

**Testimony on:**  
*KanCare Expansion*

**Presented to:**  
*House Vision 2020 Committee*

**By:**  
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Good morning Chairman Sloan and members of the Vision 2020 committee. My name is Denise Cyzman, and I am honored to represent the Kansas Association for the Medically Underserved, or what is commonly known as KAMU. KAMU is the Primary Care Association of Kansas and represents 52 safety net clinics. Located throughout Kansas, these clinics provide high quality, cost-effective, patient centered care to primarily the uninsured and those with Medicaid. I am energized by your inviting me to speak as you consider KanCare expansion. KAMU urges the Kansas legislature to find a Kansas-specific solution to opt into this program and reap the important economic and health benefits that are currently being afforded in 28 other states. Now more than ever, it is essential to move forward with this discussion. Given the dire economic situation with the state budget, we cannot afford not to. Since January 1, 2014, inaction has caused Kansas to lose more than \$369 million.<sup>1</sup>

The good news is that Kansas is well-positioned for KanCare expansion. First and foremost, we have experienced transformation of KanCare, with a focus on providing higher quality care at less cost, with better outcomes, and expanded patient accountability. The foundation of this transformation was the privatization of KanCare. The three Managed Care Organizations serving Kansas Medicaid members operate in a competitive environment and are interested in providing value added services. Admittedly, there have been challenges with KanCare. You, together with KDHE and the Managed Care Organizations, are examining these and identifying solutions. Have you considered how expanding Medicaid may be part of the KanCare fix? Since many Kansans eligible for KanCare expansion are younger and healthier – as compared to current KanCare members –increasing the KanCare member base through expansion will make it more viable and improve its risk pool. As KanCare improves over time, those traditionally covered by KanCare and those newly insured through expansion will benefit from these changes. The cost-savings efforts will yield economic benefits to the State.

Like Kansas, many states grappled with making a decision to expand Medicaid. Over the past year, we have seen 28 states find an expansion plan that meets their unique needs. What we have learned from their experience is that this isn't an "all or nothing" scenario. By working together, states like Michigan and Iowa created expansion models that were a result of compromise reflecting all perspectives. These are two of the models Kansas can examine as part of the dialogue to create a Kansas solution. This year, we are in a better position to understand the fiscal and health benefits to our state, your communities, and your constituents. This is an unprecedented opportunity to give Kansans – all Kansans – the healthcare they need and the healthcare they deserve.

Let's start by taking a look at what KanCare expansion means for many of your constituents. Expansion of KanCare could benefit 169,000 Kansans. Because Kansas has one of the most

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<sup>1</sup> Kansas Hospital Association website: <http://www.kha-net.org/> as of 1/20/15.

stringent Medicaid eligibility requirement in the country, the parents in a family of four would need to make less than \$120/week (\$471/month) to qualify for Medicaid.<sup>2</sup> These same parents would be eligible for insurance through KanCare expansion. As I previously mentioned, individuals without insurance are often served by Kansas' safety net clinics. Our clinics served 252,000 unique patients in 2014. Almost one-half of these patients do not have insurance. And, two out of three live below 100% of the poverty level. Not surprisingly, many of these patients would benefit from KanCare expansion, too. (See attached charts)

Let's be frank, though. Not having health insurance does not mean that people are not working, are not educated and do not play an integral part in the Kansas economy. Most working-age Kansans who lack insurance have jobs.<sup>3</sup> These are people we interact with and rely on each and every day. They are our children's child care workers; they are the nursing assistants or home health workers who help our parents and grandparents live higher quality lives; they fix our cars; they serve us as we order fast food; and they are the ones who clean your room, if you stay in a hotel during legislative session.<sup>4</sup> In fact, less than 2 out of 10 of those eligible for Medicaid expansion do NOT work at all.<sup>5</sup> And, what is most striking to me is that almost 4 out of 10 have had some college or have a college degree.<sup>6</sup> Most working adults who lack health insurance remain uninsured not because they do not work or they are not educated. It is because their employers do not offer health coverage or it is unaffordable, and they do not qualify for Medicaid.

What is not said through these statistics is that not having health insurance can have detrimental financial consequences on the individual and family when they are faced with medical bills they are unable to pay. This spirals downward to impact the communities where they live, as well as for the State. We know that people without insurance often delay health care. As a result, they present to the healthcare system sicker, needing more expensive care, often leading to staggering medical bills. Let's look at what happens when unpaid medical bills are sent to collection. The patient's credit score goes down. This doesn't just affect their ability to get a mortgage. It can also impact their ability to get a job, rent an apartment, and buy a car. Think about what that means in terms of where they would live or work. This collection process also affects the healthcare provider or health system that provided the care in the first place. Less than two percent of all bills sent to collection are eventually paid – no wonder we have such a high burden

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<sup>2</sup> KanCare website:

[http://www.kdheks.gov/hcf/Medicaid/download/Medical\\_Coverage\\_for\\_Parents\\_Caregivers.pdf](http://www.kdheks.gov/hcf/Medicaid/download/Medical_Coverage_for_Parents_Caregivers.pdf); accessed 1/19/15.

<sup>3</sup> Kansas Center for Economic Growth. *Medicaid Expansion: A Pro-Growth Policy*. Data come from US Census Data.

<sup>4</sup> Based on average annual wages, the list of Kansas workers who would benefit from Expansion includes more than 100 job types. *Kansas Center for Economic Growth. Medicaid Expansion: A Pro-Growth Policy*. US Census Data

<sup>5</sup> Kansas Hospital Association *Charts on the Uninsured*. Data from American Community Survey 5-year data for Kansas. Based on 11-135% FPL. September 29, 2014.

<sup>6</sup> KHA *Charts on the Uninsured*. From American Community Survey 5-year data for Kansas.

related to uncompensated care. Longer term, the State feels the impact. Having financial instability could result in poor mental health, increased substance abuse and domestic violence, and possibly even criminal behavior. These circumstances could increase the need for state funding for behavioral health services, foster care, prisons, and other state services.

Let KanCare expansion help your constituents by increasing access to health insurance, allowing them to live healthier, more productive lives so they CAN become part of Kansas' economic recovery.

KanCare expansion is not just an individual issue, though. It reaches out into your communities – into rural hospitals, federally qualified health centers, primary care centers and other safety net providers. And, its economic impact is huge. KanCare expansion will create approximately 4,000 new jobs by 2020, with an estimated 2,500 in 2016 alone. About one-half of these jobs are higher paying, healthcare jobs, allowing more money to go back into the community. Many of these would also offer employer-sponsored health insurance plans. Additionally, one-half would be jobs created within the community to support the new healthcare workers. These include jobs in construction, retail and wholesale, real estate, and food and beverage, to name a few. Local economies in your communities would grow as a result of KanCare expansion.

We can illustrate this by looking at the \$44 million in uncompensated care provided by our safety net clinics. We know that even if only a portion of this care were compensated, the clinics would be able to serve more patients. Jobs would be created. The clinics would need to hire additional healthcare providers to serve these patients. Other jobs within the community would be created. Jon Stewart's testimony presented this morning will illustrate what this would look like for the Heartland Community Health Center. As you listen to his data, imagine how this effect would be multiplied across all communities served by our safety net clinics. We must also consider the impact on rural and small hospitals. As disproportionate share is being phased out for these safety net providers, having reimbursement for services through KanCare expansion is a vital revenue source. Hospitals without this will have no choice to raise costs or close their doors. In many communities, hospitals, healthcare systems, and safety net clinics are among the largest employers. Having funding to cover uncompensated care will keep these organizations strong and help grow the employee base within communities.

Ultimately, we cannot afford to ignore the impact KanCare expansion will have on the state. In addition to hindering job creation, not expanding KanCare will have a negative impact on economic growth. In 2016, we will lose almost \$300 million in new federal matching dollars that would otherwise flow into Kansas and make expansion more affordable. I understand that the primary challenge is to determine how Kansas will pay for expansion. In 2013, the Kansas Department of Health and Environment released a report in August 2014 that said that the 10-

year cost to Kansas to expand Medicaid is \$625 million.<sup>7</sup> Over this same time period, federal funds coming into the state would be billions. Keeping in mind that we are also working to increase efficiencies, effectiveness, and cost-savings with traditional KanCare, expanding Medicaid will likely generate state savings and revenues that exceed expansion costs. In essence, it will pay for itself. And, let us not forget that we are already paying for Medicaid expansion. Currently, our citizens are paying federal taxes for Medicaid expansion. We are, in essence, a donor state, paying for expansion in other states, like New York and California; not allowing Kansas to reap any of its benefits.

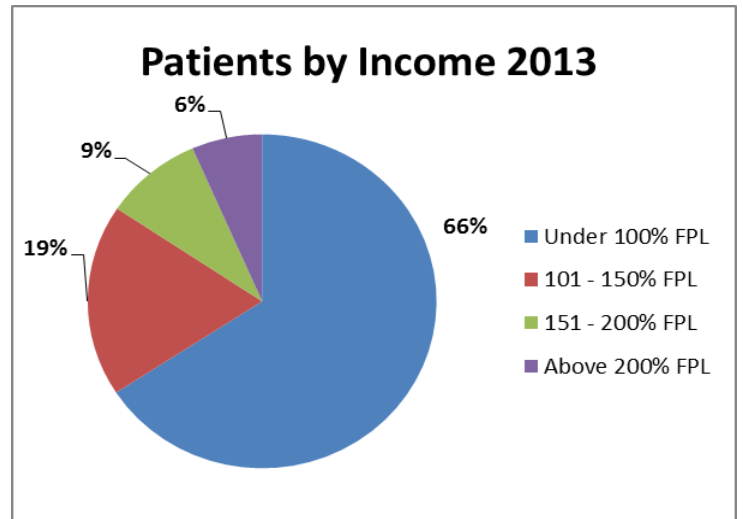
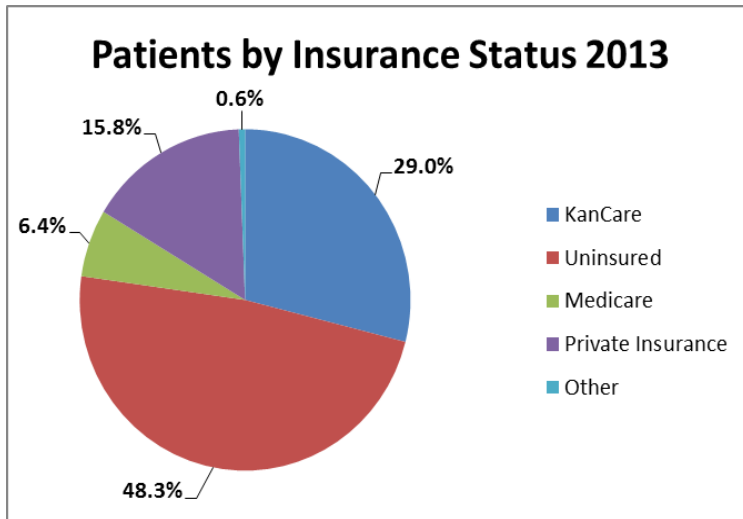
Considering all of the financial implications of NOT expanding Medicaid that will affect your constituents, your communities, and our state, it is time for a Kansas Plan. While the figures may change slightly, several reports demonstrate that KanCare expansion would empower Kansas to collect more than enough in federal funds to offset the state's Medicaid match. Additionally, these demonstrate that the modest increase in state costs could be offset by gains in state revenue generated through economic expansion and potential savings in health costs. Medicaid expansion could be accomplished without an increase in net state expenditures.

As Governor Brownback said in his 2015 State of the State, "Government exists to serve the people. Those who lead, those who govern, must do so with courage and compassion. In that way, those we serve can live in freedom and dignity." KAMU whole-heartedly agrees with him. This is our time to give Kansans – hard working Kansans – the healthcare they need and deserve, allowing us to strengthen our families, communities, and great state. Thank you for the opportunity to present KAMU's testimony on KanCare expansion with you today.

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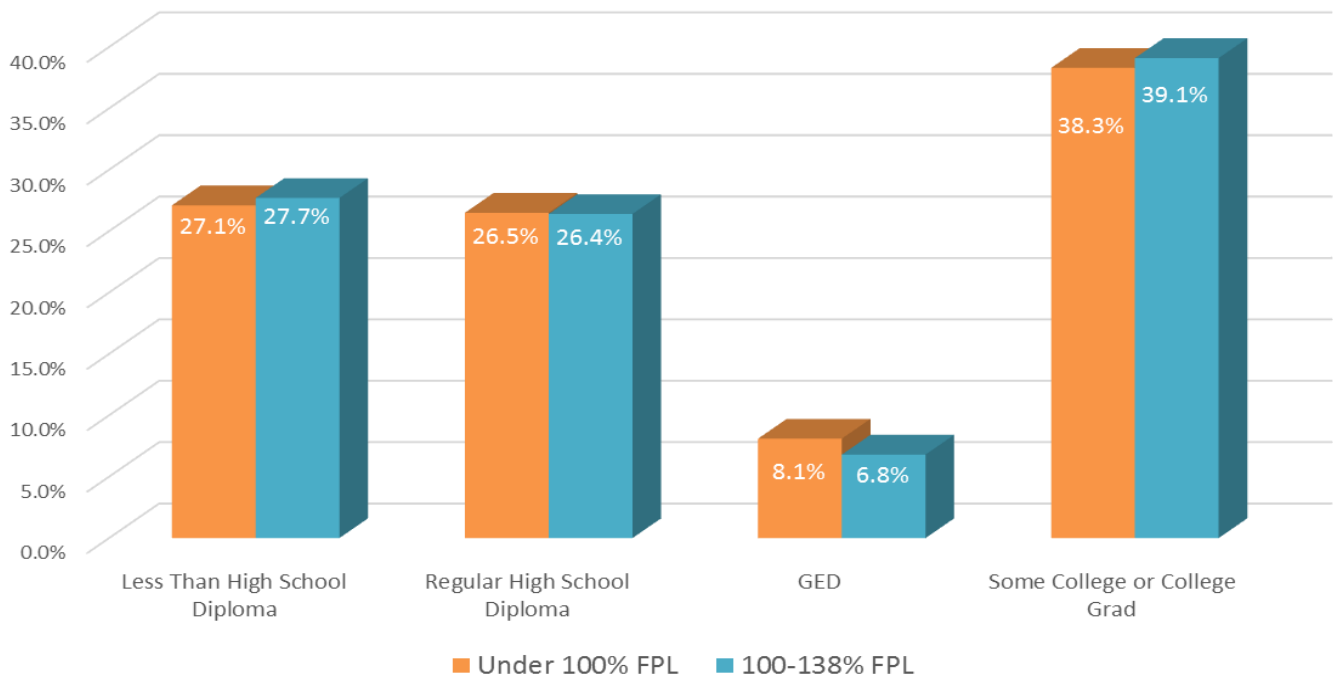
<sup>7</sup> Kansas Department of Health and Environment. *Analysis of Affordable Care Act Impact to Kansas Medicaid/CHIP Program*. February 13, 2013.

# KAMU Safety Net Clinic Patient Mix



- Bureau of Primary Health Care Uniform Data System; Kansas 2013.

## Uninsured by Poverty Group and Level of Education



- American Community Survey 5-year data for Kansas
- Kansans, age 19-64, who are uninsured with incomes below 100% of the Federal Poverty Level (FPL) or between 100 and 138% of the FPL