

February 18, 2014

The Honorable David Crum, Chairperson
House Committee on Health and Human Services
Statehouse, Room 512-N
Topeka, Kansas 66612

Dear Representative Crum:

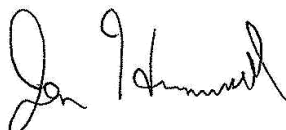
SUBJECT: Fiscal Note for HB 2434 by House Committee on Health and Human Services

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2434 is respectfully submitted to your committee.

HB 2434 would expand Medicaid eligibility for adults under age 65 who are not pregnant to 133.0 percent of the federal poverty level. The expansion would take effect on January 1, 2015.

The Kansas Department of Health and Environment contracted with Aon Hewitt to perform an independent analysis on the potential enrollment and costs of the Affordable Care Act (ACA) implementation to the state's Medicaid/Children's Health Insurance Program. According to this analysis, for the calendar years 2014 through 2023, ACA (without expansion of Medicaid) will cost the state \$1.3 billion, including \$513.5 million from the State General Fund. The estimated increase caused by Medicaid expansion beginning on January 1, 2015 will cost the state \$7.7 billion, including \$677.8 million from the State General Fund, for the fiscal years 2015 through 2024. Under ACA, the federal share for newly eligible Medicaid recipients when a state decides to expand eligibility is 100.0 percent from 2014 through 2016, and then gradually decreases to 90.0 percent in years 2020 and beyond. Therefore, the estimated cost increases for the State General Fund are lower in the early years of expansion. In addition, eligibility expansion would occur on January 1, 2015, or half way through FY 2015, so the estimate reflects only one half of a fiscal year of higher costs. Any fiscal effect associated with HB 2434 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,



Jon Hummell,
Interim Director of the Budget

cc: Aaron Dunkel, Health & Environment