

EXPANDING KANCARE WILL ENHANCE RURAL HEALTH AND PROTECT RURAL HOSPITALS

Kansas has an opportunity to expand eligibility for KanCare, the state's Medicaid program, to cover nearly 150,000 additional Kansans. Taking advantage of this opportunity will greatly increase the number of Kansans with health insurance coverage, spur economic development and new jobs, provide financial stability to low-income families and enhance the viability of rural hospitals and other health care providers. Thirty-six states and the District of Columbia have expanded their Medicaid programs. **It's time for Kansas to join them.**



OVERVIEW

Rural health in Kansas is in crisis. Four rural hospitals have closed in the past three years, three of them in just the last few months. Eighty-five percent of rural Kansas hospitals have a negative operating margin, among the highest proportion of hospitals with a negative margin in the country.¹ Many of these facilities receive substantial local tax subsidies to keep their doors open. Nevertheless, a recent analysis found that 29 rural Kansas hospitals are at high risk of closure; 25 of these, more than in any other state, are considered essential to their communities.²

Hospitals are important to rural communities because they provide critical access to health care services, including emergency, outpatient and acute inpatient care. They are also the anchors of the local health system. Many hospitals operate or are affiliated with primary care and specialty clinics and nursing homes. Doctors and other health care providers tend to cluster around them.

The importance of hospitals to rural communities goes well beyond health care. Hospitals are among the largest employers in their communities and serve as local economic engines, creating jobs and attracting and supporting businesses and residents. A Kansas State University study shows that for each job created in the hospital sector, another 0.91 jobs are supported in other businesses and industries in the economy. Similarly, for every dollar of income generated in hospitals, another \$0.59 is created in other businesses and industries.³

Hospital closures are therefore devastating to rural communities, with negative impacts on availability of services, access to care and the local economy. The closure of a hospital has been shown to reduce per-capita income by more than \$700 and increase the unemployment rate in rural communities by 1.6 percentage points.⁴

One of the foremost reasons that so many rural hospitals struggle financially is the high rate of uninsurance in rural communities.⁵ Kansas is no exception; the highest uninsurance rates are found in rural communities in the southwest part of the state, with uninsurance in several counties exceeding 19 percent, more than twice the state rate of 8.5 percent.⁶ Rural residents are also more likely to be older, poorer and have higher rates of chronic illness than their urban counterparts.^{7,8} As a result, rural hospitals and other providers often struggle with crippling levels of uncompensated care.

THE IMPACT OF MEDICAID EXPANSION

With five years of experience in most expansion states, there is an ample body of evidence on the impacts of Medicaid expansion on rural communities and providers. The experience of expansion states shows that Medicaid expansion greatly enhances coverage, allowing rural residents to more easily access and pay for health services and provides much needed revenue to hospitals and other providers.

Medicaid expansion greatly enhances insurance coverage in rural communities.

- States that expanded Medicaid have experienced nearly double the increase in proportion of insured people compared to states that have not expanded Medicaid.⁹ Small towns and rural areas of expansion states have experienced the greatest increase in coverage, reducing the disparity between rural and urban uninsurance rates.¹⁰

Medicaid expansion results in declines in uncompensated care.

- Hospitals in expansion states have experienced a large decrease in uncompensated care costs compared to hospitals in non-expansion states. If all states were to expand their Medicaid programs, hospital uncompensated care costs would decrease by nearly 30 percent.¹¹

Hospitals in non-expansion states are far more likely to close.

- At-risk rural hospitals and rural hospital closures are heavily clustered in the 14 states that have not expanded Medicaid.^{12,13}
- Medicaid expansion improves rural hospital finances and is associated with a significant reduction in the likelihood of rural hospital closure. Hospitals in expansion states are more than six times less likely to close than hospitals in non-expansion states.¹⁴

Medicaid expansion benefits all community providers.

- Community health centers in expansion states have experienced an increase in Medicaid patients and a corresponding decline in uninsured patients. Medicaid expansion is associated with improved quality of care and enhanced use of recommended preventive services for rural patients.¹⁵
- Health centers in expansion states have higher revenue, greater operational capacity and more financial stability than those in non-expansion states. These centers have more sites, serve more patients and are more likely to provide behavioral health and vision services.^{16,17}

MEDICAID EXPANSION IMPROVES RURAL HOSPITAL FINANCES AND IS ASSOCIATED WITH A SIGNIFICANT REDUCTION IN THE LIKELIHOOD OF RURAL HOSPITAL CLOSURE. HOSPITALS IN EXPANSION STATES ARE MORE THAN SIX TIMES LESS LIKELY TO CLOSE THAN HOSPITALS IN NON-EXPANSION STATES.

CONCLUSION

KanCare expansion is essential to addressing the rural health care crisis in Kansas. It will provide coverage to tens of thousands of rural Kansans, reducing uninsurance and the substantial uncompensated care load carried by rural hospitals and other providers. It will protect many rural hospitals from the risk of closure. KanCare expansion is the most powerful and immediate tool in the policy toolbox to ensure that our hospitals and other rural providers are able to keep their doors open and continue to serve their communities.



ALLIANCE FOR A
HEALTHY KANSAS

Sources for the data used in this report can be found at: www.expandkancare.com/resources

Sources: Expanding KanCare Will Enhance Rural Health and Protect Rural Hospitals

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