

February 27, 2013

The Honorable Brian Weber, Chairperson
House Committee on Social Services Budget
Statehouse, Room 481-W
Topeka, Kansas 66612

Dear Representative Weber:

SUBJECT: Fiscal Note for HB 2032 by Representative Ward

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2032 is respectfully submitted to your committee.

HB 2032 would expand Medicaid eligibility for adults under age 65 who are not pregnant to 133.0 percent of the federal poverty level. The expansion would take effect on January 1, 2014.

The Kansas Department of Health and Environment contracted with Aon Hewitt to perform an independent analysis on the potential enrollment and costs of the Affordable Care Act (ACA) implementation to the State's Medicaid/Children's Health Insurance Program. According to this analysis, for the calendar years 2014 through 2023 ACA (without expansion of Medicaid) would cost the state \$1.3 billion, including \$513.5 million from the State General Fund. The estimated increase caused by ACA with Medicaid expansion that would occur over the same time period would cost the state \$9.2 billion, including \$1.1 billion from the State General Fund. Therefore, the cost for the proposed Medicaid eligibility expansion in HB 2032 would be \$7.8 billion, including \$630.2 million from the State General Fund, for the calendar years 2014 through 2023. Under ACA, the federal share for newly eligible Medicaid recipients when a state decides to expand eligibility is 100.0 percent from 2014 through 2016, and then gradually decreases to 90.0 percent in years 2020 and beyond. Therefore, the estimated cost increases for the State General Fund are lower in the early years of expansion. In addition, eligibility expansion would occur on January 1, 2014, or half way through FY 2014, so the table above reflects only one half of a fiscal year of higher costs. Any fiscal effect associated with HB 2032 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Aaron Dunkel, KDHE
Jackie Aubert, Children & Families