

January 27, 2023

Secretary Xavier Becerra
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

Re: KanCare Section 1115 Demonstration Extension

Dear Secretary Becerra,

The Center on Budget and Policy Priorities and the Georgetown University Center for Children and Families appreciate the opportunity to comment on Kansas's request to extend its "KanCare" Medicaid Section 1115 demonstration. Our comments focus on our support for the state's proposal to extend continuous eligibility for parents and caretaker relatives as part of its demonstration renewal. We also support the state's plans to streamline the demonstration by transitioning features that do not require expenditure authority to more permanent federal authorities.

The Center on Budget and Policy Priorities (CBPP) is a nonpartisan research and policy organization based in Washington, D.C. Founded in 1981, CBPP conducts research and analysis to inform public debates and policymakers about a range of budget, tax and programmatic issues affecting individuals and families with low or moderate incomes. The Georgetown University Center for Children and Families (CCF) is an independent, nonpartisan policy and research center founded in 2005 with a mission to expand and improve high quality, affordable health coverage for America's children and families. As part of the McCourt School of Public Policy, Georgetown CCF conducts research, develops strategies, and offers solutions to improve the health of America's children and families, particularly those with low and moderate incomes.

We urge you to approve Kansas' request to continue to provide 12-month continuous eligibility for parents and caretaker relatives. The state is pursuing this extension to provide stable health coverage to families and improve continuity of care, which promotes Medicaid's objectives. Because the state has not expanded Medicaid to adults under the Affordable Care Act, parent eligibility in Kansas is very low at 38 percent of the poverty line (\$787 per month for a family of three). Families with such low incomes are especially vulnerable to residential instability, food insecurity and many other challenges. Being uninsured, even for a short period of time, would undoubtedly result in parents at such low incomes facing considerable barriers to accessing needed care.

Continuous eligibility improves health status and well-being, promotes health equity, and reduces administrative burdens.¹ As noted in CMS's 2013 guidance on continuous eligibility for adults, providing continuous eligibility to parents results in greater stability of coverage for the whole

¹ Tricia Brooks and Allexa Gardner, "Continuous Coverage in Medicaid and CHIP," Georgetown University Center for Children and Families, July 2021, <https://ccf.georgetown.edu/wp-content/uploads/2021/07/Continuous-Coverage-Medicaid-CHIP-final.pdf>.

family.² It reduces confusion since all family members have the same length of enrollment and is administratively efficient, allowing the state to renew all members of a family at the same time. Continuous eligibility should also reduce exposure to medical debt, which is more likely to affect young adults and people of color.³ Children also benefit when their parents are insured -- there is clear evidence that when parents are insured, children are more likely to be insured among other benefits.⁴

The proposal would help reduce “churn” among the state’s lowest income parents. Because parent eligibility level in Kansas is so low, parents are at significant risk of moving on and off Medicaid due to temporary changes in income that affect eligibility. Continuous eligibility can help mitigate the effects of income volatility that result in churn. Individuals that experience churn or other coverage disruptions have been found to have increased hospitalizations, decreased use of prescription medications, and were more likely to have periods of uninsurance.⁵

The purpose of a section 1115 demonstration is to test new approaches that have the potential to improve Medicaid coverage for beneficiaries, which providing continuous eligibility to parents would do. Kansas’s proposal is an important policy to continue to test as there is little real-world experience. Montana was one of two states to pursue this policy for all adults but ended it in December 2021. New York is the only state currently testing continuous eligibility for all adults until Oregon implements 24 months of continuous coverage for all adults. New York’s interim evaluation found that annual inpatient admissions declined as did per member per month costs; when these savings were offset by the additional months of coverage there was a small increase in Medicaid costs.⁶ Many questions remain to be explored.

As you know, the Consolidated Appropriations Act of 2023 has established a date certain for states to begin resuming routine Medicaid eligibility processes and procedures. Swift approval of Kansas’ extension request will maintain important protections for parents during the upcoming “unwinding” process. We presume that the state will be amending or withdrawing its request regarding eligibility for children aging out of the Children’s Health Insurance Program (CHIP) during the public health emergency so we are not providing comments on that aspect of the proposal.

Thank you for your willingness to consider our comments. If you need additional information, please contact Joan Alker (jca25@georgetown.edu) or Allison Orris (aorris@cbpp.org).

² Center for Medicaid and CHIP Services, “SHO #13-003: Facilitating and CHIP Enrollment and Renewal in 2014,” May 2013, <https://www.medicaid.gov/sites/default/files/Federal-Policy-Guidance/downloads/SHO-13-003.pdf>.

³ Consumer Financial Protection Bureau, “Medical Debt Burden in the United States,” February 2022. Available at https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf

⁴ Julie L. Hudson and Asako S. Moriya, “Medicaid Expansion for Adults Had Measurable ‘Welcome Mat’ Effects on Their Children,” *Health Affairs*, September 2017, <https://www.healthaffairs.org/doi/10.1377/hlthaff.2017.0347>.

⁵ Sarah Sugar, *et. al.*, “Medicaid Churning and Continuity of Care: Evidence and Policy Considerations Before and After the COVID-19 Pandemic,” HHS Assistant Secretary For Planning and Evaluation, April 12, 2021, https://aspe.hhs.gov/sites/default/files/migrated_legacy_files//199881/medicaid-churning-ib.pdf.

⁶ Liu, H et al., Rand Corporation. New York State 1115 Demonstration Independent Evaluation, Interim Report available at https://www.health.ny.gov/health_care/medicaid/redesign/mrt2/ext_request/docs/2021-08-03_1115_demo_eval.pdf#page=110