

Medicaid Expansion: A Pro-Growth Policy



One in six Kansas adults under 65 lacks health insurance, even though tens of thousands of them have jobs. Kansas has a chance to extend health coverage to working men and women in dozens of critical industries—such as food service, construction, nursing, retail and child care—and boost its economy at the same time.

By accepting federal funding to expand Medicaid, many of these workers could gain access to the medical and dental care that more highly paid workers have long enjoyed.¹ The expansion, which hasn't been formally decided upon by Gov. Sam Brownback and the Kansas Legislature, is an opportunity for Kansas to invest in its workforce and the state's economy, and will be paid for almost entirely by the federal government.

Nearly 100,000 working adults who have no health insurance could gain coverage if Kansas took this common-sense approach.² Most working-age Kansans who lack insurance have jobs,³ yet they remain uninsured because their employers offer health coverage that is unaffordable or they are not offered coverage and don't qualify for Medicaid.

Today in Kansas, parents in a family of three who make more than \$6,531 a year do not qualify for

Medicaid coverage, and adults without children don't qualify at all, no matter their income. If Kansas expands Medicaid, eligible individuals with incomes up to \$16,105 per year (or \$27,310 for a family of three) would qualify for health coverage.

Medicaid expansion would go a long way toward increasing economic security for uninsured workers. It also would be an asset for small businesses—which will benefit from healthier and more productive employees—and the economy as a whole—which will benefit from the flow of federal dollars into the state.

Workers in some of Kansas' key industries would gain

Based on average annual wages, the list of Kansas workers who would benefit from expansion is diverse and includes more than 100 job types. For example, child care workers, dishwashers, nursing assistants and retail salespersons earn wages that would put them within the range of income eligibility for coverage if Kansas expanded Medicaid (Figure 1). The list goes on: Outpatient care center workers, home health care workers, automotive repair workers, landscapers and men and women in dozens of other occupations would be eligible for coverage.

Nearly 7 percent of all Kansas workers in more than 150 industries have no health insurance. That includes people who work in major sectors in the Kansas economy, such as retail sales, nursing, restaurants and child care—some of which rank in the top 10 employment areas in Kansas (Figure 2).

^{1, 2, 3} Analysis of data by KCEG from U.S. Census Public Use Microdata Sample (PUMS) 2010-2012 data

Occupations & Wages of Kansans Eligible for Medicaid Expansion⁴

Figure 1

Occupation	Avg. Hourly Wage	Avg. Annual Wage
Dishwashers	\$8.62	\$17,930
Housekeepers	\$8.88	\$18,480
Healthcare support workers	\$12.14	\$25,250
Janitors	\$10.80	\$22,460
Nursing Assistants	\$11.07	\$23,030
Landscapers	\$11.77	\$24,480
Bus Drivers	\$12.40	\$25,790
Child Care Workers	\$9.52	\$19,800
Medical Assistants	\$13.01	\$27,060
Retail Salespersons	\$11.65	\$24,220
Fast Food Workers	\$8.58	\$17,860

Workplaces with the Most Uninsured Workers Who Could Gain Medicaid Coverage in 2014

Figure 2

Total Uninsured Workers in Kansas under 138% of Federal Poverty Level (FPL)	99,036
<i>Industries with Most Uninsured Workers Under 138% of FPL in KS</i>	
Restaurants and Other Food Services	12,402
Construction, including Cleaning During and After	10,068
Nursing Care Facilities	4,374
Elementary and Secondary Schools	3,408
Department and Discount Stores	3,360
Aircraft and Parts	2,925
Grocery Stores	2,613
Traveler Accommodation	2,553
Child Day Care Services	2,367
Gasoline Stations	2,133

Retail sales workers—including department store sales clerks, supermarket cashiers and gas station attendants—would make great gains from Medicaid coverage. Nearly 50 percent of uninsured employees in this sector would become Medicaid-eligible through expansion.

Likewise, Kansas' entertainment industry, which includes restaurants, museums and other businesses, is characterized by a high percentage of workers—nearly 18 percent—without insurance. But with Medicaid expansion, nearly 55 percent of the

uninsured in these industries could gain health care coverage.

Expanding Medicaid is a smart investment in Kansas' workforce, because access to health care coverage results in more widespread well-being and more productive workers. Conversely, widespread lack of insurance hurts the economy in the short term and the long term. It can increase family financial troubles because of costly medical bills for illnesses that go untreated for long periods and get worse.⁵

⁴ Analysis of data by KCEG from Kansas Department of Labor 2013 Wage Survey

⁵ See American College of Physicians, "New ACP Report Examines the Cost to Society of Americans Lacking Health Insurance", http://www.acponline.org/pressroom/lack_ins.htm

Expansion would come at nearly no cost to the state

Extending health coverage to eligible Kansans would come at almost no cost to the state. Through 2016, the federal government will pay for all of the costs of the newly eligible. After that, the state's obligation will be minimal, maxing out at 10 percent of the total costs after 2020. Because the vast majority of the cost of Medicaid expansion will be financed by the federal government, it brings dollars into the state that will not only contribute to a healthier workforce but also boost Kansas' economy.

Medicaid expansion would benefit people in all parts of Kansas

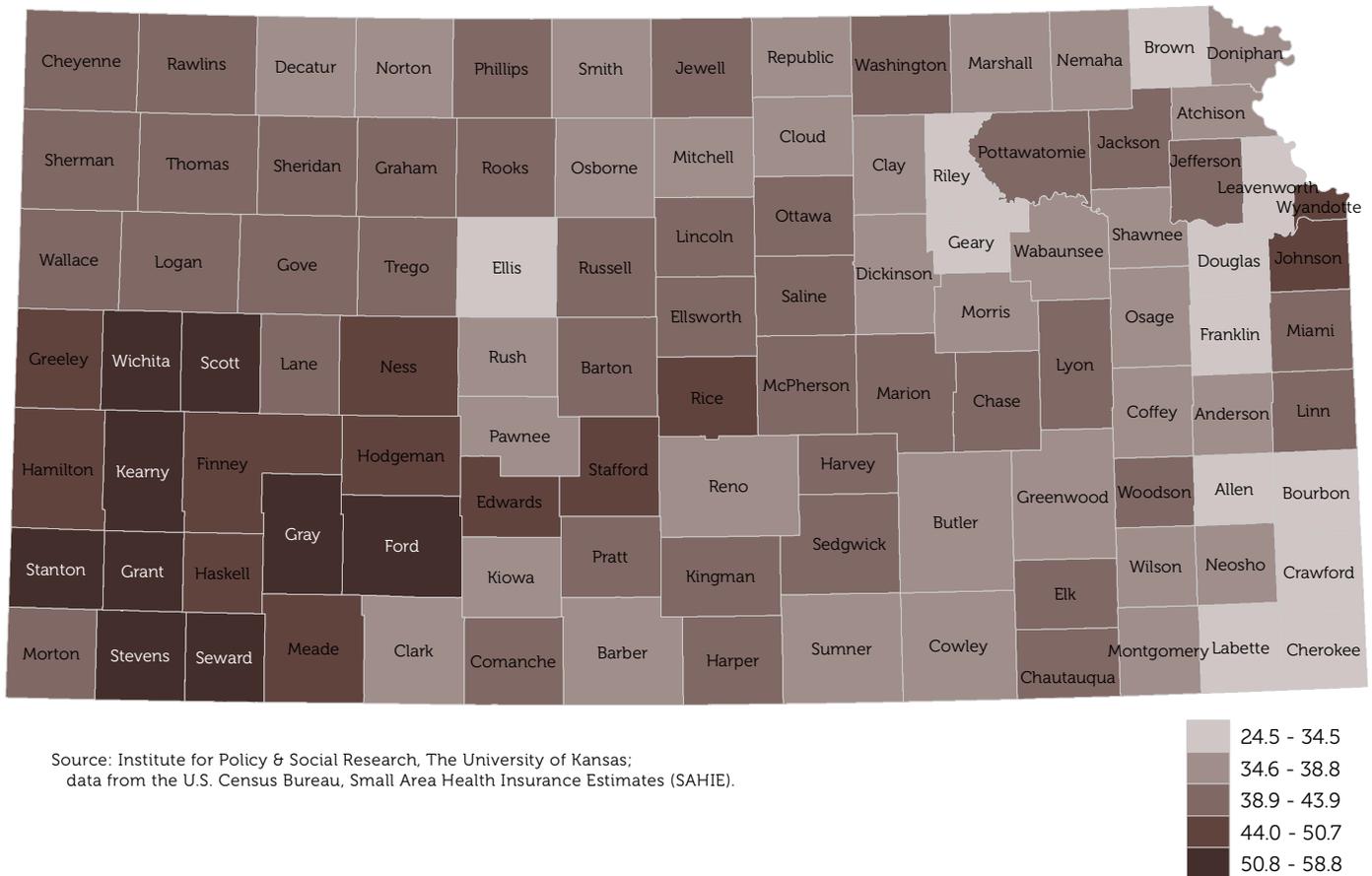
The newly insured would be spread among Kansans of all walks of life. For example, the

largest percentage gains will be in more rural, geographically isolated parts of the state. However, every county in Kansas would benefit from expansion. In Riley County, more than 24 percent of uninsured 18- to 64-year-olds would gain coverage. In Seward and Ford counties, more than 50 percent of uninsured 18- to 64-year-olds in both counties would benefit. Another plus would be providing economic stability for financially vulnerable rural health care providers.⁶

Medicaid improves health

Medicaid expansion would extend health coverage to people who today have no other affordable options. Restrictive Medicaid eligibility and the lack of employer-based coverage already leave them on the fringes of the health care system. If they get care at all, it is often in emergency rooms, a form of

Percent of uninsured 18- to 64-year-olds who would be covered by Medicaid expansion in Kansas, by county in 2011



⁶ See Center on Budget and Policy Priorities, "Rural America Will Benefit from Medicaid Expansion", June 7, 2013, <http://www.cbpp.org/files/Fact-Sheet-Rural-America.pdf>

treatment that does not provide continuity in care and is costly and not conducive to long-term health. Plus, when uninsured patients can't pay their medical bills, the cost of that care is passed on to insured patients through higher insurance premiums.

Expansion would bring jobs and money to the Kansas economy

According to a report released in 2013 by researchers from George Washington University and Regional Economic Models Inc., expanding Medicaid in Kansas will lead to new jobs and additional growth in the state's economy.⁷ Through expansion, Kansas could create between 3,500 and 4,000 new jobs, with most coming in the health care field at hospitals and nursing and residential facilities. The state's economy will grow by an additional \$300 million per year, and as long as Kansas continues to collect corporate income tax as a source of revenue, it can expect to see increases to the State General Fund—an important source of support for education, health care and public safety.

Those benefits would require relatively little investment by the state, compared to what it spends trying to boost Kansas' economy in other ways. For instance, a recent report by the Commonwealth Fund, a private foundation that aims to promote a high-performing health care system that achieves better access, improved quality and greater efficiency, estimated that the state would spend less on Medicaid expansion than on subsidies to business, which are also intended to promote economic growth.⁸

Conclusion

Without Medicaid expansion, comprehensive coverage will remain out of reach for many Kansans. That's because tax credits available to help families afford private coverage are not available to those with incomes below 100 percent of the Federal Poverty Level—\$11,670 for an individual or \$19,790 for a family of three. These hardworking Kansans were meant to be covered by Medicaid under the Affordable Care Act, but may have to forego coverage altogether if Kansas fails to expand the

program. Many of Kansas' most common jobs pay too little to make private coverage a viable option.

Employees of Kansas' largest job sectors stand to benefit. The nearly 100,000 working Kansans who stand to gain coverage are employed in some of the state's largest job sectors and are part of what makes Kansas' economy tick. These workers are employed in more than 100 job types. With access to regular health care, Kansas stands to gain a more productive and healthier workforce.

Medicaid expansion reaches every corner of Kansas. If Kansas does not expand Medicaid, it will miss an opportunity to increase health coverage across the state. Every county in Kansas stands to benefit from expansion. Offering coverage to rural workers will help rural economies and serve as an important source of revenue for many critical-access hospitals across the state, without which rural and isolated Kansas communities would suffer economic damage and residents would face inadequate access to health care providers.

Medicaid expansion will provide critical health coverage to low-income Kansans, offer a stable source of support for health care providers, create new jobs across the state and act as an important source of new funding for Kansas. At a time when Kansas' economy continues to slowly recover from the Great Recession, these are significant considerations that should not be overlooked as policymakers debate how to help uninsured Kansans.

About the Kansas Center for Economic Growth

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⁷ See Brown et al. "Economic and Employment Effects of Expanding KanCare in Kansas", February 2013, http://media.khi.org/news/documents/2013/02/18/KanCare_Expansion_Report.pdf

⁸ See Sherry Glied and Stephanie Ma. "How States Stand to Gain or Lose Federal Funds by Opting In or Out of the Medicaid Expansion", December 2013, http://www.commonwealthfund.org/~media/Files/Publications/Issue%20Brief/2013/Dec/1718_Glied_how_states_stand_gain_lose_Medicaid_expansion_ib_v2.pdf