

**Updated Impact Estimates Show that Kentucky's Medicaid Work Experiment Could Cause as Many as Four in Ten Adult Medicaid Patients Served by Health Centers to Lose Coverage – and Up to a Ten Percent Decline in Total Patient Care Capacity**

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In a [previous analysis](#), we estimated the effects of widespread Medicaid disenrollment under Kentucky's approved Medicaid work experiment on that state's community health centers. In that analysis, we found that because Medicaid represents such a significant proportion of health center funding, deep eligibility reductions under the experiment could be expected to trigger significant revenue losses that, in turn, would cause major reductions in health care capacity, clinical and patient support staffing and ultimately, the number of patients served.

This updated health center impact analysis takes on additional and important meaning. In re-approving Kentucky's work experiment [proposal](#), the Centers for Medicare and Medicaid Services explicitly requires Kentucky officials to inform beneficiaries losing Medicaid coverage about community health centers, which by law offer affordable primary health care regardless of ability to pay. Given this apparent reliance by federal officials on health centers to cushion the impact of large-scale coverage losses, a critical question becomes the potential impact of Medicaid enrollment reductions on health centers' capacity to continue their current service levels or even expand capacity to meet the needs of a growing uninsured population.

This revised estimate uses a [more recent beneficiary impact estimate](#) prepared by Leighton Ku and Erin Brantley. Their newest analysis reflects the actual implementation of a work experiment, as experienced by beneficiaries living in Arkansas, a state with similarly high poverty rates and widespread dependence on Medicaid. In their updated analysis, Ku and Brantley estimate that between 26 percent and 41 percent of the target population will lose coverage in the first year of implementation alone.

Using this revised Medicaid enrollment impact estimate, we update our earlier health center impact assessment. We combine these revised disenrollment estimates with [updated data](#) from community health centers derived from the 2017 Uniform Data System information reported to HHS by all health centers. We use a similar methodology employed in our earlier analysis to estimate the impact on health center revenue, staffing, and patient care capacity.

*Health center care for Medicaid patients and reliance on Medicaid.* In 2017, Kentucky health centers served [461,552 patients](#) – early one in every nine (10.5 percent) [Kentucky residents](#). That year, health centers derived 43 percent of their total operating revenue from Medicaid.

*Impact of a major decline in Medicaid enrollment among health center patients.* As with all health centers, those in Kentucky must offer the full range of available services not only to insured patients but also to those who are uninsured. This means that as a single source of revenue declines, the effects will be felt not only by the population subgroup directly tied to that revenue stream but by the patient population as a whole. In 2017, Kentucky health centers served a total of 215,773 Medicaid patients, of whom 119,892 (56 percent) were adults.

Applying the Ku and Brantley enrollment impact revision to Medicaid-covered adult health center patients, we estimate that between 31,172 and 49,156 beneficiaries are at risk for loss of coverage. Some may qualify for a work exemption (e.g., pregnant women, the medically frail), but the at-risk group could exceed 40 percent of all Medicaid-enrolled adult patients, which translates into between 14 percent and 23 percent of the total Medicaid-enrolled health center patient population. The exemption process, particularly exemptions tied to health status, will necessarily entail applications, eligibility determinations, and renewal procedures; it is not possible to know, ultimately what percentage of this at-risk population may regain coverage, nor can health centers rely on speculative outcomes in planning how to deal the loss of revenue among their adult patients.

Furthermore, Kentucky's low-wage, part-time employed workers have almost no access to [employer-sponsored coverage](#). Therefore, we assume no offsetting revenue gains from private health insurance.

This estimate of the at-risk adult patient population translates into Medicaid revenue losses of between \$24 million and \$37 million, resulting in a six to ten percent total revenue loss. Applying total revenue losses to total staff and patients served in 2017, staffing losses would be between 196 and 309 staff -- as much as ten percent of all health center staff in 2017. This staffing decline in turn translates into significant community job losses. This staffing loss also can be expected to trigger a decline in patient service capacity of between 28,842 and 45,481 patients, or between six and ten percent of total patients.