

KANSAS MENTAL HEALTH COALITION

.....Speaking with one voice to meet the critical needs of people with mental illness

Expanding Medicaid: Creating Jobs and Protecting Kansans

Position: The Coalition supports the expansion of KanCare, a move that would make the state's Medicaid plan eligible to adults with an income at or below 133% of federal poverty guidelines. The federal government will pay 100% of the costs for the first two years, and never less than 90% thereafter. Taking advantage of this opportunity creates new jobs in the health professions, expands the number of Kansans with access to quality healthcare, and gives our state a greater share of federal funding for providing that care.

The Problem: Kansas ranks 33rd in the nation in uninsured residents. 350,000 Kansans, 12% of our population, are without health insurance. In most cases these are working people whose employers do not offer coverage, or who work too few hours to qualify. Or they are farmers, truckers and other self-employed citizens. Without insurance they forgo regular health care and cannot obtain medical and mental health care when they become ill. When they finally are forced, in crisis and desperation, to seek treatment, the cost of their treatment shifts to emergency rooms, and to taxpayers.

Why this matters: Fifty-three percent (53%) of the people treated by community mental health centers are uninsured. Nearly 70% of individuals served at community mental health centers have an income of less than \$20,000. As a result, services are often provided in crisis situations. In too many cases this results in lost opportunities to intervene early to prevent violence and suicide. Expanding KanCare would qualify these Kansans for essential health benefits, including mental health and substance abuse treatment in their communities. In Kansas, untreated mental illness is associated with an estimated 128 suicides, 21,000 incarcerations and 29,000 unemployed adults, costing the private sector, including employers, nearly \$429 million per year. Unrealized earnings for individuals due to unemployment, disability, institutionalization, or suicide amount to approximately \$522 million annually.

The bottom line: The Kaiser Commission on Medicaid and the Uninsured estimates Kansas will spend about \$21 million (a 5% increase in Medicaid spending) between 2014 and 2022 to expand Medicaid, making KanCare eligible to more Kansans. However, it is projected that \$20 million more will be spent during that period, even in the absence of expansion, as more people seek coverage. Either way, this money would come directly from the State General Fund. Expansion will more than offset these increases, largely because the Federal government will pay Kansas approximately \$34 million dollars between 2014 and 2022. This is a 24% increase over what they would otherwise pay. That's a lot of money to leave on the table, or have redirected to other states.

Need more information? Drill deeper into this issue on the back of this page.

The rest of the story about KanCare (Medicaid) Expansion

Today, Kansas' Medicaid eligibility threshold for adults is among the lowest in the country at less than 32 percent of the Federal Poverty Level (FPL)—\$5,900 for a family of 4 in 2012. And only caregiver adults such as parents and guardians are eligible at that level. Childless adults who are not disabled cannot qualify for Medicaid, no matter how poor they are.

An issue brief from the Kansas Health Institute, states that: "The [Affordable Care Act] provision will expand Medicaid eligibility to all adults earning less than \$30,660 for a family of four—in states that implement it. The most recent numbers from the U.S. Census Bureau show that there are about 315,000 Kansans age 19-64 with incomes under the eligibility threshold. Of those, 127,000 are uninsured. If state officials choose to implement the expansion...315,000 adult Kansans—including those without children—...would be eligible to enroll in Medicaid starting in 2014. History and a significant body of research suggest that it is unlikely that all who are eligible will enroll. Even so, it is likely that the ACA's individual mandate requiring virtually all US citizens to obtain coverage in 2014 and aggressive efforts by providers to enroll newly eligible Kansans will result in a higher-than-normal take-up rate. Based on the unique circumstances surrounding the expansion, we estimate that 122,000 adult Kansans will sign-up for Medicaid in 2014."

In summary:

If Kansas forgoes the opportunity to expand KanCare, it will continue to see increased numbers of people who cannot receive services until they are in crisis; fewer local hospitals available to serve them when they are in crisis; fewer state hospital beds available for those needing inpatient treatment; and virtually all treatment being provided at the highest possible cost, accelerating the depletion of the state resources available, and resulting in a vicious downward cycle. Financially, the federal taxes Kansans pay would go to fund Medicaid in other states, while we "pass" on a 24% federal increase, and leave our citizens without care.

To prevent this, Kansas must reduce the number of people who have no insurance coverage. Doing so would make mental health services more widely available, encouraging earlier intervention and more consistent care and treatment during a person's illness. If we do not reduce the number of uninsured Kansans, our community mental health centers, community hospitals, safety net clinics and state mental health hospitals will need a new source of public funding from the state coffers. If the state expands KanCare coverage, \$34 million in new money will become available to supplement SGF. That money could, in part, support the badly needed expansion of the state's healthcare workforce. The resulting additional tax revenue, the reduction in unemployment and the maintenance of a healthier, more productive citizenry would all become possible.