

## Message from the President and CEO: Kansas Governor Balances State Budget with Large Cuts to Medicaid

May 31, 2016

Dear Partners:

Over the past week, we have been grappling with the news that due to continuing budget shortfalls in Kansas, the Governor's Office has made more than [\\$56 million in cuts to Medicaid](#), primarily by reducing the reimbursement rate paid to health providers who treat patients covered by KanCare, the state's Medicaid program, by 4 percent. These cuts will trigger even bigger losses than the \$56 million because the federal government provides \$1.28 for every \$1 the state spends on Medicaid.



We are deeply concerned about this latest action. Medicaid reimbursement rates are already low, which makes it difficult to attract and retain health providers to serve low-income populations in Kansas. We believe this reduction will have a chilling effect on efforts to recruit health providers in underserved communities and may result in some physicians dropping out of Medicaid provider networks altogether. If this occurs, then access to preventive health care and treatment will be further out of reach, leaving people without options close to home.

Unfortunately, some people believe that Medicaid is an abundantly-funded entitlement that should be trimmed. While that narrative may have taken hold in some quarters, it simply isn't the case. Kansas already has one of the most restrictive Medicaid eligibility rates in the country – at 33 percent of the Federal Poverty Level. In plain language, a parent earning over \$6,630 per year – or \$127.50 per week – in a household of three *makes too much money* to qualify for the state's Medicaid program.

With the Affordable Care Act, all states have the opportunity to expand Medicaid to people up to 138% of poverty. As we know, if Kansas had expanded KanCare this year, the federal government would have covered 100% of the cost. That 100% match will become a 95% match in 2017, 94% in 2018, and ultimately settle at 90% match in 2020 and beyond. Thirty states and the District of Columbia have recognized the financial benefit and opted to draw down the federal expansion dollars, freeing up state funds that are currently being used to pay for health services to cover other critical needs.

Other states that were considered strong holdouts, such as Oklahoma, are taking a fresh look. It's

hard to downplay the potential of that amount of federal funding. It is particularly puzzling to watch Kansas lawmakers and the Administration do just that when the state is grasping for revenues to fill its budget hole.

Over the past three years, Kansans like me and my family have heard that the revenues simply aren't available and that the only option is to reduce state spending and thereby core services. It's true that because of policy decisions, revenue streams have slowed to a trickle, but there are resources available to our state. Our leaders have decided to turn their backs on these resources – more than \$1 billion to date – that would pay dividends in the form of a robust workforce and economy.

As Kansans wait for an explanation, health leaders and consumer advocates have launched a new alliance – the Alliance for a Healthy Kansas – and invited people who think there's a better answer than “no” to sign on. You can find the Alliance at [www.expandkancare.com](http://www.expandkancare.com), and sign up for news and information on forums and other events.

If you believe Kansas has the capability to forge its own state-based solution and should draw down our own federal tax dollars to do so, particularly when our own state resources are running thin, then join the Alliance for a Healthy Kansas, as our foundation has, and learn how Kansas can advance a pro-health and pro-growth movement.

A handwritten signature in black ink that reads "Brenda R. Sharpe".

Brenda R. Sharpe  
President & CEO