

FEDERAL CUTS TO HEALTH CARE IN OBBBA

As passed by the U.S. House of Representatives

Negative impact in Kansas

The federal *One Big Beautiful Bill Act* (OBBBA) contains substantial cuts to Medicaid and Affordable Care Act (ACA) Marketplace subsidies that would have a lasting negative impact on the Kansas health care environment. The following are key provisions in the bill, as it was passed by the U.S. House, that would result in the largest portion of health care funding cuts in Kansas.

The OBBBA is projected to harm the Kansas health care environment in the following ways:

- **Higher uninsured rate.** Both the Medicaid cuts and changes discouraging people from enrolling in ACA Marketplace insurance plans are projected to increase the number of people who are uninsured in Kansas. Higher uninsured rates result in residents that are less healthy overall,
- as well as higher levels of uncompensated care and financial instability at local hospitals. Estimates range between 13,000 to 35,000 more Kansans who would be uninsured after 10 years as a result of the Medicaid provisions alone.
- **Increased financial stress on rural health care delivery system.** Less funding for critical care hospitals and other rural health care providers, combined with higher levels of uncompensated care, means that Kansas is likely to see additional hospital closures or discontinuation of specialized services, like maternity and mental health care in rural areas.

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WHAT'S IN THE BILL?

MEDICAID:

- Prohibits automatic and streamlined enrollment processes established during the prior administration.
- Shortens retroactive Medicaid coverage from 3 months to 2 months preceding enrollment.
- Limits state Medicaid financing provisions (provider taxes and state directed payments) that help hospitals and other providers keep up with the cost of providing services.

MARKETPLACE SUBSIDIES:

- Shortens the open enrollment period by a month.
- Increases cost sharing, like premiums and deductibles, for those enrolled in Marketplace health coverage.
- Ends policies incentivizing plans with higher levels of coverage.

***Note:** Several provisions cutting Medicaid in the bill are specific to the Medicaid expansion population and don't apply to Kansas because it is one of the ten states that have yet to expand. This includes new work reporting requirements called "Community Engagement Requirements" and more frequent redetermination to continue participating in Medicaid.*

- **Increased stress on the state budget and pressure to increase taxes or cut services.** The federal portion of Medicaid funding will be significantly reduced under the OBBBA, which means that the state would either need to increase their portion of funding for existing services or look for ways to cut optional Medicaid services. Kansas does not provide as many optional services as some states and this puts the highest cost optional programs, including Home and Community Based Services waiver programs, in jeopardy of cuts. This, in turn, would lead to longer waiting lists for individuals needing services from waiver programs like the Autism waiver; the Brain Injury waiver; the Frail Elderly (FE) waiver; Intellectual/Developmental Disability (IDD) waiver; the Physical Disability (PD) waiver; the Severe and Emotionally Disturbed (SED) waiver; and the Technology Assisted (TA) waiver.
- **Difficulty catching up with neighboring Medicaid expansion states.** The OBBBA revokes the “signing bonus” for new Medicaid expansion states that was utilized by Missouri, Oklahoma, and other recent expansion states, to make the switch to Medicaid expansion easier. Having less funding for health care than our neighboring states puts Kansas at a disadvantage in terms of competing for qualified health care personnel, among other things. The loss of the “signing bonus” makes it more difficult for Kansas to catch up to our neighbors.
- **Higher health insurance costs through the Marketplace.** The cost of private health plans on the Marketplace will significantly increase. This likely means younger, healthier people will go without health insurance, leaving older and sicker people in the Marketplace. The cost of plans will continue to rise to cover the higher risk of those people left in the system.

