Testimony of

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Before the
Kansas House Committee on

Health and Human Services

Regarding:
Medicaid Expansion in the State of Kansas

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TESTIMONY

Good afternoon Chairman Hawkins, Vice Chair Dove, and Ranking Member Ward, and distinguished members of the Committee on Health and Human Services.

My name is Beverly Gossage, and I am the owner and president of HSA Benefits Consulting as well as the past president and current legislative chair of the Greater Kansas City Association of Health Underwriters. I have been a licensed health and life insurance agent for over 14 years. As part of my community outreach, I have given industry-related information through testimony to multiple states, conducted briefings at the U.S. Capitol on health insurance reform, and served on numerous boards and committees related to this topic, including at the invitation of the White House.

Thank you for the opportunity to testify on the ACA component of voluntary expansion of the state Medicaid program. Before describing the expansion, let's review the services currently provided in Kansas in a federal/state match. Medicaid, the Children's Health Insurance Program (CHIP) and MediKan are programs responsible for "purchasing health services for children, pregnant women, people with disabilities, the aged, and the elderly." These programs are not health insurance. So when the federal government says more people were "insured" due to the ACA, and they include in that sum those added to the Medicaid rolls, that is like saying more people are employed but include those who went on welfare or draw unemployment.

I will leave it to others to discuss what Medicaid expansion would do to the state budget and how it would crowd out services to those currently using Medicaid. I will let them outline the failure that numerous other states have seen with their expansion of Medicaid and address the promised job increase that ended with states losing jobs. I will focus on my area of expertise, which is the individual and group insurance market. In particular, I will speak about the non-group market, where those who may be eligible for Medicaid, if expanded, currently buy or are qualified to buy an insurance plan.

There is a population of Kansans who are currently receiving federal government assistance to pay for their private policy if they fall between 100% and 138% of the poverty level (or $11,880 to just under $16,400 annually), which equates to earning between $7.50 to $10.50 per hour, working 30 hour weeks. Because of the substantial taxpayer subsidies applied to both the premiums and the out-of-pocket cost sharing for this group, the price that this group pays for their insurance is minimal.

For example:
A 30-year-old at the lowest salary level listed above could have a monthly tax credit of $309 per month sent to one of two carriers to apply to one of 11 plans. Now, if he wanted the zero premium bronze plan, he could choose that, but the deductible would be $6,500. So he is more likely to choose the $20 a month silver plan, because it comes with the cost-sharing subsidy which reduces his deductible to $250. That would give him a $500 total annual out-of-pocket cost. He can go to any physician in the carrier's network. Who wouldn't want this plan?

A 30-year-old at the highest salary level in this population would receive a monthly tax credit of $284 per month. So, if he wanted that bronze plan, he would pay a little over $3. Or he may choose the silver plan above for $46 a month.

According to the CMS January enrollment report, approximately 99,000 Kansans chose a plan in the ACA Exchange Marketplace, commonly called the Federally Facilitated Marketplace (FFM). About 53,400 receive premium subsidies plus the cost sharing subsidies that reduce the claims out-of-pocket costs. Many of them presumably fall between the income category listed above.

What happens if we expand Medicaid? This population of Kansans between the 100% and 138% of the poverty level will be forced off their private plan on the Exchange and required to take Medicaid. They will not have a choice in plans. You see, when they sign up for a plan at healthcare.gov, the website will ask for their zip code and tabulate immediately that their state expanded Medicaid. When they enter their income, instead of receiving a notice that they qualify for a tax credit and taking them to their plan selections, it will put up a red flag and say they qualify for Medicaid and that CMS will be sending their information to KanCare. Expanding Medicaid takes away their choice.

Has anyone thought to ask them how these folks who they would feel about being forced by their legislators to go on Medicaid? How would you feel?

Note that their subsidies, though taxpayer paid, are not coming out of the state budget. This population is not straining the already stretched provider network for current Medicaid beneficiaries, who have difficulty finding a doctor who takes Medicaid and are experiencing longer wait times. Nor is it bumping the most vulnerable from the Medicaid rolls. Yet, this group has actual health insurance coverage that they have chosen.

Another point that should be made is that the ACA was an unprecedented usurpation of each state insurance department's regulatory authority over its private, non-group market by the federal government. And though this population is receiving rate relief, most Kansans in the market were hit the hardest with double and even quadruple rate increases and a reduction in choice of provider networks and carriers, which dropped from 17 to 3. It is no wonder that federal legislators are crafting the bill that would repeal the ACA and return regulation back to the states to repair and restore their private markets. It will likely roll back the Medicaid expansion population, which will thankfully not affect any Kansans.

Repeal will give this Kansas population that I described affordable options that shouldn't require tax payer subsidies, though some repeal plans include them. And they would still have use of charitable clinics and hospitals.

In Kansas we have the benefit of looking at states that did bow to pressure from lobbyists and bought into the notion of free federal dollars and expanded their Medicaid program. Iowa was $338 million over-budget in the first year and a half, and Ohio was $4.7 billion over-budget in the first 2.75 years. And these aren't even the worst examples. Others testifying will share even more data with you. I recommend reading yesterday's Forbes piece written by the Foundation for Government Responsibility entitled "Kansas Should Avoid the Medicaid Expansion Trap."

Therefore, for multiple reasons, let's not displace people from their private plans to put them onto a government program that will stretch an already thin budget and withhold funds from other vital projects.

Just as our governor and legislature made a wise decision to return the early innovator grant money and not to join other states in setting up a state-based exchange, which became a money pit for those states as they wasted hundreds of millions of taxpayer dollars in the effort, our leaders made a prudent decision not to expand Medicaid and should hold to that decision.