Corporate Office
1150 N. Broadway / Wichita, KS 67214 / P: (316) 866-2000 / F: (316) 866-2083 / www.gracemed.org
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To: Senate Public Health and Welfare Committee

From: Venus Lee, Associate Executive Officer, GraceMed Health Clinic

Subject: Medicaid Expansion, Senate Bill 252

I would like thank the members of the Senate Public Health and Welfare Committee for the opportunity to submit testimony concerning Medicaid expansion.

GraceMed is one of state's largest networks of community health centers, serving more than 53,000 patients who reside in 22 counties across central Kansas. As Associate Executive Officer for GraceMed, I am privileged to work with a team of more than 320 health professionals and support staff who have answered the call to serve the medically underserved every day. These are people who understand that they are not just reporting to work; they are bringing healing to lives that have been wounded by their economic status, cut off from the care that sustains the quality of life others enjoy and the potential for achievement and contribution others can realize. While it may be an overstatement to say that if you have your health you have everything, it is certainly fair to say that without your health, your prospects are likely to dim.

GraceMed has been pursuing its faith-based, health care ministry now for more than 40 years. In that time, we have seen health services become more and more difficult to access for a larger and larger swath of Kansans. It is important to remember that we are not talking exclusively, or even largely, about the homeless and jobless among us. According to figures published at the end of 2018, more than half of those who have no insurance report the reason as either the cost being too expensive or their employer does not offer health insurance. Our patients are largely working-class Kansans.

Although GraceMed is just a microcosm of a statewide benefit, the volume of patients we serve provides a useful sampling of expansion's potential impact. Using 2018 figures for GraceMed, more than a third of our patients are uninsured. Approximately 9% or about 5,000 of our current patients fall in an income range that makes them likely to become eligible for Medicaid under the guidelines of the proposed bill. Moreover, as you can see from the attached table, an analysis of the 22 counties we are currently serving projects that more than 35,000 additional Kansans will likely be covered under Medicaid with the expansion. Nearly 11,000 of them will be children. We anticipate that up to half of these new patients will become GraceMed patients.

That's a view of expansion as it might impact GraceMed and its patients. There is a bigger picture in which to consider expansion. Our perspective on that picture comes from the front lines of care for the uninsured and underserved. We offer these views for your consideration with the same sincere conviction that drives our daily mission to serve the underserved.

The current state of affairs

Back when the Affordable Care Act was passed in 2010, it expanded Medicaid to cover households with income up to 138 percent of the federal poverty level (FPL). The cost of providing that additional coverage was covered entirely by the federal government for the first three years. Then, between 2017 and 2020, the states picked up a portion of the tab that would top out at 10%. Today Medicaid expansion will never cost Kansas more than 10% of the increased expense.

Despite the fact that the Supreme Court gave states the right to opt out of Medicaid expansion, the deal was too good to pass up for 37 states. Kansas was among those who declined the federal funds. That currently means households with dependent children and income of less than 38 percent of FPL can qualify for Medicaid. For a family of four in 2019, that was no more than $9,792 in annual income. With Medicaid expansion, a family of four with income up to $35,535 will qualify.

Of course, if you're not low enough in income, you can always purchase health insurance online on the ACA Marketplace. But to qualify for federal assistance with your premium, you have to make between 100 and 400 percent of FPL. More than 150,000 Kansans have income that's too much to qualify for Medicaid, and too little to qualify for an ACA subsidy that would make it possible for them to afford their own insurance.

Our friends and neighbors who fall in this sizable basket live in a vacuum of vulnerability. They can't afford insurance, so they avoid healthcare as long as they can. If anything serious happens, as it is more likely to when they don't get regular care, they are at risk to lose everything. And far too many do.

KanCare and its privatization approach

Let's consider the current fiscal soundness of our KanCare (Medicaid) system without accepting expansion funding. One of the more significant problems the program has faced over the years is a growing backlog of applications from patients. The state outsourced responsibility for processing applications to a private company, but the desired improvements in efficiency have still not been achieved.

Access to reliable data has been an ongoing issue for auditors attempting to measure health outcomes through KanCare. The vast majority of Kansas physicians have indicated through polling results that they do not believe our state-run version of the federal Medicaid program has improved the quality of care.

As far as the private insurers themselves, KanCare has been a challenge for them as well. It's only been relatively recently that the three companies have begun to show a profit. Profit is a controversial word in the Medicaid business, though. How

much is too much and how many services have to be denied to make the balance sheet come up positive? If the purpose of Medicaid is to provide coverage for those who are not considered insurable under a profit-driven model, how does it help patients to reintroduce profit as an objective under KanCare?

The mounting cost of just saying "No"

The reality is that the number of KanCare patients continues to grow, along with the costs for the coverage, despite conservative policy makers' efforts to contain that growth. In fact, the rise in costs is higher in Kansas than its neighboring states – substantially higher. Between 2012 and 2016, Oklahoma experienced a 3.7 percent increase while Nebraska's costs rose 13.5 percent. Missouri rose by 16.5 percent. And Kansas? A whopping 23 percent increase.

Meanwhile, the window on that 100% offer from the federal government mentioned earlier has closed. They will still pay 90% of the cost of Medicaid's expansion under the ongoing provisions of the Affordable Care Act. The Kansas Hospital Association's website keeps a running tally on the revenue being lost due to failure to expand. At this writing, the ticker has passed $3.8 billion and counting. That's said to be about $11 per second draining from every Kansas taxpayer's pocket.

The healthier we all are, the more we all benefit.

But federal dollars are not the only revenue stream that's being missed by failing to agree to Medicaid expansion. First, the newly insured families will be able to spend more of their income to consume other goods and services. So the state's economy would grow. Their retail purchases would also be subject to sales tax, a fresh source of income for the state.

These new Medicaid patients would also be able to get their care somewhere other than an expensive emergency room. The expense of providing non-emergency care to the uninsured or underinsured in hospitals has driven the cost of healthcare up for all Kansans. Expanding Medicaid will stem the rising tide of those costs.

Finally, Medicaid expansion would increase demand for services which will grow the ranks of the healthcare industry across the state. And of course, more jobs and more delivered services mean a significant expansion of the Gross State Product. Projections of this expansion have been made which exceed $700 million in just a two year window.

Those are the facts. This is what we believe.

There is a "moral argument" that is often made to the effect that everyone should be responsible for their own healthcare and working Kansans shouldn't have to pay for those who won't work. The reality is that those who have little to no income are already covered by Medicaid. Many of these patients are living with disabilities that limit their opportunities for employment.

Medicaid expansion would primarily benefit people who are working for employers who can't or won't provide health insurance. These employees and their families need help. And helping them, as we have shown, has far reaching economic benefits for everyone.

At GraceMed, we see the value in considering the economic impact of doing the right thing. It is also true that Medicaid expansion would not only provide care for more patients, but would reimburse our services as well. But GraceMed delivers care to people who need it, regardless of their ability to pay. We will continue to do so with or without expansion.

As a Christian healthcare ministry, we believe that it is fundamental that we "bear one another's burdens," as it says in Galations 6:2. And by "we" we mean all of us, as human beings. So counting the cost – and the rewards – has its place. But ultimately, the truly moral argument is not "make your own way," but rather that we simply care for and about each other. And yes, that we do so with everyone participating through taxes, bearing in mind that the working poor pay taxes, too.

This is not a political issue, although there are both conservative and liberal arguments to be made in favor of expansion. At its heart, it is ultimately about human dignity, the respect we owe each other as brothers and sisters in the family of a loving God.

2018 - GraceMed Health Clinic, Inc.

Patients served based on their county of residence in 2018

County	Residential Population	Total GraceMed Patients	% Medicaid	% Uninsured	# new Medicaid residents with Expansion	# of new Medicaid under age 18 (child)
Barber	3,675	78	63%	28%	134	83
Barton	19,699	19	0	58%	916	299
Butler	65,293	1,098	44%	35%	1,103	532
Cowley	33,634	195	34%	48%	983	336
Elk	1,034	13	23%	69%	80	32
Finney	33,969	14	79%	14%	1,583	569
Ford	30,559	12	42%	42%	1,839	583
Harper	5,575	191	47%	42%	166	101
Harvey	225,124	268	46%	35%	844	269
Jefferson	3,361	15	27%	47%	362	150
Kingman	5,164	88	27%	43%	146	70
Marion	7,729	88	55%	32%	268	101
McPherson	27,252	1,208	31%	38%	549	171
Osage	8,663	55	29%	44%	388	137
Pratt	8,203	30	57%	23%	226	95
Reno	57,071	339	38%	39%	1,598	491
Rice	5,210	27	48%	26%	246	103
Saline	52,873	108	57%	12%	1,372	398
Sedgwick	440,468	37,534	42%	33%	16,362	4,449
Seward	22,073	28	61%	25%	1,300	387
Shawnee	174,789	7,522	34%	42%	4,082	1,387
Sumner	26,130	377	29%	29%	524	180
Totals	**1,257,548**	**49,307**	**41%**	**37%**	**35,071**	**10,923 (31%)**

Note: 669 patients in 2018 did not provide a Kansas zip code of residence.