ISSUE BRIEF
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Kansas and Medicaid: New Evidence on Potential Expansion and Work Requirements

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ABSTRACT

ISSUE: Kansas remains one of 17 states that have not expanded Medicaid. In 2017, the Kansas legislature voted to expand Medicaid, but former Governor Sam Brownback vetoed the measure.

GOAL: To examine evidence on health care coverage and access among low-income Kansans and to review the potential impact of expanding Medicaid with the possible addition of a work requirement as a condition of eligibility.

METHODS: Findings from a telephone survey of 1,000 low-income nonelderly adults in Kansas were compared with data on low-income adults in Ohio and Indiana, both of which expanded Medicaid.

FINDINGS AND CONCLUSIONS: The uninsured rate among low-income Kansans ages 19 to 64 is 20 percent, significantly higher than rates in Ohio and Indiana. Low-income Kansans also reported comparatively more frequent delays in care because of cost, greater difficulty affording medical bills, and worse health care quality. Survey data show Medicaid expansion is favored by 77 percent of low-income Kansans, and state policymakers have expressed interest in using a Section 1115 waiver for expansion, which would include a work requirement. Our data suggest such a provision would likely have little impact on employment in Kansas, where most potential Medicaid enrollees are disabled or already employed.

TOPLINES

- Low-income adults in Kansas, which has not expanded Medicaid, are uninsured at higher rates and have worse access to health care than their peers in Indiana and Ohio, which did expand Medicaid.
- Work requirements may be part of a compromise bill in Kansas to expand Medicaid, though concerns about red tape and unintended coverage losses remain.

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BACKGROUND

In the years since the passage of the Affordable Care Act (ACA), the number of uninsured Americans has fallen to a historic low.[1] Many millions gained coverage through the ACA's Medicaid expansion, although a 2012 Supreme Court made the decision of whether to expand Medicaid optional for states. Kansas is one of 17 states that has not yet expanded the program.[2] In 2017, the Kansas state legislature voted to expand Kansas's Medicaid program, known as KanCare, but the bill was vetoed by Governor Sam Brownback. Debate over Medicaid expansion in Kansas continues to unfold as gubernatorial and legislative elections approach in November 2018. This issue brief summarizes findings from a recent telephone survey we conducted of 1,000 low-income adults in Kansas about health care in the state, prospects for Medicaid expansion, and the potential effects of a work requirement in Medicaid.

FINDINGS

Coverage and Access to Health Care in Kansas

In Kansas, 20 percent of nonelderly low-income adults lack health insurance. (We define low income as below 138 percent of the federal poverty level, or about $16,000 for an individual and $34,000 for a family of four.) Among Kansas residents statewide, the rate is 8.7 percent.[3] The uninsured rate for low-income Kansans is significantly higher than in two other Midwestern states that expanded Medicaid under the ACA, Indiana and Ohio (Exhibit 1).[4] Kansas's coverage rate lags Indiana and Ohio's, even after accounting for demographic differences.

In Kansas, nondisabled adults currently account for 10 percent of Medicaid recipients.[5] Nondisabled adults in Kansas qualify for Medicaid only if they are parents or caretakers of a dependent child and have an income less than about $10,000 for a family of four (i.e., income below 38 percent of the poverty level).[6]

Compared to their peers in Ohio, low-income adults in Kansas are more likely to delay care because of the cost, more likely to have trouble paying medical bills, and more likely to report worse overall health care quality (Exhibit 1). Differences were less pronounced when comparing Kansas with Indiana. While Indiana expanded coverage starting in 2015, it did so using a health savings account model that required premium contributions, which our research suggests may have led to greater barriers to care compared to Ohio's traditional Medicaid expansion. Our results echo findings from the Kansas and Missouri Health Access Survey, which found that about 15 percent of Kansas adults under 65 were unable to get medical care they needed because they could not afford it.[7]

Our findings in Kansas are also broadly consistent with more than 40 studies published over the past decade demonstrating the benefits of expanding health insurance to uninsured people.[8] Studies show that low-income adults living in states that have expanded Medicaid have experienced a wide range of benefits, including better physical health[9] and a reduced risk of premature death.[10] Other changes after Medicaid expansion include improved affordability of medical care,[11] better access to prescription drugs particularly for chronic conditions,[12] and increased likelihood of receiving care from a primary doctor.[13] Health insurance expansion leads to improved financial security and lower rates of medical debt.[14] Adults with chronic conditions are more likely to receive a timely diagnosis and to receive appropriate treatments.[15]

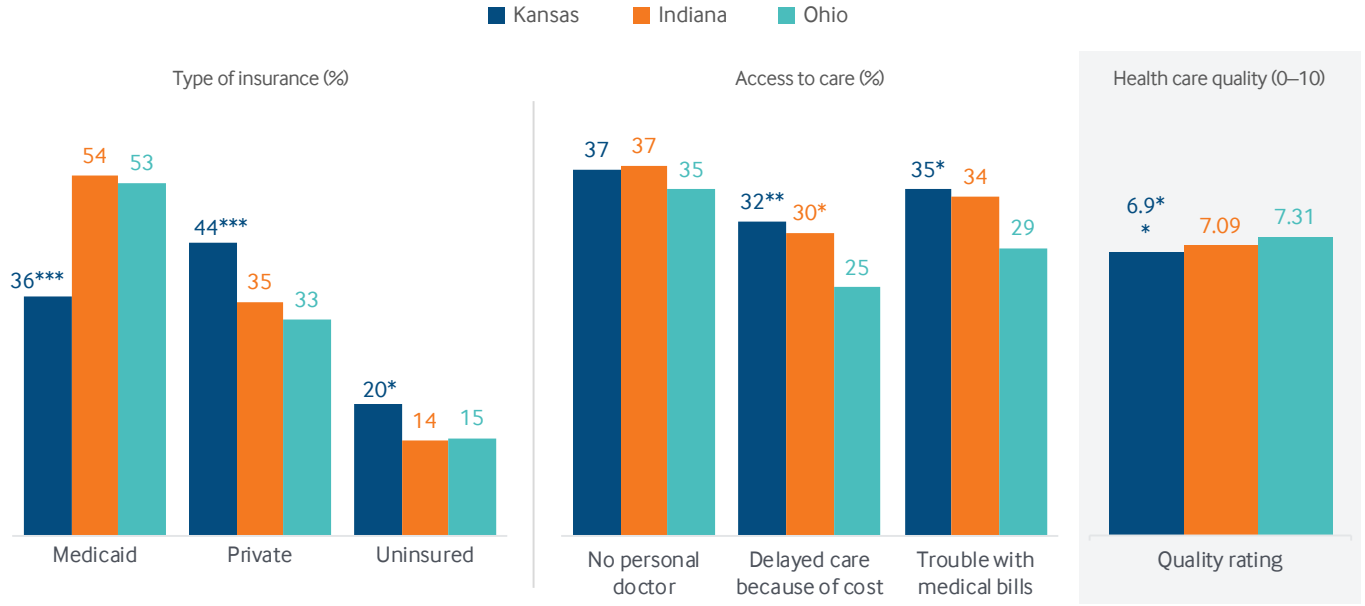
The Future of Medicaid Expansion in Kansas

Kansas has not yet expanded Medicaid but could choose to do so in the future. If Kansas expanded the program, an estimated 152,000 adults could gain insurance coverage.[16] Newly covered adults would likely experience many of the benefits seen in other states after expanding Medicaid, including better access to care, greater financial security, and improved health and mental well-being.[17]

The debate over expansion is likely to be an important issue in Kansas's 2018 elections. We found that 77 percent of low-income adults in Kansas support the expansion of Medicaid, 11 percent are opposed to it, and 11 percent are undecided (Exhibit 2). A large majority of low-income Kansans surveyed felt that having Medicaid would lead to better-quality care than having no insurance. Another survey of Kansas residents from all income groups showed similarly high levels of support for Medicaid expansion, with 75 percent in favor.[18]

Exhibit 1. Type of Insurance, Access to Care, and Health Care Quality Among Low-Income Adults in Kansas, Indiana, and Ohio, 2017

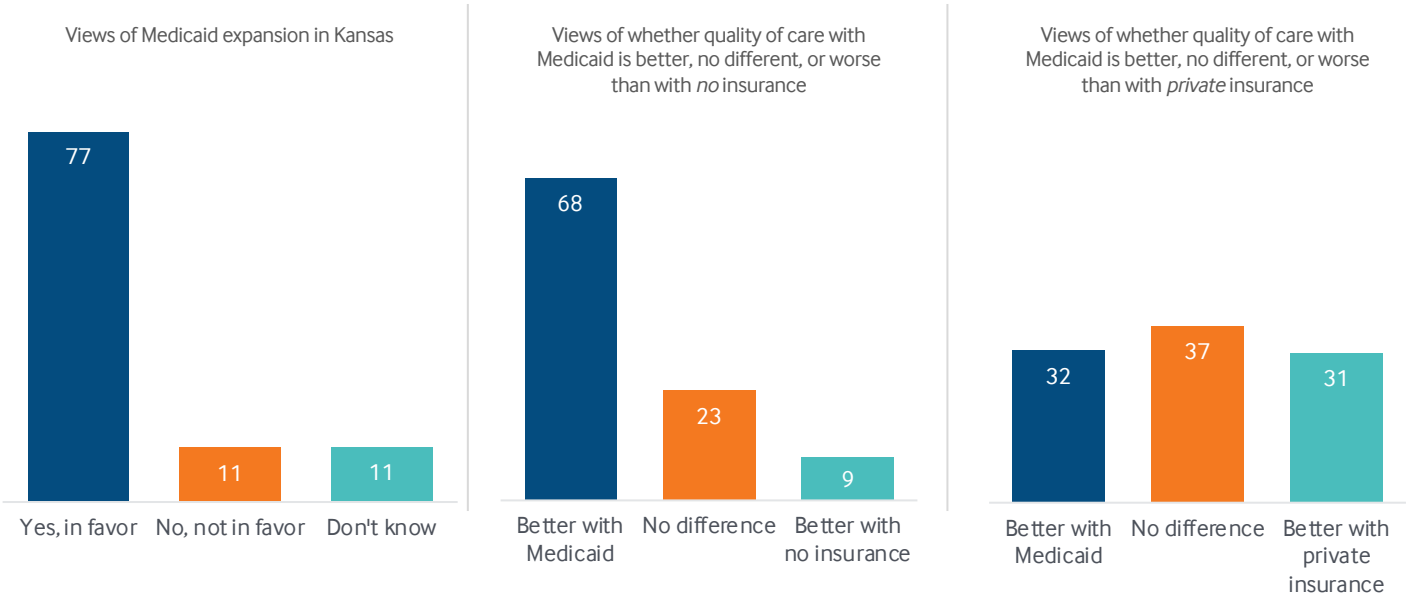
Adults ages 19–64 with incomes at or below 138% FPL



Data: Authors' analysis of survey responses from 2,739 U.S. citizens ages 19–64 with incomes at or below 138 percent of the federal poverty level.
Notes: All responses are survey-weighted to produce representative estimates. Results are regression-adjusted for age, race/ethnicity, political identification, marital status, educational attainment, sex, family income, and rurality. Significance refers to differences with respondents from Ohio (the reference group).
* p<0.10, ** p<0.05, *** p < 0.01.

Exhibit 2. Views of Coverage Expansion and Quality of Care Among Low-Income Adults in Kansas

Percent of adults ages 19–64 with incomes at or below 138% FPL



Data: Authors' analysis of survey responses from U.S. citizens ages 19–64 with incomes below 138 percent of the federal poverty level.
Notes: For all questions, n = 1,000 minus item nonresponse. All responses are survey-weighted to produce representative estimates.

Kansas could have considerable latitude designing its expansion of Medicaid. Section 1115 demonstrations allow states to take alternative approaches with approval from the federal government. For example, Arkansas's form of expansion — the "private option" — used Medicaid dollars to purchase private insurance plans. Survey data has shown that adult Medicaid recipients in Arkansas value their coverage and experience health benefits similarly to those in states that expanded Medicaid in the traditional manner.[19] In our survey, most Kansans thought that the quality of their health care would be similar (37%) or better (32%) with Medicaid than with private coverage, while 31 percent preferred private insurance.

Federal funding for Medicaid expansion would cover 93 percent of the costs in 2019, and 90 percent in 2020 and beyond. Currently the federal government pays 57 percent toward Kansas's Medicaid program, which covers low-income children, low-income disabled adults, pregnant women, and parents with incomes under 38 percent of poverty. Because of the increase in funding, one recent study concluded that the first two years of Medicaid expansion did not harm budgets in states that expanded the program.[20] Some reports have indicated that certain expansion states (including Arkansas and Kentucky) experienced net budget savings because of offsetting state spending with increased federal dollars.[21] Expanding Medicaid is projected to cost Kansas about $74 million in state funds in 2019,[22] which would represent less than 1 percent of the state budget (which was just under $29 billion in 2017).[23] One analysis concluded that the state's decision *not* to expand Medicaid would result in an estimated loss of $5.3 billion worth of federal funds over 10 years.[24]

Work Requirements for Medicaid Beneficiaries in Kansas

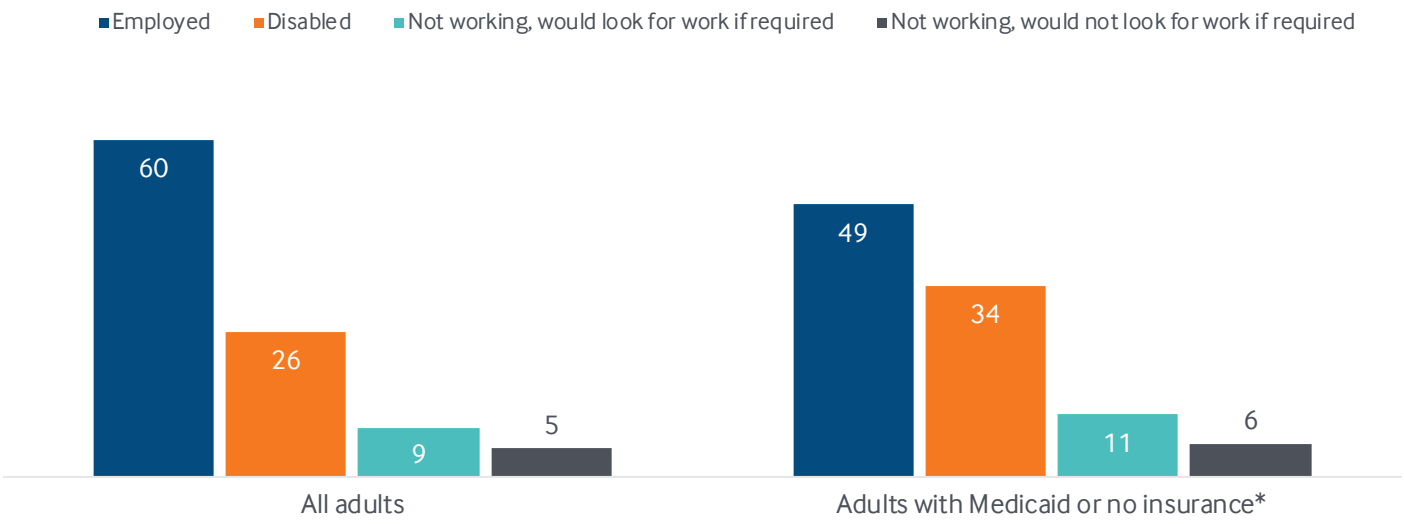
In December 2017, Kansas submitted a request to the federal government to make the following changes to KanCare: a work requirement for nondisabled, nonelderly adults and a three-year lifetime limit on Medicaid participation for adults under 65 without disabilities.[25] The federal government rejected the lifetime limit proposal but has not yet issued a decision on work requirements in Kansas. Work requirements have been approved in four other states to date, although a recent court ruling halted the implementation of work requirements in Kentucky.[26] Mississippi's proposal to impose work requirements in its nonexpansion Medicaid population has not yet been approved by the Centers for Medicare and Medicaid Services because of concerns about the potential loss of coverage in nonexpansion states that may occur when individuals obtain employment and their incomes become too high for Medicaid.[27]

Kansas has estimated that about 12,000 out of 400,000 Medicaid recipients would be affected by such requirements.[28] Our results suggest that most potential Medicaid beneficiaries in Kansas already work or are disabled. Forty-nine percent of low-income adults likely to enroll in Medicaid expansion are already employed, and 34 percent are disabled (Exhibit 3). Only 11 percent of low-income Kansans reported that they were not working but would be more likely to seek employment if Medicaid work requirements were implemented. This suggests the policy would have modest effects, if any, on increasing employment rates. Moreover, looking for work does not necessarily translate into actual employment, if job opportunities are not available.

Work requirements also may have unintended effects. For instance, red tape could lead to loss of coverage among eligible beneficiaries if they fail to report their work status or qualifying exemption. Early data from Arkansas, which implemented its work requirements in June 2018, show that only 445 individuals out of 10,304 thus far have submitted required paperwork to the state[29] — suggesting bureaucratic obstacles as well as lack of information or confusion about the new requirements could pose major challenges. Verifying beneficiaries' compliance with work requirements also could pose an administrative challenge for the state and may be costly to implement.

Exhibit 3. Work Status Among All Low-Income Adults and Adults with Either Medicaid or No Insurance in Kansas

Percent of adults ages 19–64 with incomes at or below 138% FPL



Data: Authors' analysis of survey responses from U.S. citizens ages 19–64 with incomes below 138 percent of the federal poverty level.
Notes: For all questions, n = 1,000 minus item nonresponse, except where indicated. * n = 586. All responses are survey-weighted to produce representative estimates.

CONCLUSION

Medicaid expansion has been in effect for more than four years in many states. Numerous studies show that it has improved the lives of millions of low-income Americans. Our survey shows that low-income Kansans experience worse health care access than their peers in two other Midwestern states that have expanded coverage. Work requirements may be an element of a compromise bill in Kansas to expand, though concerns about red tape and unintended coverage losses remain. These issues will be key considerations for Kansas voters in the upcoming 2018 election.

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