

Message from the President and CEO

August 29, 2012

Dear Nonprofit Partners:

With the U.S. Supreme Court's decision to uphold major provisions of the Patient Protection and Affordable Care Act (ACA), there is both a feeling of relief and anxiety. Even though the Supreme Court's ruling answered questions about the law's constitutionality, the political unrest around the ACA continues.

Many of us understand that the health law isn't perfect in its full construction, but health care leaders who work to provide health services for our region's uninsured and medically underserved residents understand that the law represents an opportunity for nearly a half million people in Kansas and Missouri to gain access to health care services and coverage.

Our states now face a new decision that could either bring that access closer to home or continue to keep thousands in our region on the margins. The Supreme Court ruling allows states the choice of whether or not to participate in expansion of the Medicaid program. If a state does not implement expansion, the federal government cannot withhold federal program funds.

As most of us understand, Medicaid expansion is not for people who can afford health insurance but simply choose not to purchase it. Rather, the intended beneficiaries are low-income, uninsured adults under age 65 whose earnings hardly cover the costs of housing, food and other necessary living expenses – those with incomes of \$15,000 a year or less.



Projections are that approximately 141,000 adults would become newly eligible for Medicaid coverage in Kansas beginning in 2014 through expansion; in Missouri that projection is 351,000 adults.

For states that choose to expand Medicaid, the federal government will pay all new costs for their newly eligible Medicaid recipients for the first three years. The states would cover 5% of the costs starting in 2017, increasing to 10% by 2020. Health care for the poor is one of the most expensive line items in any state budget. For our two states to consider declining Medicaid expansion, and the federal support that will accompany it, ignores the substantial benefits to our states.

Consider the economic impact: Government currently provides millions of dollars in subsidies to hospitals to offset the cost of uncompensated health care. In rural states like ours, where many counties have a single community hospital and high levels of poverty, the impact on health care organizations could be substantial.

Federal subsidies hospitals receive to provide care for the uninsured will be phased out beginning in 2014. In 2011, Kansas hospitals received more than \$41 million to cover uncompensated care; Missouri hospitals received \$474 million.

If states choose to not expand Medicaid to include eligible adults, safety-net health care organizations in our two states will face a funding shortage that will be extremely difficult to overcome, resulting in loss of staff, services and even the potential closing of some hospitals, often the largest employer in many rural communities.

Medicaid expansion also will reduce the financial burden on states to support mental health services for uninsured adults. State governments currently contribute approximately 43 percent of the funding for mental health services.

State leaders who have opposed the ACA find themselves in a challenging situation politically in deciding whether or not to move forward with Medicaid expansion. However, we believe that Kansas and Missouri leaders have a history of doing what is right for their states' residents in the end.

Many of our elected leaders say the economy is our most critical issue. A healthy and productive citizenry is the starting point for economic vitality. So let's find ways to encourage our state leaders to move ahead on this opportunity and address the health of our people and states today.

Brenda R. Sharpe, President and CEO

There are a number of reports on the projected impact of Medicaid expansion on states. Following are a few articles worth reading:

["Implementing the ACA's Medicaid-Related Health Reform Provisions after the Supreme Court's Decision."](#) Focus on Health Reform, The Henry J. Kaiser Family Foundation, August 2012

["How will the Medicaid Expansion for Adults Impact Eligibility and Coverage?"](#) Kaiser Commission on Medicaid and the Uninsured, The Henry J. Kaiser Family Foundation, July 2012

["How Health Reform's Medicaid Expansion Will Impact State Budgets."](#) Center on Budget and Policy Priorities, January Angeles, July 25, 2012

["Considerations in Assessing State-Specific Fiscal Effects of the ACA's Medicaid Expansion."](#) Urban Institute Health Policy Center, Stan Dorn, August 2012