



## KanCare Expansion: Just the Facts

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### MEDICAID EXPANSION HAS A POSITIVE IMPACT ON STATE AND LOCAL BUDGETS

The evidence from states that have expanded their Medicaid programs consistently shows that it generates savings and revenue which can be used to finance other priorities or offset the state costs of expansion.

- Thirty-one states, plus Washington DC, have chosen to expand Medicaid and most are reporting substantial savings in their state budgets. Data from Kentucky and Arkansas show more than \$1 billion in savings from those two states alone.<sup>i,ii,iii</sup>
- States cite three sources of expansion savings/revenue:
  - As low-income residents gain coverage, federal funding replaces state-funded services for the uninsured;
  - Some people who have been eligible for Medicaid but whose coverage qualified only for the current federal match rate — including many with high costs, such as the “medically needy” — would qualify for the enhanced expansion match rate. This means that federal payment for health care services for these people goes from 56% of total costs to 90-100%. The state of Kansas would never be responsible for more than 10% of the costs.
  - Revenues from insurer and provider taxes and assessments increase because the base upon which they are calculated grows when more people are covered. These revenue gains are in addition to the economic boost that would come from millions of federal dollars flowing into the state and growth in jobs.<sup>iv</sup>
- Based on the experiences of states that have expanded and analysis of the Kansas budget, KanCare expansion should be budget neutral in Kansas and may generate savings and new revenue in excess of costs.<sup>v</sup>
- States’ share of Medicaid spending grew more slowly in states that expanded. In FY 2015, expansion states’ share of general fund spending on Medicaid declined relative to the previous year and it was half as much as it was in non- expansion states (3.4% compared to 6.9%).<sup>vi</sup>

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<sup>i</sup> Bachrach, D., Boozang, P., and Glanz, D. (March 2015). *Medicaid Expansion States See Significant Budget Savings and Revenue Gains*. Retrieved from <http://statenetwork.org/wp-content/uploads/2015/03/Medicaid-Expansion-States-See-Significant-Budget-Savings-and-Revenue-Gai....pdf>.

<sup>ii</sup> Dorn, S., Francis, N., Snyder, L., and Rudowitz, R. (11 March 2015). *The Effects of the Medicaid Expansion on State Budgets: An Early Look in Select States*. Retrieved from <http://kff.org/medicaid/issue-brief/the-effects-of-the-medicaid-expansion-on-state-budgets-an-early-look-in-select-states/>.

<sup>iii</sup> Commonwealth of Kentucky Office of the Governor. (12 February 2015). *Ky's Medicaid Expansion: 40,000 Jobs, \$30 B Economic Impact*. Retrieved from <https://dss.mo.gov/mhd/oversight/pdf/150217-kentucky-medicaid-extension-press-release.pdf>.

<sup>iv</sup> Bachrach, D., Boozang, P., and Glanz, D. (April 2015). *States Expanding Medicaid See Significant Budget Savings and Revenue Gains*. Retrieved from [https://www.manatt.com/uploadedFiles/Content/5\\_Insights/White\\_Papers/Manatt\\_StateExpandMedicaid\\_4\\_9\\_15.pdf](https://www.manatt.com/uploadedFiles/Content/5_Insights/White_Papers/Manatt_StateExpandMedicaid_4_9_15.pdf).

<sup>v</sup> Bachrach, D., Mann, C., and Wallis, K. (December 2015). *Impact of Medicaid Expansion on the Kansas State Budget*. Retrieved from <https://www.manatt.com/White-Papers/Impact-of-Medicaid-Expansion-on-the-Kansas.aspx>.

<sup>vi</sup> Rudowitz, R., Snyder, L., and Smith, V.K. (15 October 2015). *Medicaid Enrollment & Spending Growth: FY 2015& 2016*. Retrieved from <http://kff.org/medicaid/issue-brief/medicaid-enrollment-spending-growth-fy-2015-2016/>.