



February 6, 2017

To: Representative Dan Hawkins, Chair
Members of the House Health and Human Services Committee

From: Brenda R. Sharpe, President and CEO
REACH Healthcare Foundation

Subject: House Bill 2064 – Establishing the KanCare Bridge to a Healthy Kansas Program

Dear Members of the House Health and Human Services Committee, thank you for holding hearings on this issue and for your service to Kansas. There is currently no more important legislation or public health policy that affects the future vitality of Kansas workers, families and seniors coming before your committee than House Bill 2064, which calls for expanding KanCare, the state's Medicaid program.

I am the president and CEO of the REACH Healthcare Foundation, a philanthropy that provides grants and other resources to increase access to health coverage and strengthen the quality of health care for uninsured and medically underserved people. Established through a hospital system conversion, the REACH Foundation has invested more than \$50 million over the past decade in medical, dental and mental health care, new technologies, quality initiatives and other programs that promote better health. Our work with state and county governments, providers, public health officials, local chambers and health advocates has shown us the immense value of working across partners and systems to help people secure dependable, affordable health care.

Unfortunately, for the past several years, the state has abdicated its responsibility as a key partner in its citizens' health and well-being. Medicaid is a federal-state partnership program that provides states flexibility to design and administer their own programs within federal guidelines. As 31 states have discovered, many compelling reasons exist to expand Medicaid to cover hard-working, low-income adults. States have flexibility to define the populations they serve, the health services covered, provider requirements, provider payment methods and other components. Yet, Kansas has not availed itself of this option.

The federal government's match draws from tax dollars that Kansans have contributed and continue to send to Washington, D.C. – and which are currently going to other states. **The return to our state through the federal Medicaid match is greater than what the state is required to invest.** For example, in the current program, the federal government is contributing approximately \$1.28 for every dollar of state Medicaid spending. That comes to close to 60% of the cost of our state's *existing* Medicaid program. With an expansion, the state's return for that expanded population would be at least \$9 for every \$1 in state spending. Furthermore, funding is based on the state's enrollment and can be adjusted in response to demographic and economic shifts, changing coverage needs, public health emergencies or other events that are beyond a state's control.

Since the passage of the Affordable Care Act (ACA), even those Kansans, hospitals and providers that were skeptical early on of the benefits of the ACA have discovered that access to health coverage – guaranteed basic health benefits, protections for pre-existing conditions, coverage for young adult children, preventive services and health screenings – has reduced uninsurance across the state and the burden of uncompensated care that falls on health care providers and hospitals.

As of the end of this past year, 95,600 Kansans had enrolled for coverage through the health insurance marketplace, and enrollment remained strong into the start of this new year. These marketplace plans are private insurance plans sold by insurers licensed to do business in Kansas. Many people now have insurance coverage that prior to the ACA was financially out of reach or denied due to a pre-existing condition. It's a good start, but we still have work to do.

Approximately 150,000 Kansans would gain access to health coverage by expanding KanCare. While some individuals argue Medicaid expansion should not be available to "able-bodied" Kansans, the facts are that the majority of uninsured adults under age 64 *are* employed, but in jobs that don't offer coverage or at a cost they can afford. **Currently, adults who are not parents, pregnant, disabled or medically needy cannot qualify for Medicaid in Kansas, regardless of how poor. Yet these are the very people who provide and produce needed services for our economy to grow** — working in service industries such as construction, retail, child care, agriculture and the arts. They are our neighbors, friends and family members, who should be able to work and care for their families instead of worry about how they are going to pay their doctor or local hospital for care they need.

It is no secret that medical bills are the most common reason cited in collections and bankruptcy proceedings. Early evidence in states that opted for a Medicaid expansion, including data from a study conducted by the Federal Reserve Bank of New York on personal financial indicators, suggests that **extension of Medicaid eligibility reduced patients' out-of-pocket medical costs and non-medical debt, improving their overall financial health, compared with those living in states that did not expand Medicaid.**

Looking forward, **in Wyandotte County, close to 12,000 people would gain coverage with KanCare expansion;** it is estimated that 315 jobs would be created and that the additional resources would bring more than \$49.7 million annually in health care spending/investment to the county. **The story is similar for Johnson County: Expanding KanCare is projected to bring more than \$44.4 million per year in additional health care spending,** along with over 280 new jobs. The federal dollars that come with expansion would primarily support health care, which includes the health care workforce, capital and equipment, technology and other services. These investments would spur other economic activity within a community — new construction, building renovation, printing and information technology, accounting, legal services, and other sectors that depend on health care and hospitals as key employers and anchor institutions in their communities.

At a time when the state's financial health, jobs and growing the economy are the topics that dominate most discussions in the Capital and around the state, KanCare expansion should be part of the Legislature's toolbox as it endeavors to support workers and jobs.

Finally, there is tremendous risk to our state of delaying action pending any federal decisions. While Congress discusses replacement plans, there is an opportunity for Kansas to position itself for the future by documenting and addressing its coverage gap, which is wider than in other states that have expanded their Medicaid programs. **As federal discussions unfold, Kansas lawmakers may find our state's needs left behind with far fewer resources to draw upon than states that took steps to expand Medicaid in a way that worked best for them.** It's time for Kansas to do the same.

Thank you for your full consideration of this critical health opportunity.



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