

FEB. 24, 2026

Whether it's your lunch, your questions or your opinion, be sure to



KANSAS HEALTH INSTITUTE
Informing Policy. Improving Health.

Bring It!

**Understanding OBBBA (H.R. 1) and Its Impacts
on Medicaid and CHIP in Kansas**

Who We Are



- Nonprofit, nonpartisan educational institution based in Topeka.
- Established in 1995 with a multi-year grant from the Kansas Health Foundation.
- Committed to convening meaningful conversations around tough topics related to health.



Hello!



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Agenda

- **Welcome**

- ***H.R. 1: Impacts on Medicaid and CHIP in Kansas***
Informational Presentation

- **H.R. 1: Impacts to State Medicaid Financing Tools**
*Conversation with Audrey Dunkel, Vice President, Medicaid and Legal Affairs,
Kansas Hospital Association*

- **Closing**



Resource Guide



Bring It!

Understanding OBBBA (H.R. 1) and Its Impacts on Medicaid and CHIP in Kansas

On Feb. 24, KHI hosted a virtual session that provided an overview of key OBBBA provisions affecting Medicaid financing tools, enrollment and eligibility rules, and incentives for expansion. Participants learned how these federal changes may impact access to care, how the state administers the program. They also looked at policy discussions happening in Kansas. Use this guide to dive deeper into key resources, reflect on discussion questions and capture your thoughts or takeaways.



Resources

Explore the impacts of the OBBBA on Medicaid and CHIP in Kansas.

[ACCESS THE BRIEF >](#)

Explore the Kansas Medicaid: A Primer 2024 for an overview of Medicaid and CHIP in Kansas.

[VIEW THE REPORT >](#)

Stay Informed on Kansas Medicaid Policy

[BROWSE MORE RESOURCES >](#)

Questions or Follow Up?

KHI is a nonpartisan source of data, analysis and policy-relevant insights. Our team is available to support you with:

- Clarifying OBBBA provisions related to Medicaid and CHIP
- Exploring potential impacts on Kansas Medicaid and CHIP
- Providing data, analysis or context to support policy discussions



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Access your
Resource Guide
in the chat!



We Want to Hear From You!

You can be anywhere today. *What brings you to today's session?*



Acknowledgments



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H.R. 1: Impacts on Medicaid and CHIP in Kansas



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Medicaid (KanCare): Quick Facts



Medicaid is the **third largest domestic program** in the federal budget, behind only Medicare and Social Security.



In fiscal year (FY) 2026, the **FMAP in Kansas is 60.67%**, meaning that for every \$1 that Kansas spends on Medicaid, the federal government contributes \$1.54.



The FY 2026 **FMAP for the Children's Health Insurance Program (CHIP) is 72.47%** in Kansas.



Medicaid is administered by the **Kansas Department of Health and Environment** and the **Kansas Department for Aging and Disability Services**. Kansas contracts with **managed care organizations (MCOs)** that provide health coverage.



Medicaid Populations

Covered Populations in Kansas

Parents with low income and their children

Pregnant women, parents or caretakers, and infants and children, including children in foster care

Older adults with low income and those with disabilities

Medically Needy, MediKan, Working Healthy, Medicaid-Medicare Dual Eligibility, Program of All-Inclusive Care for the Elderly (PACE), HCBS Waivers

Other Medicaid populations include eligible individuals with breast and cervical cancer, tuberculosis or acquired immunodeficiency syndrome (AIDS)



Impacts of the OBBBA on Medicaid and CHIP in Kansas

Key Findings

Limits on Medicaid Financing Tools

- New restrictions on provider taxes and state-directed payments

Enrollment and Administrative Changes

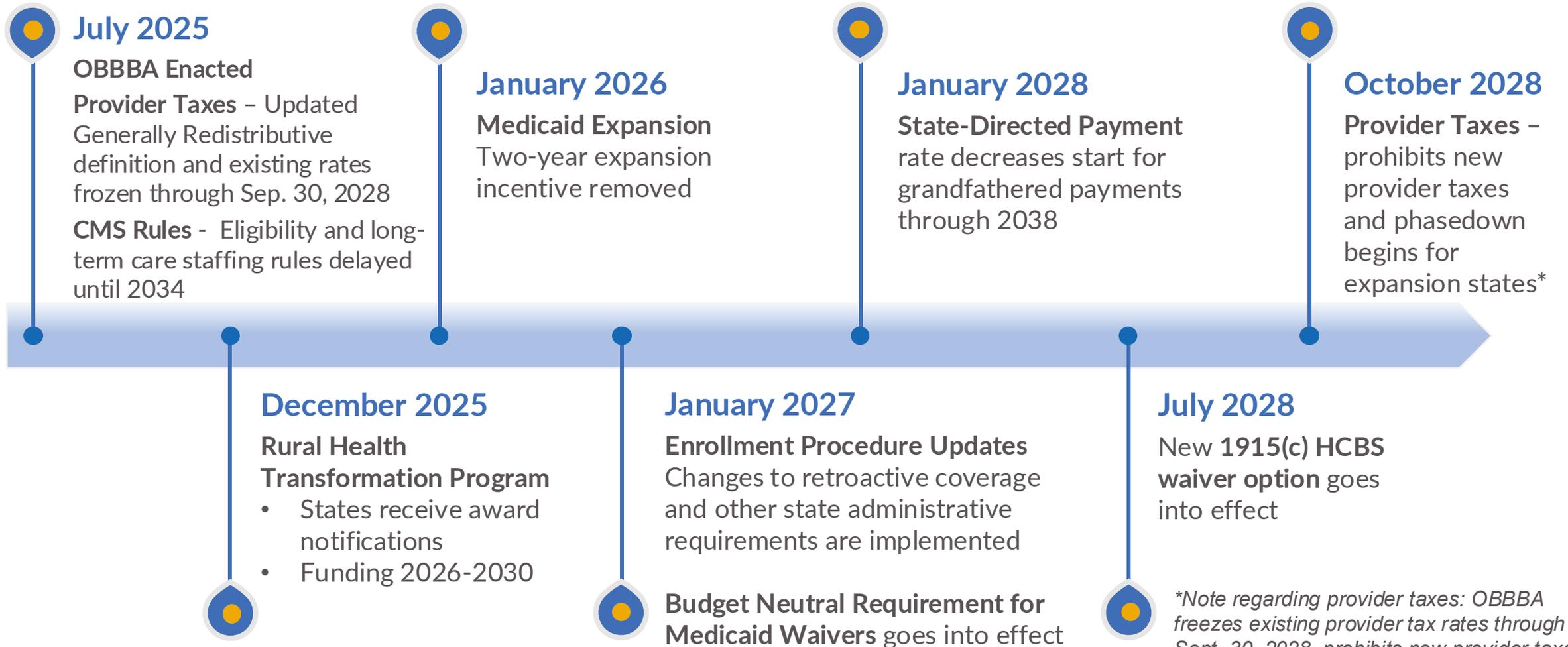
- Shortened retroactive coverage windows
- Stricter eligibility
- New verification requirements for agencies

Reduced Incentives for Medicaid Expansion

- Sunset of enhanced FMAP two-year incentive for states that decide to expand Medicaid



Select OBBBA Provisions



**Note regarding provider taxes: OBBBA freezes existing provider tax rates through Sept. 30, 2028, prohibits new provider taxes and requires expansion states to phase rates down to 3.5% by 2032.*



H.R. 1 and Impacts to State Medicaid Financing Tools



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Medicaid Financing Tools: Provider Taxes

What are Medicaid Provider Taxes?



Used by states to finance a portion of the non-federal share **of state Medicaid costs**



Generate state revenue to pay expenses that draw down **federal matching funds**



Help support **enhanced reimbursement rates** and maintain access to care



In FY 2025, **49 states and Washington, D.C.** used at least one provider tax



Medicaid Financing Tools: Provider Taxes

Kansas provider taxes support Medicaid payments to hospitals, physicians, nursing facilities and providers across Kansas.



Hospitals

- CMS-approved rate between 5-6% (maximum allowed under current federal law)
- Extended to CAHs/REHs in 2025 (pending approval to expend funds)



Other Facility Types

- Nursing Facilities: \$4,908 per licensed bed annually
- Continuing Care Retirement Communities & Small Facilities: \$818 per bed



Medicaid Financing Tools: Provider Taxes

OBBBA Policy Changes

OBBBA freezes existing provider tax rates through Sept. 30, 2028, and prohibits new provider taxes

Potential Impacts in Kansas

The phasedown to 3.5% by 2032 applies only to expansion states, so Kansas (a non-expansion state) would likely retain its current provider tax structure under grandfathering provisions.



Medicaid Financing Tools: SDPs

What Are State-Directed Payments (SDPs)?



Used to **supplement base Medicaid provider rates** and maintain access to care



Allow states to require managed care organizations (MCOs) to **pay enhanced rates to certain providers**



Funded through provider taxes or other **non-federal funds**, which draw down federal matching funds



Kansas uses SDPs to enhance payments for:

- Inpatient and outpatient care in hospitals
- Academic medical center
- Children's Mercy Hospital



Medicaid Financing Tools: SDPs

OBBBA Policy Changes

Caps SDPs at:

- 110% of Medicare rates in non-expansion states (including Kansas)
- 100% of Medicare rates in expansion states

Potential Impacts in Kansas

- Beginning Jan. 1, 2028, **SDPs exceeding 110%** of Medicare must be reduced.
- Payments above the cap **reduced by 10 percentage points** annually (including grandfathered payments).
- Kansas SDP rates are **projected to exceed 200%** of Medicare by 2028.
- Hospitals likely to experience **phased reductions** in SDP-related revenue.
- By 2038, payments must be **fully phased down**. Kansas may need to identify alternative funding sources or adjust Medicaid payment strategies.



KanCare Conversations

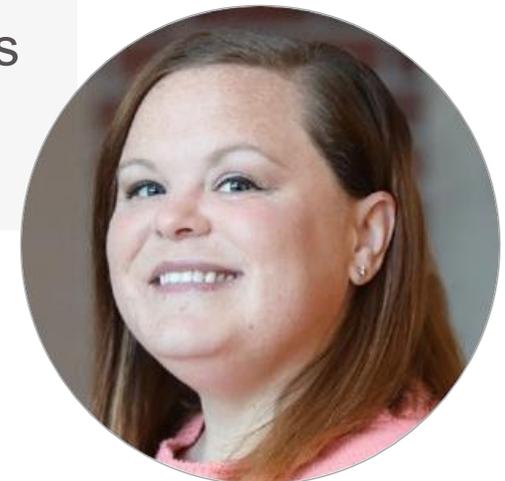
OBBBA and Impacts to State Medicaid Financing Tools

Featured Speaker

Audrey Dunkel, *Vice President, Medicaid and Legal Affairs,*
Kansas Hospital Association

Moderator

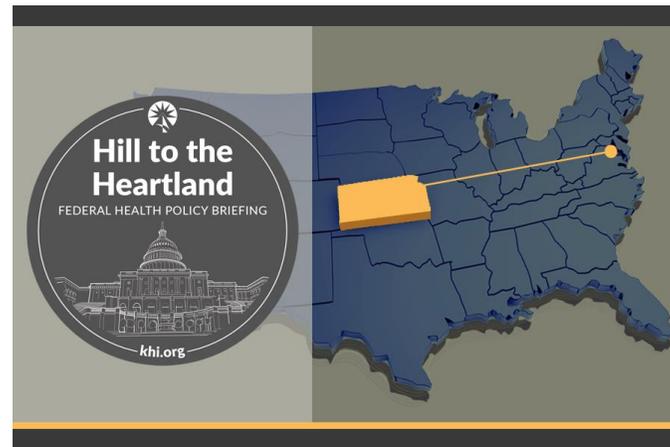
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Upcoming Events



Federal Policy Updates



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