



## TESTIMONY

Before the Senate Committee on Public Health and Welfare

Regarding SB252

01-27-2020

Room 118N Capitol Building

Good afternoon Chairman Suellentrop, Vice Chair Berger, and Ranking Member Bollier, and distinguished members of the Committee on Public Health and Welfare.

My name is Beverly Gossage, and I am the owner and president of HSA Benefits Consulting as well as the past president and current legislative chair of the Kansas Association of Health Underwriters. I have been a licensed health and life insurance agent for over 17 years. As part of my community outreach, I have given industry-related information through testimony to multiple states, conducted briefings at the U.S. Capitol on health insurance reform, and served on numerous boards and committees related to this topic, including at the invitation of the White House.

Thank you for the opportunity to testify on the ACA component of voluntary expansion of the state Medicaid program. Before describing the expansion, let's review the services currently provided in Kansas in a federal/state match. Medicaid and the Children's Health Insurance Program (CHIP) are programs responsible for "purchasing" health services for low income families, children, pregnant women, and seniors and people with disabilities. These programs are not health insurance. So, when the federal government says more people were "insured" due to the ACA, and they include in that sum those added to the Medicaid rolls, that is like saying more people are employed but include those who went on welfare or draw unemployment.

I will leave it to others to discuss Medicaid expansion's effect on the state budget, the myth of expansion being the silver bullet for hospitals, and the failure that numerous other states have seen with their expansion of Medicaid, including the promised job increase that ended with states losing jobs and experiencing hospital closures. Instead, I will focus on my area of expertise, which is the individual and group insurance market. In particular, I will speak about the non-group market, where those who may be eligible for Medicaid, if expanded, currently buy or are qualified to buy an insurance plan.

There is a population of Kansans who are currently receiving federal government assistance to pay for their private

policy if they fall between 100% and 138% of the poverty level (from \$12,490 to just under \$17,235 annually), which equates to earning at least minimum wage working 33 hours a week. If an employee works at least 30 hours a week for many businesses, including fast food chains like McDonalds or retail stores like Target they will be offered insurance. Because of the substantial taxpayer subsidies applied to both the premiums and the out-of-pocket cost sharing on the federal ACA Marketplace for this group, the price that they pay for their insurance is minimal or even zero for some premiums and services.

For example:

Let's use Bob, a 30-year-old at the lowest salary level listed above. He could have a monthly tax credit of \$476 per month sent to one of two carriers to apply to one of 12 plans. Now, if he wanted one of the zero premium bronze or gold plans, he could choose that, and the lowest deductible would be \$1,500. (See screenshot from the Marketplace below. )

Viewing plans for this group  
• You (age 30)  
Your total estimated tax credit: \$476.43

Estimate your total yearly costs  
See if doctors, facilities, & drugs are covered

12 plans available  
Filter Plans

Plan type: Health Plans | Sort by: Premium

Estimated monthly premium: **\$0.00**  
Including a \$476.43 tax credit  
Was \$455.87

Blue Cross and Blue Shield of Kansas, Inc.  
**BlueCare EPO Gold**  
Gold | EPO | Plan ID: 18558KS0400006  
New plan - Not rated | Compare

Deductible: **\$1,500.00** (Individual total)  
Out-of-pocket maximum: **\$3,500.00** (Individual total)  
Estimated total yearly costs: Add

Copayments / Coinsurance

Emergency room care	Generic drugs	Primary doctor	Specialist doctor
\$300 Copayment with deductible/20% Coinsurance after deductible	\$20	\$25/20% Coinsurance after deductible	\$50

Plan features:  
 ✗ Adult Dental  
 ✓ Child Dental

Add Your Medical Providers  
Add your medical providers and we'll show you which plans cover them.

Add Your Prescription Drugs  
Add your prescription drugs and we'll show you which plans cover them.

He may decide to choose from the silver plans because they come with extra savings in the form of cost-sharing subsidies which reduces his out-of-pocket cost. This \$21 plan has low copays for typical services with a \$300

Estimated monthly premium: **\$20.87**  
Including a \$476.43 tax credit  
Was \$497.30  
Extra Savings

Blue Cross and Blue Shield of Kansas, Inc.  
**BlueCare EPO Silver**  
Silver | EPO | Plan ID: 18558KS0400007  
New plan - Not rated | Compare

Deductible: **\$300.00** (Individual total)  
Out-of-pocket maximum: **\$600.00** (Individual total)  
Estimated total yearly costs: Add

Copayments / Coinsurance

Emergency room care	Generic drugs	Primary doctor	Specialist doctor
20% Coinsurance after deductible	\$15	\$20	\$40

Plan features:  
 ✗ Adult Dental  
 ✓ Child Dental

Add Your Medical Providers  
Add your medical providers and we'll show you which plans cover them.

Add Your Prescription Drugs  
Add your prescription drugs and we'll show you which plans cover them.

deductible and out-of-pocket maximum of \$600. He can go to any physician in the carrier's network. This plan is popular for this population. I always explain that they can ask for the cash price for the generics and they may only be \$4 at many pharmacies.

According to a recent CMS data, approximately 99,000 Kansans chose a plan in the ACA Exchange Marketplace, commonly called the Federally Facilitated Marketplace (FFM). About 53,400 receive premium subsidies plus the cost sharing subsidies that reduce the out-of-pocket costs for claims. Kansas Health Institute data estimates in 2018 that 28,000 presumably fall between the income category listed above.

What happens if we expand Medicaid? Bob will receive a letter in the mail advising him that he is now eligible for Medicaid but he can keep his private plan. However, he will lose his subsidy. The premium would be \$497 with an \$8000 out-of-pocket. This is a false choice. He will go on Medicaid and could likely lose his doctor and may have difficulty finding another.

The screenshot displays the 'BlueCare EPO Silver' plan details on the healthcare.gov website. The page shows 13 plans available and is sorted by Premium. The plan is a Silver EPO plan with Plan ID 18558KS0400007. Key details include an estimated monthly premium of \$497.30, a deductible of \$3,500.00, and an out-of-pocket maximum of \$8,000.00. Copayments are \$35 for primary care and \$70 for specialists. The plan includes Child Dental but excludes Adult Dental. There are buttons for 'Plan Details', 'Like This Plan', 'Compare', 'Add Your Medical Providers', and 'Add Your Prescription Drugs'. The page is labeled 'Page 1 of 2' and has a 'Next' button.

This population of Kansans between the 100% and 138% of the poverty level who want to apply in the Exchange will be required to take Medicaid. They will not have a choice in plans. You see, when they sign up for a plan at healthcare.gov, the website will ask for their zip code and tabulate immediately that their state expanded Medicaid. When they enter their income, instead of receiving a notice that they qualify for a tax credit and taking them to their plan selections, it will put up a red flag and say they likely qualify for Medicaid and that CMS will be sending their information to KanCare. Expanding Medicaid takes away their choice.

Has anyone thought to ask them how these folks would feel about being forced by their legislators to go on Medicaid? How would you feel?

Note that their ACA subsidies, though taxpayer paid, are not coming out of the state budget. This population is not straining the already stretched provider network for current Medicaid beneficiaries, who have difficulty finding a doctor who takes Medicaid and are experiencing longer wait times. Nor is it bumping the most vulnerable from the Medicaid rolls. Yet, this group has actual health insurance coverage that they have chosen.

Some who are currently eligible for Medicaid do not sign up for it either because they don't know that they qualify, get insurance through an employer, do not want to address the paperwork involved nor the difficulty in proving income, and/or have found, like those below the poverty level that they can get services at free or reduced clinics for most of their medical needs. This population is not stagnant. People may be temporarily between jobs or in graduate school or a sole proprietor who reports a low income on his tax return. While 5600 disabled are on waiting lists for Medicaid.

In Kansas we have the benefit of looking at states that did bow to pressure from lobbyists, bought into the notion of free federal dollars and expanded their Medicaid program. Iowa was \$338 million over-budget in the first year and a half, and Ohio was \$4.7 billion over-budget in the first 2.75 years. And these aren't even the worst examples. Others testifying will share even more data with you. I recommend reading the Forbes piece written by the Foundation for Government Accountability entitled "Kansas Should Avoid the Medicaid Expansion Trap."

Another point that should be made is that the ACA was an unprecedented usurpation of each state insurance department's regulatory authority over its private, non-group market by the federal government. And though this population is receiving rate relief, most Kansans in the private market were hit the hardest with double and even quadruple rate increases and a reduction in choice of provider networks and carriers, which dropped from 17 to 3. In Bob's case he only has two carriers to pick from. It is no wonder that federal legislators are crafting a bill that would return regulation back to the states to repair and restore our private markets and give rate relief.

Therefore, for multiple reasons, let's not displace people from their private plans to put them onto a government program that will stretch an already thin budget and withhold funds from other vital projects.

Just as our governor and previous legislature made a wise decision to return the early innovator grant money and not to join other states in setting up a state-based exchange, which became a money pit for those states as they wasted hundreds of millions of taxpayer dollars in the effort, our leaders made a prudent decision not to expand Medicaid and should hold to that decision. There are better ways to help the few Kansans who would be between zero and at poverty level find a job and find care. Coverage is not care.