An Opportunity for the Kansas Medicaid Program

By Tom Bell, President and CEO, Kansas Hospital Association

(Jan. 29, 2013) Should Kansas take advantage of a program that extends Medicaid to cover an additional 122,000 low-income Kansans? This is the question before Governor Sam Brownback. While the question is simple, determining the answer that works best for our state is not. Governor Brownback, to his credit, has taken a very deliberative approach to answering this question. The more we examine the issue, however, the more convinced hospitals are that Kansas must use the Medicaid option as an opportunity to build upon and improve our current Medicaid program.

The costs of caring for those who might be brought into the Medicaid program are already in the system. Right now, these costs are being absorbed by hospitals, health care providers, businesses, local governments and insured individuals across the state. In addition, these costs are higher than they would be if the same individuals had better access to primary care. By building on Kansas’ new KanCare program designed by Governor Brownback, Medicaid expansion could reduce the costs shifted to other payers, and do a better job of providing the right care at the right time in the right place for 122,000 low-income Kansans.

Kansans also should be aware that hospitals are paying for coverage expansion under the Affordable Care Act (ACA) through a variety of payment changes that include cuts to the Medicaid Disproportionate Share Hospital (DSH) program. Medicaid DSH provides supplemental payments to hospitals that care for a larger share of low-income patients with no insurance coverage. Medicaid DSH payments for Kansas hospitals may decrease by at least 50 percent beginning in 2014. The payment cuts will occur even if the state does not expand Medicaid. As a result, failure to take advantage of Medicaid expansion will result in a real cut to Kansas hospitals and the patients they serve.
The economic impact of this opportunity also must be considered. Medicaid expansion is estimated to bring more than $800 million in federal dollars to Kansas over the first three years. If Kansas chooses not to expand Medicaid, the federal funding that should be coming to Kansas may be shifted to finance programs in other states. The health care sector in Kansas and nationwide is one of the few parts of the economy that has continued to add jobs, even during difficult economic times. In Kansas, health care is the fifth largest producer of income and sales and the fourth largest aggregate employer. Hospitals alone account for at least 82,000 jobs in our state. The potential impact on this sector must be an important part of the equation as the decision-making process moves forward.

As Governor Brownback has indicated, this is a decision that requires thoughtful consideration. We agree, and we also think it is an excellent opportunity for the development of a uniquely Kansas solution that builds upon our own Kansas Medicaid program.

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