

Testimony on HB 2556: the Cutting Healthcare Costs for All Kansans Act

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Chairwoman Landwehr and members of Committee:

Thank you for the opportunity to provide proponent testimony for HB 2556, the Cutting Healthcare Costs for All Kansans Act. The Kansas Department of Health and Environment (KDHE) supports the bill to expand Medicaid, which will benefit Kansas through increased federal matching funds, encouraging the use of preventative care and providing low-income Kansans an avenue to health care. In the current Medicaid program, adult applicants must be low-income and fall into one of a few categories: elderly, disabled, or pregnant. For a single parent with one child, they must make less than 38% of the federal poverty level, which is \$648 a month, \$7,776 annually.

Medicaid Expansion, as outlined in the Affordable Care Act (ACA), opens the Medicaid program to people who make less than 138% of the federal poverty line (FPL), which is \$2,351 a month or \$28,212 annually for a single parent with one child, and people who are disabled but do not meet Social Security disability requirements. Categorical requirements would be removed from the program through expansion. The expansion population includes individuals on a home and community-based services (HCBS) waitlist or in the Medically Needy program, and individuals with chronic health conditions, mental illness, cancer or other conditions who do not qualify for social security disability.

Under Medicaid expansion, the federal government's share of the Kansas Medicaid program would increase from approximately 60% to 90%. This increase would mean that more of the dollars Kansas pays to the federal government would flow back into Kansas, rather than be sent to other states that have expanded Medicaid. Additionally, federal incentives in the American Rescue Plan Act of 2021 would provide an estimated \$500 million to Kansas over two years if Medicaid were expanded under the terms of the ACA, which would offset about eight years of net expansion costs to the State.

Expansion encourages Kansans to move from receiving episodic and the costliest health care – going to the emergency department, an FQHC or an urgent care clinic to address a medical need – to seeking preventative health care, which improves health outcomes and saves the State money. When Kansans receive more preventative health care, costly emergency room visits decrease, resulting in less uncompensated care for hospitals and less funding the State must provide for uncompensated care.

Along with cost-savings, Medicaid expansion is associated with improved health outcomes and access to services. Expansion states show more mothers accessing services, including postpartum care, than in non-expansion states, and children with parents enrolled in Medicaid are more likely to receive health care services, such as well child visits. Eligible individuals with behavioral health conditions see increased access to behavioral health treatment and other services under Medicaid expansion.

HB 2556 represents a compromise solution that ensures Kansas remains economically competitive while preventing barriers to those who need coverage.

This bill requires verification of employment as part of the Kansas Medicaid eligibility determination and renewal process and makes exceptions for certain groups of people, like parents or guardian of a dependent child under the age of 18 or an

incapacitated adult, veterans, full-time students, among others. Currently, 70% of families who submit Medicaid applications are employed. The requirements in HB 2556 aims to resolve previous issues with work requirements and exemptions CMS has opposed in other states. The work requirements outlined in the legislation closely align with existing requirements and exemptions for the Supplemental Nutrition Assistance Program (SNAP), which have been approved by the federal government.

HB 2556 also outlines multiple sustainable funding streams to ensure that no state dollars will be used towards Medicaid Expansion. These funding streams include: a hospital assessment, or surcharge, a privilege fee for the current Medicaid Managed Care Organizations (MCO), and drug rebates. The hospital surcharge would be delayed two years after the implementation of Medicaid expansion, allowing hospitals to reap the benefits of expansion before paying into the program. The remaining costs will be covered by the enhanced federal funding made available by the American Rescue Plan Act, as mentioned earlier. **Kansas is not expected to require additional SGF outlay to fund this program for approximately 15 years.**

Other provisions of HB 2556 include:

- Coverage for inmates admitted into county jails and preserves coverage for anyone eligible and entering custody. This provides relief for county jails and county governments who have been burdened with providing care for admitted inmates in the absence of Expansion.
- Premium Assistance Program to provide Medicaid eligible individuals to remain on their employer sponsored health insurance.
- The formation of the Rural Health Advisory Committee, housed within the KDHE

The Kansas Department of Health and Environment supports the Governor's Cutting Healthcare Costs for All Kansans Act and thanks the committee chair and members for hearing testimony on HB 2556. We urge you to pass this bill favorably. I will stand for questions at the appropriate time.