



ALLIANCE FOR A  
HEALTHY KANSAS

## KanCare Expansion: Just the Facts

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### **KanCare expansion will not harm the state budget.**

States that expand Medicaid generate savings and revenue that can be used to offset the state costs of expansion or fund other state priorities. Expansion also creates economic growth and new jobs, further adding to state revenue and benefitting local communities.

- Thirty-six states and Washington, DC have taken advantage of the opportunity to expand Medicaid. Expansion has been in place in most of these states for several years and the data are clear and convincing: to date, Medicaid expansion has had a positive impact on state budgets.<sup>1,2,3,4</sup>
- Moving forward, expansion will continue to have a positive or negligible impact on state budgets. Favorable federal financing means that at the most, the cost of expansion would represent less than 1% of the state budget.<sup>5</sup> The failure to expand has thus far cost Kansas more \$3 billion in federal funding.<sup>6</sup>
- Analysis of the Kansas budget shows that KanCare expansion will be budget neutral and may generate savings and new revenue in excess of costs.<sup>7</sup>
- Expansion provides states with several sources of savings and revenue:
  - As low-income residents gain coverage, federal funding replaces state-funded services for the uninsured;
  - Some Kansans eligible for the current KanCare program, in which the state pays 45% of all costs, would instead be eligible for expansion. Many of these enrollees – including some with very high costs – would instead be covered under expansion, for which the state would pay only 10%.
  - Revenues from insurer and provider taxes and assessments increase because the base upon which they are calculated grows when more people are covered.
  - Expansion creates economic growth and jobs. Analyses from Michigan, Colorado, Louisiana, Montana and other states show hundreds of millions of dollars in increased economic activity and thousands of new jobs.<sup>8,9,10,11</sup>

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<sup>1</sup> Sommers and Gruber, *Federal Funding Insulated State Budgets From Increased Spending Related To Medicaid Expansion*, Health Affairs 36(5), May 2017.

<sup>2</sup> Bachrach et al. *States Expanding Medicaid See Significant Budget Savings and Revenue Gains: Early Data Shows Consistent Economic Benefits Across Expansion States*, Robert Wood Johnson Foundation, State Health Reform Assistance Network, March 2016.

<sup>3</sup> Searing, *Actual State Budget Impacts in Five States that Expanded Medicaid*, Georgetown University Health Policy Institute, Center for Children and Families, November 2018.

<sup>4</sup> Hall, *Do States Regret Expanding Medicaid?* Wake Forest University, Health Law & Policy Program, March 2018.

<sup>5</sup> Goldman and Sommers, *Kansas and Medicaid: New Evidence on Potential Expansion and Work Requirements*, Commonwealth Fund, September 2018.

<sup>6</sup> Alliance for a Healthy Kansas, <http://www.expandkancare.com/>.

<sup>7</sup> Bachrach et al. *Impact of Medicaid Expansion on the Kansas State Budget*, Manatt Health, December 2015.

<sup>8</sup> Ayanian et al. *Economic Effects of Medicaid Expansion in Michigan*, New England Journal of Medicine 376(5), February 2, 2017.

<sup>9</sup> Colorado Health Foundation, *Assessing the Economic and Budgetary Impact of Medicaid Expansion in Colorado: FY 2015-16 through FY 2034-35*, March 2016.

<sup>10</sup> Louisiana Department of Health, *Medicaid Expansion 2016/2017*, 2017.

<sup>11</sup> Bureau of Business and Economic Research, University of Montana, *The Economic Impact of Medicaid Expansion in Montana*, April 2018.