

FEDERAL MEDICAID EXPANSION INCENTIVE

What is it and what does it mean for Kansas?

The federal American Rescue Plan Act (ARPA) provides an incentive for Medicaid expansion hold out states to move forward with expansion. The Kansas incentive or “signing bonus” is estimated by the Kansas Health Institute to be \$509 million over a two-year period.

Medicaid expansion could be a way to balance the budget and pay for state funding priorities because it would unlock about \$509 million in new federal aid.



A provision in ARPA gives the 10 states that have not yet implemented Medicaid expansion a **strong financial incentive** to do so.



For a two-year period, newly expanding states receive a 5-percentage point **increase in their federal match rate** for enrollees in the existing Medicaid program, resulting in a much larger dollar amount than necessary to pay for expansion.



By expanding Medicaid, Kansas could **unlock hundreds of millions of dollars** in additional funding. The Kansas Health Institute estimates this amount to be about \$509 million over a two-year period.



Under the Affordable Care Act, the federal government already pays 90% of the cost of the people enrolled in expansion coverage. By expanding, **Kansas would receive an infusion of federal funding on top of** what the state typically receives for Medicaid.



The added funds could **free up state dollars**, allowing the state to plug holes in other parts of the budget or be used to pay for the 10% state match for Medicaid expansion for the first 8 years.



State and independent analyses, including in states such as Arkansas, Kentucky, Louisiana, Michigan, Montana, and Virginia have consistently showed **expansion produced net savings for many states**.

