's) Health Insurance Unit (HIU) definition of family.

ABOUT THE ISSUE BRIEF

This brief is based on work by Sheena L. Schmidt, M.P.P., Kaci Cink, M.P.H., and Emma Uridge, M.P.H. It is available online at khi.org/articles/medicaid-expansion-in-kansas-impacts-of-federal-policy-options-under-consideration-and-updated-estimates.

KANSAS HEALTH INSTITUTE

For 30 years, the Kansas Health Institute has believed 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.

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