

LEAVENWORTH TIMES

As Medicaid expansion talks falter, new study predicts little impact on Kansas budget

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A new analysis from a national health insurance advocate predicts Kansas could provide coverage to low-income families through Medicaid expansion without compromising the state budget.

The analysis, which traces savings from a spike in federal funding and subsequent tax revenue, coincides with a meeting Wednesday between Democratic Gov. Laura Kelly and Republican leaders who remain firmly opposed to expansion efforts.

Families USA, a D.C.-based group that lobbies in support of the Affordable Care Act, looked at three Kansas-based studies and the rollout of Medicaid expansion in other states, concluding the burden on the Kansas budget would range from less than \$1 million to a surplus of \$7 million next year.

“Too many people want to pretend that Medicaid expansion is somehow a giveaway program instead of really recognizing that it’s an economic development program,” said Patrick Willard, senior director of strategic partnerships for Families USA.

By putting additional funding into the health care system, Willard said, “you have the tax dollars that are going to fall out from the industry itself, and you also are creating a healthier workforce for the state, and that’s a real value. It makes a difference.”

Medicaid expansion, a priority of the Kelly administration, will take center stage when lawmakers return from spring hiatus next week. A maneuver by Senate Minority Leader Anthony Hensley, a Democrat from Topeka, will trigger consideration of an expansion bill passed by the House earlier this year. The Senate appears to have enough supporters to pass expansion but lacks the two-thirds majority needed to force legislation to a vote.

Republican leaders have blocked movement on Medicaid expansion throughout the session, raising concerns about unstable cost projections, rising federal deficits, quality of care, and the ideology of subsidizing health insurance.

Kelly met Wednesday with House Majority Leader Dan Hawkins, R-Wichita, Senate Majority Leader Jim Denning, R-Overland Park, and top health committee leaders from both chambers.

“My views on expansion are well established,” Hawkins said. “I participated in today’s meeting out of respect for Gov. Kelly and the process. There was nothing presented today that will prevent expansion from busting the budget. Further, there was nothing shown that expansion will actually improve health outcomes and solve the health care issues facing rural Kansas.”

Hawkins compared Medicaid expansion to a lemon on a used car lot: “You can paint it up and give it that new car scent, but it will never run right.”

Kelly’s spokeswoman, Ashley All, said the Republicans only offered excuses and stall tactics.

“The governor has already compromised and was prepared to negotiate further,” All said. “She brought in an expert to assist with the discussion and negotiation. Unfortunately, legislative leaders weren’t interested.”

The Families USA analysis is based on studies by the Kansas budget office, the Kansas Health Institute, and Kansas State University economics professor John Leatherman.

Under the ACA, states can expand health care coverage to individuals who earn up to 138 percent of the federal poverty level. That is \$17,236 for individuals or \$29,435 for a family of three.

In exchange, the federal government covers 90 percent of the cost of those on Medicaid. The KHI study examined the Kansas population and determined about 130,000 adults and children would be added to the program, which already serves 416,000 seniors, disabled adults and pregnant women.

Currently, the state pays for 45 percent of the cost of those receiving Medicaid coverage, including maternity care, mental health treatment and services for prison inmates. The higher federal match rate for those costs would offset some of the expansion costs.

KHI expects the difference to be a \$50 million annual expense. The Leatherman study foresees more generous savings, along with \$30 million in tax revenue from the economic stimulus of pumping \$900 million in federal contributions into state hospitals.

Families USA checked the Kansas studies with state-sponsored reports on expansion in Colorado, Louisiana, Michigan, Montana, New Hampshire, Ohio and Virginia. Willard said states consistently discover their budgets improve after Medicaid expansion.

“The cost of the program will be covered by the savings and the additional tax revenue,” Willard said. “There is no reason for concern that expanding Medicaid is going to be a budget buster for the state of Kansas.”

Michael Cannon, a policy director at the D.C.-based Cato Institute who took part in the Kansas Legislature’s Medicaid expansion roundtable discussions in March, said Families USA was promoting a dishonest scam that escalates federal deficits. By only looking at the Kansas balance sheet, Cannon said, the analysis ignores the impact on taxpayers from across the country who shoulder the cost.

“That’s like saying pickpocketing creates economic benefits for pickpockets,” Cannon said.

When Democrats in the Kansas House passed an expansion bill this session with the help of moderate Republicans who staged a procedural coup d’etat, U.S. Sen. Bernie Sanders lauded their efforts. Sanders, the far-left presidential candidate, is a proponent of Medicaid for all.

In a meeting with Washburn University students in early April, Senate President Susan Wagle said she had no intention of allowing a bill endorsed by Sanders to pass.

“My personal opinion is that is an entitlement program because it is for people who qualify who are able bodied who are not working,” Wagle said.

Many of the people who would receive coverage under expansion are self-employed, don't receive coverage from their employer or have part-time jobs.

Still, Wagle said, any bill that passes should have a Republican imprint, such as work requirements or drug testing.

“That's the other problem — we have people on welfare, and they're out selling drugs, and they're subsidized by the rest of us,” Wagle said.

She also said she has had private conversations with politicians in other states who regret Medicaid expansion but can't say so publicly.

April Holman, executive director of Alliance for a Healthy Kansas, a statewide coalition dedicated to Medicaid expansion, said it is difficult to refute a secret conversation. Holman said Hensley's call to action should ignite a conversation.

“I hope that means there's momentum in letting democracy happen,” Holman said. “We hope there can be a debate on the floor of the Senate. How we get to that is still a little bit of an unknown.”