



To: House Committee on Health and Human Services

From: Audrey Dunkel, Vice President Medicaid and Legal Affairs, KHA

Date: Wednesday, March 5

Re: Support for HB 2250

Thank you for the opportunity to support HB 2250 on behalf of our 122 community hospital members. Thank you to Representative Carpenter for introducing this bill on our behalf.

The Health Care Access Improvement Program (HCAIP), often called the hospital provider assessment, was enacted by the 2004 legislature and began on July 1, 2004. The program aims to maximize federal matching funds to enhance rates to Medicaid providers. The program funds enhanced rates to hospitals and physicians providing Medicaid services and provides support for graduate medical education.

Since that time, there have been few changes to the program. Previous changes to the program have been made to increase program revenues. The most recent change was enacted during the 2020 legislative session to increase the rate to 3 percent of net inpatient and outpatient revenue. The Centers for Medicare and Medicaid Services (CMS) approved the implementation of the change in July of 2022. With that change, the hospital provider assessment program is responsible for funding nearly 50 percent of the total payments to Kansas hospitals. Our members continue to believe in the value of the provider assessment and their investment in the Medicaid program.

In 2024, the Kansas legislature approved a budget proviso to increase the hospital provider assessment program to six percent of net inpatient and outpatient revenue. HB 2250 would permanently increase the provider assessment rate approved by the 2024 legislature, which is also included as a budget proviso in the budget bill currently under review by the Senate. In addition, HB 2250 would extend the assessment to include critical access and rural emergency hospitals with revenues above a threshold as determined by the Health Care Access Improvement Panel. By doing this, it will allow critical access and rural emergency hospitals the ability to realize additional benefits under the Medicaid program.

Our hospitals do not make this request lightly. Since the close of the 2024 legislative session, our members have convened to discuss the ways to make this program most beneficial to a maximum number of hospitals. In addition, a committee of critical access and rural emergency hospitals met to determine whether or not they would be included in the program. On behalf of the KHA membership, we respectfully request your approval of HB 2250.

Thank you for your continued support of Kansas hospitals and the communities they serve.