



HEALTH CLINIC

Corporate Office

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To: Special Committee on Medicaid Expansion

From: Venus Lee, Associate Executive Officer, GraceMed Health Clinic

I would like to thank the members of the Special Committee on Medicaid Expansion for the opportunity to submit testimony concerning KanCare.

As Associate Executive Officer for GraceMed, I am privileged to work with a team of more than 300 health professionals and support staff who have answered the call to serve the medically underserved every day. These are people who understand that they are not just reporting to work; they are bringing healing to lives that have been wounded by their economic status, cut off from the care that sustains the quality of life others enjoy and the potential for achievement and contribution others can realize. While it may be an overstatement to say that if you have your health you have everything, it is certainly true that without your health your prospects are likely to dim.

GraceMed has been pursuing its faith-based, health care ministry now for 40 years. In that time, we have seen health services become more and more difficult to access for a larger and larger swath of Kansans. It is important to remember that we are not talking exclusively, or even largely, about the homeless and jobless among us. According to figures published at the end of 2018, more than half of those who have no insurance report the reason as either the cost being too expensive or an employer does not offer health insurance.

Let's review the facts.

Back when the Affordable Care Act was passed in 2010, it expanded Medicaid to cover households with income up to 138 percent of the federal poverty level (FPL). The cost of providing that additional coverage was covered entirely by the federal government for the first three years. Then, between 2017 and 2020, the state picks up a portion of the tab that would top out at 10%. So Medicaid expansion will never cost Kansas more than 10% of the increased expense. (If that sounds imposing, read on to discover why the state dollars spent are far less than the positive economic impact of Medicaid expansion.)

Despite the fact that the Supreme Court gave states the right to opt out of Medicaid expansion, the deal was too good to pass up for 33 states. Kansas was among those who declined the federal funds. That currently means only residents with dependent children and a household income of less than 28 percent of the FPL can qualify for Medicaid. For a family of four in 2018, that's no more than \$7,028 in

annual income. With Medicaid expansion, a family of four with income up to \$34,638 will qualify.

Of course, if you're not low enough in income, you can always purchase health insurance online on the ACA Marketplace. But to qualify for federal assistance with your premium, you have to make between 100 and 400 percent of FPL. And more than 150,000 Kansans have income that's too much to qualify for the Kansas version of Medicaid known as KanCare, and too little to qualify for an ACA subsidy that would make it possible for them to afford their own insurance.

Our friends and neighbors who fall in this sizable basket live in a vacuum of vulnerability. They can't afford insurance, so they avoid healthcare as long as they can. If anything serious happens, as it is more likely to when they don't get regular care, they are at risk to lose everything. And far too many do.

This is usually where another argument against Medicaid expansion comes into play. It's the notion that we should all pay our own way in life – especially in healthcare. The tax dollars, they say, that pay for this added coverage come from all of us taxpayers, and we shouldn't have to spend our hard-earned money to help someone else get care. Let's stick a pin in that thought and come back to it.

KanCare and its privatization approach

For a moment, let's consider the current fiscal soundness of our KanCare (Medicaid) system without accepting expansion funding. KanCare works with three contracted, private insurers to provide coverage to more than 400,000 Kansans. The program was developed as an alternative to the federally run system by then Lt. Governor Jeff Colyer in 2013.

One of the more significant problems the program has faced over the years is a growing backlog of applications from patients. The state has outsourced responsibility for processing applications to a private company, but the desired improvements in efficiency have still not been achieved.

Access to reliable data has been an ongoing issue for auditors attempting to measure health outcomes through KanCare. The vast majority of Kansas physicians have indicated through polling results that they do not believe our state-run version of the federal Medicaid program has improved the quality of care.

As far as the private insurers themselves, KanCare has been a losing proposition for them in the first two years. It's only been recently that the three companies have begun to show a profit. Profit is a controversial word in the Medicaid business, though. How much is too much and how many services have to be denied to make the balance sheet come up positive? If the purpose of Medicaid is to provide coverage for those who are not considered insurable under a profit-driven model, how does it help patients to reintroduce profit as an objective under KanCare?

The mounting cost of just saying "No"

The reality is that the number of KanCare patients continue to grow, along with the costs for the coverage, despite conservative policy makers' efforts to contain that growth. In fact, the rise in costs is higher in Kansas than its neighboring states. Substantially higher. Between 2012 and 2016, Oklahoma experienced a 3.7 percent increase while Nebraska's costs rose 13.5 percent. Missouri rose by 16.5

percent. And Kansas? A whopping 23 percent increase.

Meanwhile, the window on that 100% offer from the federal government mentioned earlier has closed. They will still pay at least 90% of the cost of Medicaid's expansion under the ongoing provisions of the Affordable Care Act. The Kansas Hospital Association's website keeps a running tally on the revenue being lost due to failure to expand. At this writing, the ticker has passed \$3.6 billion and counting. That's said to be \$11 per second draining from every Kansas taxpayer's pocket.

The healthier we all are, the more we all benefit.

But federal dollars are not the only revenue stream that's being missed by failing to agree to Medicaid expansion. First, the newly insured families will be able to spend more of their income to consume other goods and services. So the state's economy would grow. Their retail purchases would also be subject to sales tax, a fresh source of income for the state.

These new Medicaid patients would also be able to get their care somewhere other than an expensive emergency room. The expense of providing non-emergency care to the uninsured or underinsured in hospitals has driven the cost of healthcare up for all Kansans. Expanding Medicaid will stem the rising tide of those costs.

Finally, Medicaid expansion would increase demand for services which will grow the ranks of the healthcare industry across the state. And of course, more jobs and more delivered services mean a significant expansion of the Gross State Product. Projections of this expansion have been made which exceed \$700 million in just a two year window.

Those are the facts. This is what we believe.

Now let's return to that "moral argument" that is often made that everyone should be responsible for their own healthcare and working Kansans shouldn't have to pay for those who won't work. The reality is that those who have little to no income are already covered by Medicaid. Many of these patients are living with disabilities that limit their opportunities for employment.

Medicaid expansion would primarily benefit people who are working for employers who can't or won't provide health insurance. These employees and their families need help. And helping them, as we have shown, has far reaching economic benefits for everyone.

At [GraceMed](#), we see the value in considering the economic impact of doing the right thing. It is also true that Medicaid expansion would not only provide care for more patients, but would reimburse our services as well. But [GraceMed](#) delivers care to people who need it, regardless of their ability to pay. We will continue to do so with or without expansion.

As a Christian healthcare ministry, we believe that it is fundamental that we "bear one another's burdens," as it says in Galations 6:2. And by "we" we mean all of us, as human beings. So counting the cost – and the rewards – has its place. But ultimately, the truly moral argument is not "make your own way," but rather that we simply care for and about each other. And yes, that we do so with everyone participating through taxes, bearing in mind that the working poor pay taxes, too.

This is not a political issue, although there are both conservative and liberal arguments to be made in favor of expansion. At its heart, it is ultimately about human dignity, the respect we owe each other as brothers and sisters in the family of a loving God.