

THE BUSINESS CASE FOR KANCARE EXPANSION

Expansion of KanCare, the Kansas Medicaid program, to cover adults with income up to 138% of the federal poverty level, will provide health coverage to approximately 150,000 low-income Kansans. KanCare expansion will bring nearly a billion dollars of new federal spending into Kansas each year, which will ripple through the economy and create more than 13,000 new jobs, \$1.8 billion in increased economic output, and nearly \$75 million in new state and local tax revenue when fully implemented.¹

The combination of increased access to health care for employees and increased economic activity will benefit Kansas businesses in a variety of ways, including increasing the available workforce, enhancing employee productivity, and helping to reduce the growth in costs for insuring workers.



KANCARE EXPANSION WILL HAVE A POSITIVE IMPACT ON KANSAS BUSINESSES

Increased health coverage will result in a healthier population and more productive workforce and provide financial stability to families, reducing debt and boosting consumer spending. KanCare expansion will benefit Kansas businesses in the following ways:

KanCare expansion will ensure workers are healthy enough to participate in the workforce. There is a long and growing body of evidence that health insurance coverage, including Medicaid, enhances health. Medicaid beneficiaries are more likely than the uninsured to use preventive and other care and to effectively control chronic illnesses such as diabetes and hypertension.² Medicaid coverage greatly enhances use of behavioral health services and results in improvements in self-reported mental health and general health.^{3, 4, 5} Health status is among the strongest predictors of work, with people in excellent or very good health far more likely to be working than those in fair or poor health.⁶

Medicaid coverage is thus a powerful work-support for low-income people, ensuring that they are healthy enough to participate in the workforce. By helping people maintain and manage their health, Medicaid enhances workplace performance and quality of work. Conversely, unmet need for health care has been shown to hinder employment.⁷

KanCare expansion will provide insurance coverage for small businesses. More than half of all Kansans get health insurance coverage through an employer.⁸ Small businesses, however, are much less likely than large businesses to offer insurance to their employees. As states have implemented Medicaid expansion, there have been significant gains in insurance coverage for small-business owners, the self-employed, and small-business employees.⁹

In effect, Medicaid expansion works as a support for small business by directly providing insurance coverage. Following expansion in Montana, for example, three out of every five businesses now employ workers covered by Medicaid. This includes nearly 90% of employers in the accommodations and food service sector, 67% of retail businesses, and more than half of construction firms.¹⁰ In addition, by providing coverage for those who otherwise lack health insurance options, Medicaid expansion boosts the ability of small businesses to compete for workers and expands opportunities for entrepreneurship.

KanCare expansion will enhance employee productivity. Surveys of adults who gained coverage through expansion in Ohio and Michigan show that having coverage enhanced their ability to work – with less stress from untreated health conditions and unpaid medical bills, employees were more productive and less likely to miss days of work. For those who were unemployed, a majority said Medicaid coverage it made it easier for them to look for work.^{12, 13}

KanCare expansion will help stabilize insurance costs. Medicaid expansion helps businesses by addressing the cost of uncompensated care, sometimes referred to as the “hidden health care tax.” Currently, the costs of providing care to the uninsured are passed through to others through higher health care prices. Because the costs of insurance largely reflect the price of care, businesses pay more for employee health insurance. As workers gain coverage through Medicaid expansion and uncompensated care declines, this “hidden tax” will be reduced.¹⁴

KanCare expansion will reduce business taxes. Direct taxation of employers may also be reduced with KanCare expansion. Businesses that pay tax penalties for not providing health insurance under the employer shared responsibility provisions of the Affordable Care Act would see those penalties decline as workers gain coverage through expansion.¹⁵

KanCare expansion will increase consumer spending and business revenue. Providing Medicaid coverage for those who were previously uninsured will enhance local business revenue, as low-income adults who previously paid for health care services out-of-pocket can redirect this spending to other household needs, such as housing, transportation, food, and other needs.¹⁶ In addition, by reducing medical debt, which is a key component of bankruptcy, Medicaid coverage both increases consumer spending and avoids losses for creditors.

KanCare expansion will enhance economic development and business recruitment. The positive effects of KanCare expansion will improve the overall climate for doing business in Kansas and boost economic development and business recruitment efforts. Healthy workers and communities and a strong health care system are important factors that businesses consider in making decisions about where to locate.^{17,18} Expanding the KanCare program will put the state in the best possible position to grow and recruit new businesses.

CONCLUSION

There are now more than five full years of experience in most states that have expanded their Medicaid programs. The experience of these states, coupled with an already extensive body of research on Medicaid, shows that the program has broad economic benefits for businesses and health and financial benefits for their employees. Medicaid directly helps businesses by providing coverage to workers who would otherwise lack access to health insurance and improves productivity and absenteeism. Expansion promotes the health of the workforce and enhances productivity.

KanCare expansion is good for the Kansas economy, good for the Kansas workforce, and good for Kansas businesses.



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