

# 2024 Medicaid Expansion Proposal



## ***Background***

On Dec. 14, 2023, Governor Laura Kelly unveiled her proposal to expand Medicaid in Kansas. Much of the proposal is like the Governor Kelly/Senator Denning plan that was agreed upon in 2020. As in the 2020 plan, the proposal includes a hospital surcharge (capped at \$35M per year) to help offset the state's portion of Medicaid expansion. As the governor's office drafted this proposal, KHA emphasized the financial realities of hospitals today versus in 2020. The current proposal delays the implementation of the surcharge until 24 months after enactment of Medicaid expansion. This would allow hospitals to realize some of the benefits of Medicaid expansion before the surcharge would be triggered. KHA is currently evaluating the financial impact of Medicaid expansion and the hospital surcharge.

## ***Talking Points***

- Many Kansas hospitals are struggling financially. While nationally, the average cash on hand for a hospital is 265 days, in Kansas the average is just 62 days.
- Hospitals continues to face intense pressure while dealing with rising expenses for supplies, drugs and equipment, not to mention expenses related to workforce shortages. These financial challenges have the potential to jeopardize access to essential health care services.
- The costs of labor, supplies and drugs have gone up by more than 35 percent. More than 70 percent of Kansas hospitals had a negative operating margin going into 2023.
- With nearly \$1.2 billion in uncompensated care across the state and stagnant reimbursement rates, help is needed to address these issues.
- Kansas hospitals appreciate the governor's efforts to address one of the big drivers of uncompensated care – Kansans without health care coverage.
- Kansas hospitals continue to remain steadfast in our efforts to work on ways we can partner with policymakers to address the financial realities Kansas hospitals face.
- Medicaid expansion, would
  - Give thousands of working Kansans access to affordable health care.
  - Lower health care costs.
  - Protect community hospitals.

- Expanding Medicaid would reduce the uncompensated care for Kansas hospitals. Nationwide, rural hospitals are six times more likely to close in states that haven't expanded Medicaid.
- Expanding Medicaid will not only improve the health of Kansans, but it also will help hospitals in Kansas recruit and retain needed health care workers. Kansas hospitals currently must compete with our neighboring states who have expanded eligibility for their Medicaid programs and are getting additional reimbursement.
- Medicaid expansion is important for all hospitals in Kansas. Medicaid expansion will bring tremendous benefits for Kansas citizens, the Kansas economy and Kansas hospitals. It will strengthen and sustain the Kansas health care system and help ensure Kansans get the health care they need while giving a boost to their local economies.
- Kansas hospitals are in the process of reviewing Governor Kelly's 2024 proposal. While Kansas hospitals are supportive of Medicaid expansion, we are sensitive to any additional financial pressures, including a hospital surcharge. Hospitals are currently evaluating the financial impact of Medicaid expansion and the hospital surcharge.
- Kansas hospitals look forward to continued dialogue to make Medicaid expansion a reality in Kansas.
- Kansas must look at all solutions including:
  - Decreasing the number of people without coverage.
  - Increasing the reimbursement rates by public and private payers.
  - Streamlining and modernizing the processes being dictated to the industry that drive up costs.

