



ALLIANCE FOR A
HEALTHY KANSAS

KanCare Expansion: Just the Facts

KanCare expansion protects and strengthens rural hospitals.

Medicaid expansion significantly reduces hospital uncompensated care costs and stabilizes rural hospitals, helping them to keep their doors open.

- Medicaid expansion results in improved hospital financial performance and lower likelihood of closure, especially in rural communities. Rural hospitals in non-expansion states, such as Kansas, are *six* times more likely to close than rural hospitals in states that have expanded Medicaid. Rural hospital closures lead to reduced access to care and a loss of highly skilled jobs, resulting in detrimental impacts on local economies.¹
- Medicaid expansion is responsible for a national reduction in hospital uncompensated care costs. Uncompensated care has not declined significantly, however, in non-expansion states. As a result, a large majority of recent hospital closures have taken place in states that have not expanded Medicaid.^{2,3,4}
- Hospital systems that operate in both expansion and non-expansion states – including Kansas – report a far higher reduction in uncompensated care in expansion state hospitals compared to hospitals in non-expansion states.^{5,6}
- In states that have not expanded Medicaid, rural hospitals are struggling with the fallout. In many rural counties, these hospitals are the largest employers, but many are now facing layoffs, even closure. In Kansas, the failure to expand KanCare contributed to the closure of Mercy Hospital in Independence and Mercy Hospital in Fort Scott, resulting in the loss of more than 400 jobs.^{7,8,9,10}
- Rural hospitals are in crisis. One-third of rural hospitals in Kansas and across the U.S. are financially vulnerable and in danger of closing due to financial pressures. One of the major causes of these pressures is states opting out of Medicaid expansion. In addition to compromising the health of rural residents, a hospital closure causes job loss, declining economic activity, and loss of vibrancy and quality of life in rural communities. A small-town hospital closure results in a decline of \$1,000 in per capita income.¹¹

¹ Lindrooth et al. *Understanding The Relationship Between Medicaid Expansions And Hospital Closures*, Health Affairs 37(1), January 2018.

² Dranove et al. *Uncompensated Care Decreased At Hospitals In Medicaid Expansion States But Not At Hospitals In Nonexpansion States*, Health Affairs 35(8), August 2016.

³ Blavin, *How Has the ACA Changed Finances for Different Types of Hospitals? Updated Insights from 2015 Cost Report Data*, Urban Institute, April 2017.

⁴ University of North Carolina, Sheps Center for Health Services Research, *94 Rural Hospital Closures: January 2010 – Present*, December 2018.

⁵ Cunningham et al. *How Are Hospitals Faring Under the Affordable Care Act? Early Experiences from Ascension Health*, Kaiser Family Foundation, April 2015.

⁶ Bachrach et al. *The Impact of Medicaid Expansion on Uncompensated Care Costs*. Robert Wood Johnson Foundation, State Health Reform Assistance Network, June 2015.

⁷ Wishner et al. *A Look at Rural Hospital Closures and Implications for Access to Care: Three Case Studies*, Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, July 2016.

⁸ Smith. *Facing Layoffs And Closures, Rural Hospitals Push For Medicaid Expansion*. KCUR, February 11, 2015.

⁹ Voorhis, D. *Kansas' Medicaid opt-out partly to blame for Independence hospital's closure*. Wichita Eagle, September 9, 2015.

¹⁰ Carpenter, *Fort Scott hospital closure driving fresh calls for Medicaid expansion in Kansas*, Topeka Capital Journal, October 3, 2018.

¹¹ iVantage Health Analytics, *Rural Relevance - Vulnerability to Value*, 2016.