The following is provided on background, attributable to the Governor's Office.

MEDICAID EXPANSION

For the most part, health insurance in Kansas is divided into: Medicaid for very poor populations, employer-based insurance or buying insurance on the exchange for Kansans who make above a certain salary, and Medicare for older populations. But there's a gap: People who make too much to qualify for Medicaid but either don't have jobs that offer health insurance or make too little to afford to purchase on the exchange.

For instance: Currently, a single mother of two only qualifies for Medicaid in Kansas if she makes less than $9,500 per year. If she has a full-time job working in fast food or as a home health aide, she makes too much.

To solve that gap, federal government offers to pay 90% of the costs to expand Medicaid access to people in that gap. States have to pay 10%. 40 other states, including Republican-led states like Missouri and Oklahoma, have taken the deal. North Carolina enacted Medicaid Expansion on December 1st of this year.

Expanding this program would provide health insurance to an estimated 150,000 Kansans. It's also enormously popular: a recent survey showed that nearly 80% of Kansans support expansion.

This is the 6th Medicaid Expansion bill Governor Kelly has offered. This year, it comes on the heels of a several month-long tour to rally Kansans to support expansion, called the "Healthy Workers, Healthy Economy" tour. As part of the tour, she and Lieutenant Governor David Toland traveled to: Winfield, Garden City, Pittsburg, Overland Park, Wichita, Topeka, Salina, KCK, and Parsons.

Other facts & figures:

- Expanding Medicaid could also reduce taxes. Without expansion in Kansas, counties and hospital districts have had to send more tax dollars to their local hospitals. Expanding Medicaid would allow that money to be spent on schools, roads, or even be put back in Kansans' pockets through tax cuts.

- 8 hospitals have closed since 2014, when Medicaid Expansion became an option to the state. Even more are at risk of closing. 59 of Kansas' 102 rural hospitals are at risk of closing, a higher percentage than in any other state in the country.

- Kansas has lost nearly $7 billion in additional federal funding while our federal taxpayers subsidize 40 other states' newly eligible Medicaid population.

- Medicaid expansion would create nearly 23,000 jobs and help end our health care worker shortage.

Cutting Healthcare Costs for all Kansans Act: Key Points

- This bill is revenue neutral. The state's 10% share is covered in part by drug rebates, other cost savings, and federal funding. Eventually, hospitals would share in some of the cost through a surcharge (delayed by two years). Federal funding in addition to the 90% match amounts to between $370 million and $450 million to cover the state's share. None of this includes additional revenue from Kansas' businesses boosted by a healthier workforce or reduced expenditures on incarceration and state services because of a healthier population.

- This is a commonsense, middle-of-the-road approach to providing healthcare to Kansans who need it most. It builds on the 2020 Kelly-Denning compromise, which was a product of Governor Kelly's commitment to working across the aisle.

- It includes a work requirement that accomplishes two main objectives: to ensure Kansas remains economically competitive, and to prevent administrative barriers to those who need coverage.

- It includes coverage for inmates admitted into county jails and preserves coverage for anyone eligible and entering custody. This provides relief for county jails and county governments who have been burdened with providing care for admitted inmates in the absence of Expansion.

- The proposal gives people options for their care. Under this plan, individuals whose incomes fall within the 100-138%* of the FPL (federal poverty level) may choose to:
    - Remain on their private insurance (if applicable) but receive premium assistance from the KDHE or,
    - Switch to Medicaid to receive coverage.

  ** a family of four earning between $30,000 - $41,400, or an individual earning between $14,580 - $20,120*

- Strengthens rural communities by injecting millions of dollars into rural hospitals and preventing closure.

- Provides a platform for rural communities on its most pressing issues and guide policymakers towards achieving sensible outcomes.

- Includes oversight from the legislature to ensure the program is efficacious and cost effective.

Cutting Healthcare Costs for all Kansans Act: Legislative Summary

Full Expansion

Full Medicaid Expansion to begin no later than January 1, 2025., Kansans up to 138% of the federal poverty level (FPL) can qualify.

Work Requirement

As a condition for eligibility, an individual applying for Medicaid under expansion must submit proof of work or community engagement at the time of entry. Then that individual must be able to provide proof at the time of renewal, 12 months later to remain eligible. The Secretary of KDHE will develop exceptions (i.e., full-time student status, medical condition, fulltime caretaker, veteran status, etc.) to this requirement.

This will be less administratively burdensome than other work requirements, which often require proof of employment on a monthly basis.

Annual Medicaid Expansion Support Surcharge Fund

Creates an assessment to be collected from all hospitals and remitted to the state. The funding is capped at $35 million annually. Revenue from the surcharge shall be used to offset the state share of Medicaid Expansion. Implementation will be delayed for two years so that rural and community hospitals can feel the immediate benefits of Medicaid Expansion and get to a more stable footing.

Poison Pill and Severability

Provides that if the federal match drops below 90%, Medicaid expansion shall terminate. All other provisions are severable.

Essentially, many critics of the plan have said they don't want to expand because federal funding could go below 90%. This addresses that concern.

Annual costs savings report from KDHE

Requires the Secretary of KDHE to prepare a report and present to the legislature summarizing cost savings achieved and additional opportunities and revenues generated by Medicaid Expansion.

Inmate Coverage for Counties

Provides Medicaid coverage for any person in the custody of a Kansas prison or jail if that inmate is eligible for Medicaid under state or federal law. If a current Medicaid beneficiary is placed in custody, their coverage shall not terminate or suspend for at least 30 days. After 30 days, Medicaid may be suspended up to the maximum time allowed by state and federal law. Ensures an inmate will be covered under Medicaid upon release from custody.

This would save county jails money on healthcare and was something Sedgwick County Sheriff Jeff Easter advocated for during the Healthy Workers, Healthy Economy stop at the Sedgwick County Jail. Ultimately, if Medicaid does not cover these costs, local governments will have to make up these costs, primarily through increased property taxes.

Rural Health Advisory Committee

Creation of a Rural Health Advisory Committee housed within the Department of Health and Environment which will be a 15-member advisory board tasked with studying and creating recommendations for the KDHE and other state agencies on rural health and well-being.

Critics have said that Medicaid Expansion isn't a silver bullet for the problems facing rural hospitals. Governor Kelly agrees. Let's determine a path forward for a comprehensive set of solutions.

Language reflecting federal limitations on Medicaid coverage of abortion
The Cutting Healthcare Costs for All Kansans Act shall not provide coverage for abortion services, except in cases where coverage is mandated by federal law and federal financial participation is available. Longtime federal law has limited Medicaid to covering abortion only when pregnancies result from rape, incest, or when a woman's life is in danger.

Privilege Fee Clean up, Fund, and MCOs

This provision requires the Secretary of KDHE to administer the medical assistance program using a managed care delivery system and to assess a privilege fee at 5.77% for purposes of operating the program. This will help offset the state's share of expansion.

Program Drug Rebate Fund

Requires KDHE to deposit all moneys received from drug rebates for the entire Medicaid program into the SGF, as opposed to depositing those moneys into their medical assistance fee fund, which is current practice. KDHE will be required to certify the amount of drug rebates received from the Medicaid program, and this will be a separate line item on a monthly report to the legislature. This money will be used to fund caseload estimates. This will help offset the state's share of expansion.

Robert G. Bethell KanCare Oversight Committee

Adds an extra day per meeting to the Robert G. Bethell KanCare Oversight Committee for two calendar years after implementation to review the expansion population.