

The Impact of TABOR on Healthcare in Kansas

TABOR, the most rigid tax and expenditure limitation in the country has been proposed in Kansas. If this constitutional amendment had been in place in Kansas over the last decade, accessibility to medical care in Kansas would have suffered and the cost of health care for all consumers would have risen.

A recent report by the Center on Budget and Policy Priorities entitled, *A State of Decline: What a TABOR Would Mean for Kansas*, illustrates the potential magnitude and impact of such a measure. The report demonstrates that if a TABOR limit had been in effect since FY 1993, there would have been a total of \$890 million less available to the state in FY 2005. For the sake of discussion, the report assumes that total expenditures would be reduced to the required level by cutting all areas of state expenditures proportionally.

TABOR would result in less accessibility to healthcare in Kansas and higher costs for all consumers of health care.

Health insurance helps to contain the skyrocketing cost of health care by reducing the amount of unpaid medical bills; barring this, the cost would be passed along to *all* consumers in the form of higher rates for health care. Under TABOR, cuts would be necessary to Medicaid, a federal/state partnership providing health insurance to a broad range of individuals who otherwise would not have access to coverage.

If TABOR had been passed in 1993, state funding for Medicaid and the state Children's Health Insurance Program, HealthWave, would have been \$135 million lower in FY 2005. Moreover, for every dollar that Kansas spends on services in Medicaid, the federal government contributes an additional \$1.56. Thus a \$135 million reduction in state expenditures would also trigger the loss of \$221 million in federal matching funds, for a total \$351 million reduction in total payments to hospitals, physicians, and other health care providers to provide services under Medicaid or HealthWave. These reductions could have been accomplished in a number of ways.

- Dropping health insurance for all children enrolled in HealthWave—more than 50,000 Kansas children—would have reduced expenditures by about \$55 million.
- Cutting funding for services to frail and disabled Kansans could have lowered expenditures by \$143 million, eliminating about two-fifths of Kansas home and community-based care services.
- Ending prescription drug coverage for half of adult Medicaid beneficiaries, who are not also enrolled in Medicare, could have cut expenditures by about \$63 million in FY 2005. This would affect prescription drug coverage for a wide range of classes of medications, including drugs for cancer, heart disease, and mental illness.