



## KanCare Expansion: Just the Facts

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### MEDICAID EXPANSION PROTECTS AND STRENGTHENS RURAL HOSPITALS

Medicaid expansion significantly reduces hospital uncompensated care costs and helps stabilize rural hospitals.

- Hospital financial reporting shows that coverage expansions are contributing to a national reduction in hospital uncompensated care costs. These costs were \$7.4 billion (21%) less in 2014 than they would have been in the absence of these expansions.<sup>i</sup>
- Ascension Health, which operates hospitals in expansion and non-expansion states (including Kansas), saw a 63.2% reduction in uncompensated care in 2014 in expansion state hospitals, compared to a 2.6% increase in non-expansion states.<sup>ii,iii</sup>
- In New Mexico, uncompensated care payments for the state's Safety Net Care Pool (SNCP) dropped by 30% as a result of Medicaid expansion. Additionally, for all hospitals in the state, uncompensated care as a share of hospital expenses dropped by 12.5% and net revenue increased by more than 40% in 2014 compared to 2013.<sup>iv</sup>
- As of September 2015, the percentage of rural hospitals at risk of closure has nearly doubled in non-expansion states in comparison to expansion states (based on measures of financial strength, quality and outcomes, inpatient/outpatient share, and population risk).<sup>v</sup>
- In states that have chosen not to expand Medicaid, rural hospitals are struggling with the fallout. In many rural counties, these hospitals are the largest employers, but many say they're now facing layoffs, even closure. In Kansas, the failure to expand KanCare contributed to the closure of Mercy Hospital in Independence, resulting in the loss of 190 jobs.<sup>vi,vii</sup>
- According to the National Rural Health Association, 300 rural hospitals across the U.S. are on the verge of closing due to financial pressures. The major cause for these pressures is states opting out of Medicaid expansion. In addition to compromising the health of rural residents, a hospital closure causes lost jobs, lost economic activity, and lost vibrancy and quality of life in rural communities. A small-town hospital closure costs about \$1,000 in per capita income.<sup>viii</sup>

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<sup>i</sup> Office of the Assistant Secretary for Planning and Evaluation (23 March 2015). *Economic Impact of the Medicaid Expansion*. Retrieved from [https://aspe.hhs.gov/sites/default/files/pdf/139231/ib\\_MedicaidExpansion.pdf](https://aspe.hhs.gov/sites/default/files/pdf/139231/ib_MedicaidExpansion.pdf)

<sup>ii</sup> Cunningham, P., Garfield, R., and Rudowitz, R. (30 April 2015). *How Are Hospitals Faring Under the Affordable Care Act? Early Experiences from Ascension Health*. Retrieved from <http://kff.org/health-reform/issue-brief/how-are-hospitals-faring-under-the-affordable-care-act-early-experiences-from-ascension-health/>

<sup>iii</sup> Bachrach, D., Boozang, P., and Lipson, M. (June 2015). *The Impact of Medicaid Expansion on Uncompensated Care Costs*. Retrieved from <http://www.rwjf.org/en/library/research/2015/06/the-impact-of-medicaid-expansion-on-uncompensated-care-costs.html>

<sup>iv</sup> New Mexico Legislative Finance Committee (27 October 2015). *Uncompensated Care in New Mexico After the Affordable Care Act*. Retrieved from <http://www.nmlegis.gov/lcs/lfc/lfcdocs/Uncompensated%20Care%20in%20New%20Mexico%20After%20the%20affordable%20Care%20Act.pdf>

<sup>v</sup> iVantage Health Analytics (2015). *Vulnerability to Value: Rural Relevance under Healthcare Reform*. Retrieved from [http://cdn2.hubspot.net/hubfs/333498/2015\\_Rural\\_Relevance\\_Study\\_iVantage\\_04\\_29\\_15\\_FNL.pdf?\\_hssc=31316192.5.1430489190714&\\_hstc=31316192.d0dce9fb5dcfbb09eef9f204e5d14c27.1429107453775.1429107453775.1430489190714.2&hsCtaTracking=dd32f7fe-5998-4036-9323-7ca31df2f112%7Cc2f8e10f-6a96-4635-a8bc-e460abdc35fe](http://cdn2.hubspot.net/hubfs/333498/2015_Rural_Relevance_Study_iVantage_04_29_15_FNL.pdf?_hssc=31316192.5.1430489190714&_hstc=31316192.d0dce9fb5dcfbb09eef9f204e5d14c27.1429107453775.1429107453775.1430489190714.2&hsCtaTracking=dd32f7fe-5998-4036-9323-7ca31df2f112%7Cc2f8e10f-6a96-4635-a8bc-e460abdc35fe)

<sup>vi</sup> Smith, A. (24 February 2015). *Rural Hospitals Without Medicaid Expansion Struggle*. Retrieved from <http://hereandnow.wbur.org/2015/02/24/rural-hospitals-medicaid>

<sup>vii</sup> Voorhis, D. (9 September 2015). *Kansas' Medicaid opt-out partly to blame for Independence hospital's closure*. Retrieved from <http://www.kansas.com/news/business/article34614009.html>

<sup>viii</sup> North, I. (3 August 2015). *Lack of Medicaid expansion hurts rural hospitals*. Retrieved from [http://www.starherald.com/news/local\\_news/lack-of-medicaid-expansion-hurts-rural-hospitals/article\\_a3e2e0d4-21ae-5db0-96fd-0136a2119384.html](http://www.starherald.com/news/local_news/lack-of-medicaid-expansion-hurts-rural-hospitals/article_a3e2e0d4-21ae-5db0-96fd-0136a2119384.html)