House Bill 2319 - Support

Tom Bell
President and CEO

Steve Kelly, President and CEO, Newton Medical Center
KHA Board Chair

KanCare Expansion

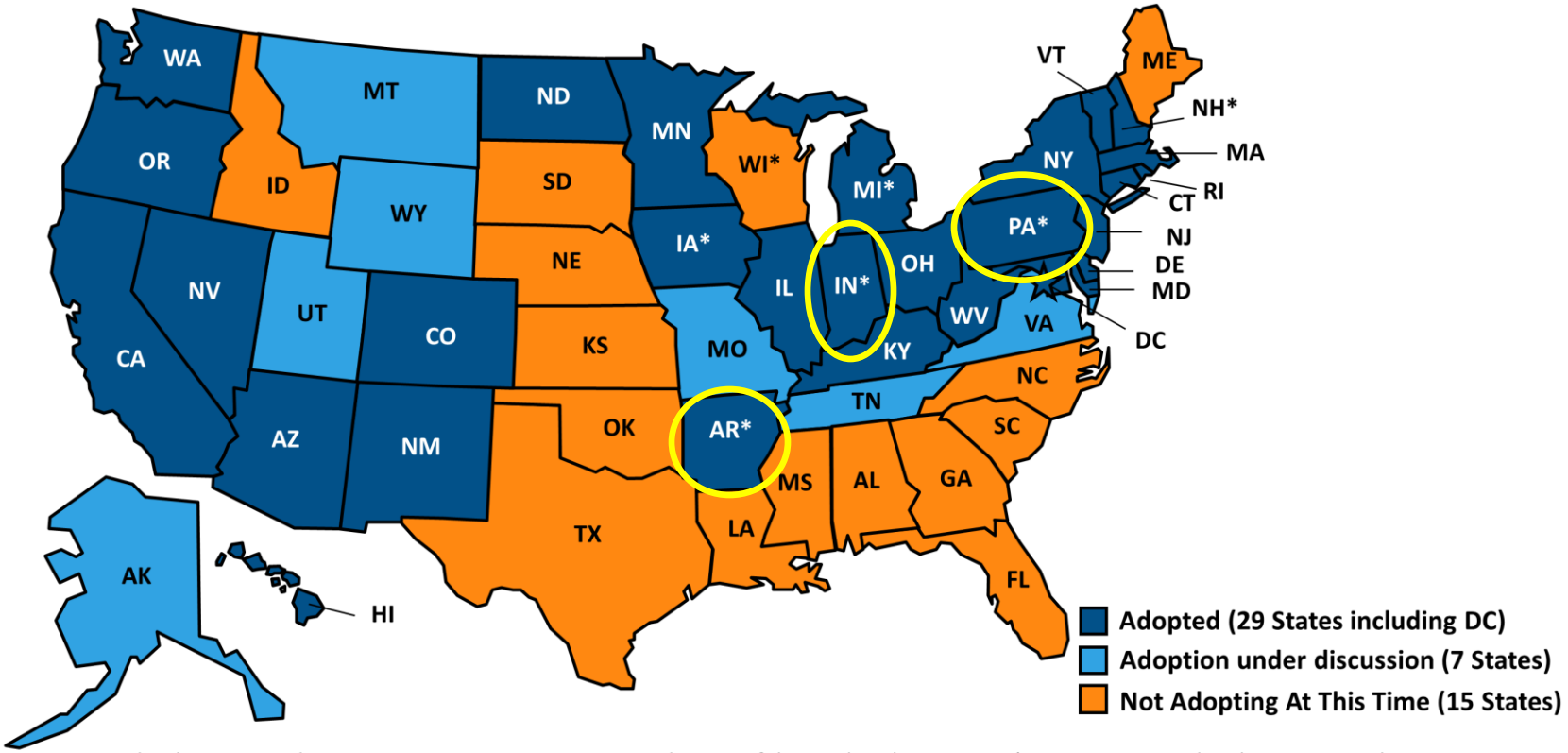
(Refresher of what we know)

It's Voluntary - The U.S. Supreme Court ruled the federal government cannot force Medicaid expansion to 138% of the FPL

Federal share is 100% for newly eligible population through 2016; then gradually decreases to 90%

Regardless of a state's decision, Medicare cuts (including DSH) will continue

Current Status of State Medicaid Expansion Decisions



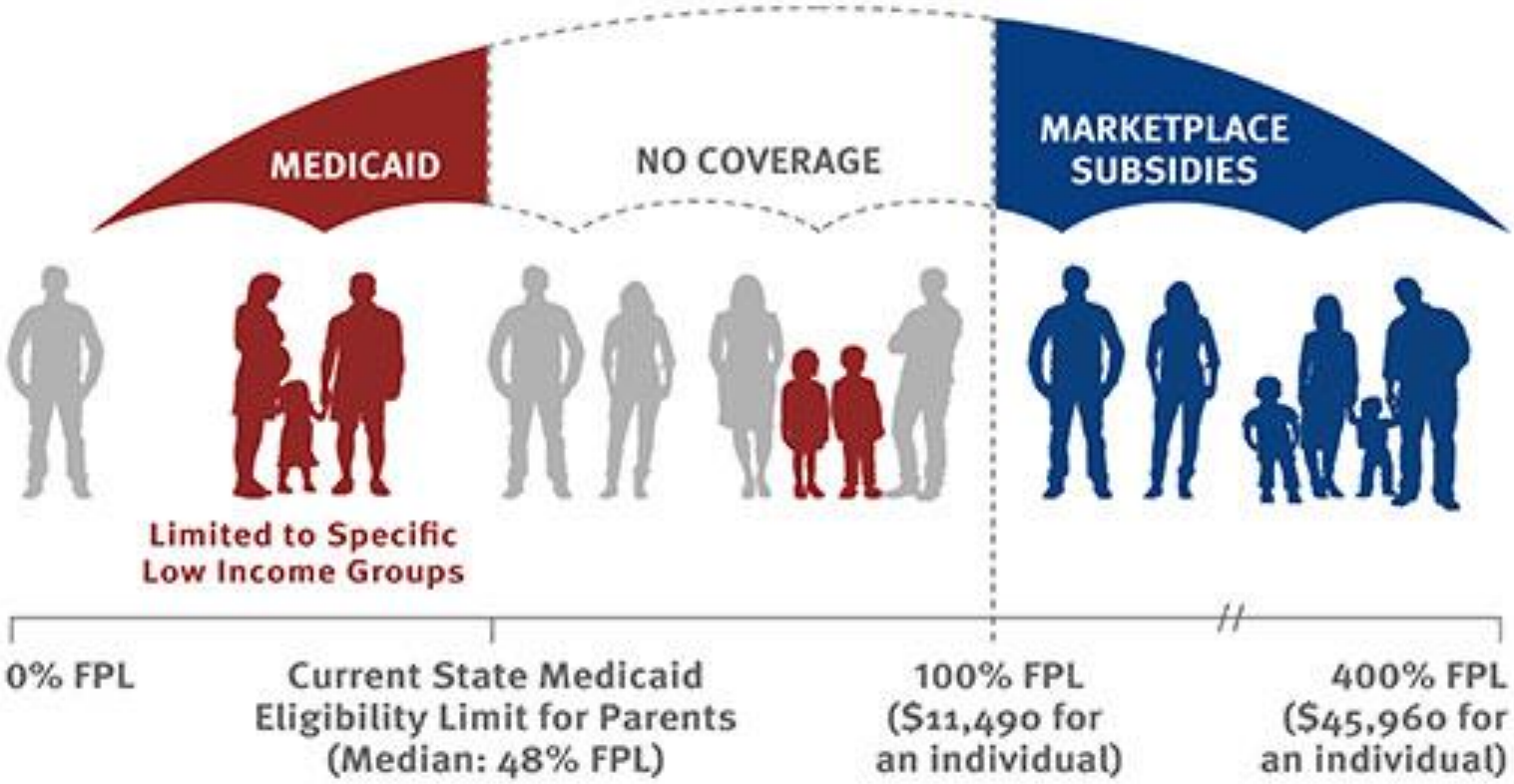
NOTES: Under discussion indicates executive activity supporting adoption of the Medicaid expansion. *AR, IA, IN, MI, and PA have approved Section 1115 waivers. Coverage under the PA waiver went into effect on January 1, 2015, but the newly-elected governor may opt for a state plan amendment. Coverage under the IN waiver is set to begin February 1, 2015. NH has submitted a waiver to continue their expansion via premium assistance. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.

SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, updated January 27, 2015. http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/

THE HENRY J. KAISER FAMILY FOUNDATION

- The Kansas Medicaid program
- Operated by private managed care organizations
- Care delivered by private health care providers
- KanCare is a reformed Medicaid program
  - Delivering whole-person, integrated care

In states that do not expand Medicaid, there will be large gaps in coverage, leaving millions of low-income adults with no affordable options.

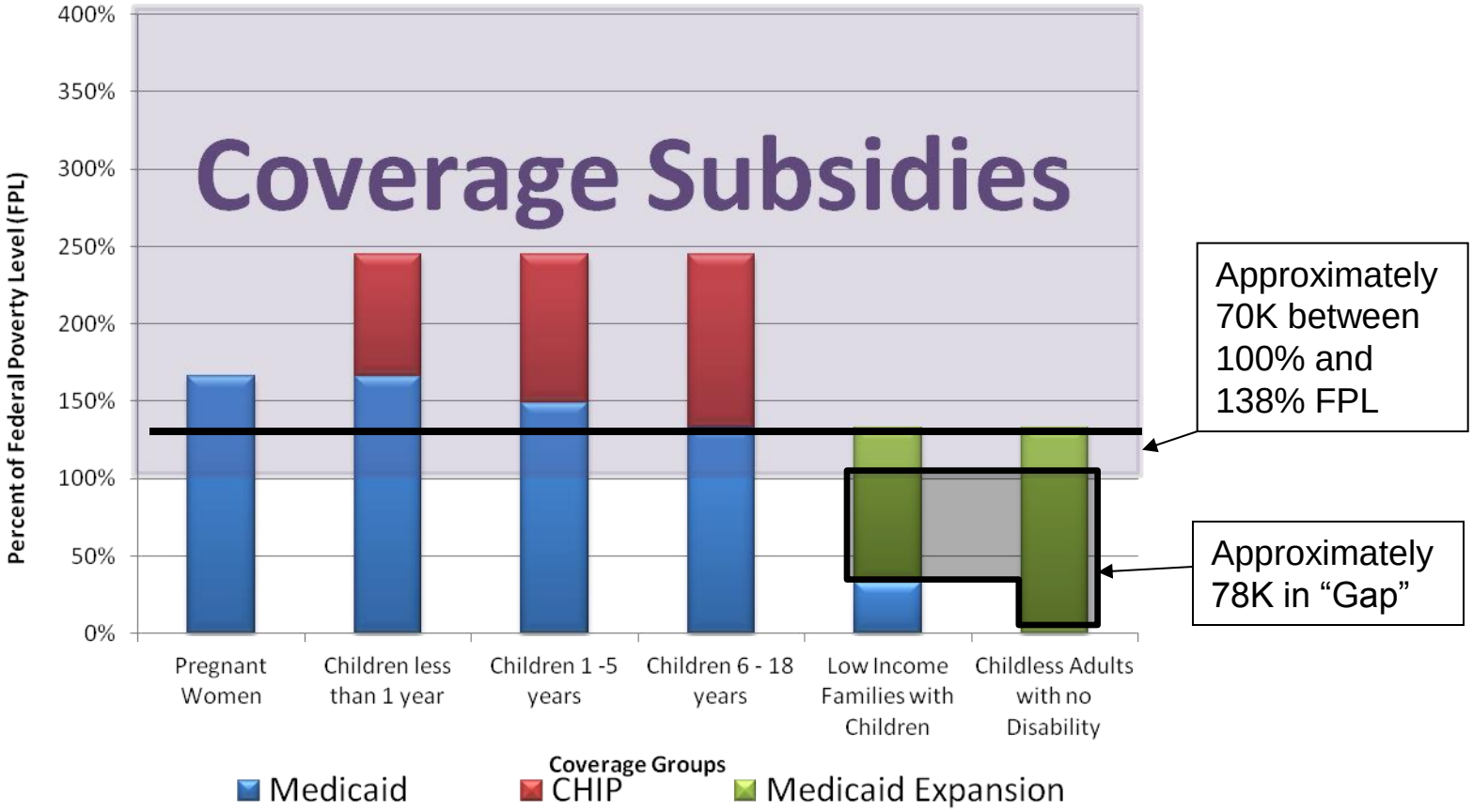


NOTE: Applies to states that do not expand Medicaid. The current median state Medicaid eligibility limit for parents is 48% FPL in the 21 states that are not moving forward with the Medicaid expansion at this time.

Whose Covered in "KanCare Expansion"?

Federal Poverty Levels
(Family Size 3)

138% FPL = $27K
34% FPL = $5,160



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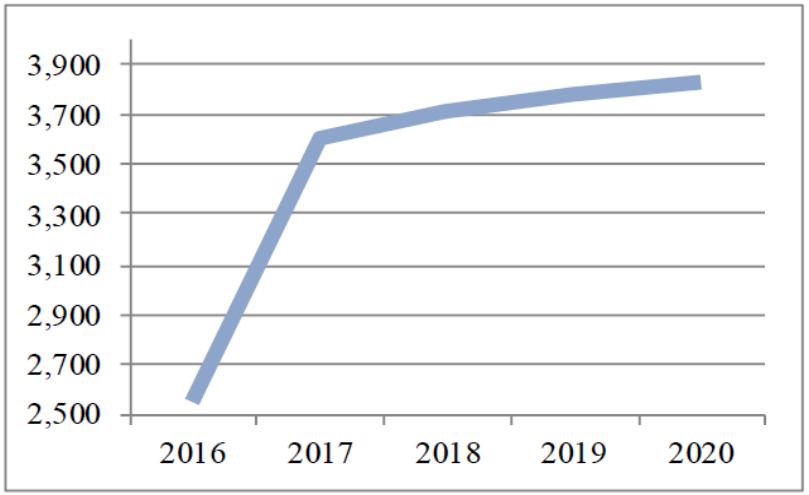
REMI

Economic Effects of Expansion

Year	New Federal Funds (in millions)	Increase in Gross State Product (in millions)
2016	$299.2	$182.9
2017	$435.3	$259.9
2018	$465.8	$269.0
2019	$498.4	$275.5
2020	$533.3	$280.7
Total	**$2,231.9**	**$1,268.1**

KanCare Expansion Increases Jobs



Without Expansion …

2,546 fewer jobs are created in 2016

3,830 fewer jobs are created in 2020

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REMI

Kansas Fiscal Impacts

Year	Increased State Medicaid Costs	New State Revenues	Offsetting State Health Savings	Net State Savings
2016	$10.30	$5.20	$34.10	$29.00
2017	$68.40	$12.80	$54.80	($0.80)
2018	$72.90	$15.90	$58.80	$1.80
2019	$77.60	$17.10	$63.10	$2.60
2020	$82.70	$18.10	$67.80	$3.20
Total	$311.90	$69.10	$278.50	$35.70

In Millions of Dollars

Path to Personal Responsibility

No Insurance

- No accountability or responsibility
- Endless access to ER
- No management of chronic conditions
- Cost of care shifted to Private Insurance

KanCare

-"Skin in the Game" Component to create more responsible consumers

- Access to primary care and management of chronic conditions
- Co-pays and premiums to help cover cost

Private Insurance

- Responsible for selecting and purchasing private health care services
- Able to access right care at the right time
- Cost of care born by the beneficiary

KHA's Message

- Kansas hospitals believe Kansas should **thoughtfully develop a unique, Kansas-based solution** that takes advantage of the federal funds to build upon and improve our current KanCare program.

- **Goals of KanCare 2.0**
  - Bring $$'s back to Kansas
  - Grow jobs, economy and provide state budget relief
  - Movement towards "self sufficiency"

  - KanCare 2.0 will include "dedicated funding source(s)" to help offset the state's future share.

KHA's Core Principles

- Significantly important to Kansas hospitals that a **"Kansas-based" solution** is reached
- KanCare 2.0 will be a **statewide demonstration program** that will provide coverage through the KanCare program for all individuals below 138 percent of the Federal Poverty Level
- KanCare 2.0 will **utilize the 100 percent federal match** through 2016
- **Develop dedicated funding source(s)** to help offset the state's financial share of KanCare 2.0
- Provision **opting out of expansion** if the federal match rate drops below 90%.

Potential Key Policy Provisions

- Use of **Premium Assistance** for those who have access to employer sponsored insurance
- Use of **high deductible health plan model** with annual and lifetime expenditure limits, in conjunction with a health savings account, to empower beneficiaries to become better consumers and access services at the right place and the right time
- **Cost-sharing** for those who do not participate in the health savings accounts who fall under 100% FPL – again, to promote the use of services at the right place and right time
- **Incentives for healthy behaviors** – use of preventive services like prenatal care, blood sugar monitoring, and cholesterol monitoring, etc. – that include roll-over of health savings account balances to reduce the required contribution for the following year
- Incentives for **participation in job search and training**

Potential Key Policy Provisions

- **Incentives for participation in adult education** for those who do not yet have either a high school diploma or GED
- **Assistance and incentives for seeking a disability determination** where appropriate and assistance with assistive technology where it is not
- **Focus on continuing health delivery reform initiatives**, such as improving health status and quality of care, promoting patient centered medical homes, reducing emergency department utilization, increase use of prenatal care, and reduced infant mortality rates
- **Dedicated funding source(s)** would be developed to **help offset** the state's financial share of KanCare 2.0
- Provision **opting out of expansion** if the federal match rate drops below 90%.