

January 27, 2026

The Honorable Troy Waymaster, Chairperson  
House Committee on Appropriations  
300 SW 10th Avenue, Room 112-N  
Topeka, Kansas 66612

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2463 by Representative Waymaster

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2463 is respectfully submitted to your committee.

HB 2463 would establish the Rural Health Transformation Fund in the state treasury to be administered by the State Finance Council. The bill would require an act of appropriation by the Legislature to expend any federal funds received by the state through the Rural Health Transformation Program. The bill would include several requirements for use of the funds, including details on the grant application process for distribution of the funds. Any reports required to be submitted to the Centers for Medicare and Medicaid Services (CMS) would be required to be reviewed and approved by the State Finance Council prior to submission to CMS. The bill would also specify that the provisions of Section 214 of Chapter 117 of the 2025 Session Laws, relating to the Governor's ability to authorize state agencies to make federal grant expenditures not previously appropriated, would not be applicable to the Rural Health Transformation Fund of the State Finance Council. On October 1, 2032, any unexpended or unobligated funds would be returned to the United States Treasury, and the fund would then be abolished.

HB 2463 would appropriate the Rural Health Transformation Fund as a no limit fund under the State Finance Council, the Department of Commerce, the Department of Health and Environment – Division of Public Health, the Kansas Department for Aging and Disabilities, the Kansas Department for Children and Families, the State Department of Education, the Department of Corrections, and the Department of Transportation for both FY 2026 and FY 2027. The bill would be effective upon publication in the *Kansas Register*.

According to the Kansas Department of Health and Environment (KDHE) and the Kansas Department for Aging and Disability Services, the enactment of HB 2463 could delay the disbursement of funding and implementation of federally approved initiatives. This could put the first year of the federal award, approximately \$221.0 million, at risk. The agency states that the funds must be allocated by October 30, 2026, and spent by September 30, 2027. The bill requirements could also impact subsequent awards for years two through five of the Rural Health Transformation Program. KDHE notes the bill requires that all reports and documentation submitted to CMS be reviewed and approved by the State Finance Council prior to submission. The federal award is subject to strict federal reporting and compliance requirements, including annual reports with fixed CMS deadlines. Any failure to submit the required documentation timely is considered non-compliance and could result in delayed payments, corrective action, or loss of federal funding. This additional review step to the State Finance Council could create delays in submitting timely materials to CMS, particularly if reports require revision or are not approved in the first review. KDHE states that Rural Health Transformation Program awards were made specifically to the Governor of each state and their designated state agency after rigorous review and approval by CMS. Additionally, these funds are not discretionary in nature and can only be used on initiatives approved by CMS.

The Department of Commerce reports that enactment of HB 2463 would require 1.00 Program Manager position and \$94,000 for salary and benefits to administer any federal funds that the agency would be allocated from the State Finance Council beginning in FY 2026 and continuing through the completion of any related projects.

The Kansas Department of Transportation could not estimate a total fiscal effect as it is unknown at this time whether funding for transportation program expenditures would be allocated to the agency. The agency notes that the final application submitted to CMS for the State of Kansas included five projects to address transportation needs and enable rural provider participation in value-based care arrangements that the agency could be asked to assist with. The projects included Interfacility Transport Teams, Behavioral Health Crisis Transport, Non-Emergency 911 Calls, EMS Reimbursement for Treat-In-Place and Transport to Alternative Location, and Non-Emergency Transportation Grant Program.

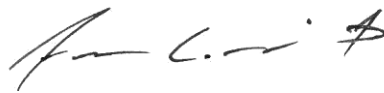
The Kansas Department of Corrections (KDOC) cannot determine a total fiscal effect at this time. The agency states that several goals of the Rural Health Transformation Program could positively impact KDOC, either directly or indirectly. The agency notes that funding received through the program could improve the ability to recruit and retain health care professionals in rural communities and expand substance use disorder and mental health services. Indirect benefits for KDOC facilities in rural communities could include improved access and expanded services, thus reducing the number of transports to urban health care providers and the associated security costs.

The Kansas State Department of Education is unable to estimate a total fiscal effect related to the potential of additional responsibilities. Legislative Administrative Services notes that enactment of HB 2463 would not result in a fiscal effect on the Legislature's budget as reimbursement for salary, subsistence, and mileage for members of the Legislature attending

meetings of the State Finance Council, when the Legislature is not in session, are paid for by the Governor's Office. Any costs under the Governor's Office related to State Finance Council meetings would be handled under normal practices. According to the Department for Children and Families and the Pooled Money Investment Board, the bill would not result in a fiscal effect on the operations for either agency.

Any fiscal effect associated with HB 2463 is not reflected in *The FY 2027 Governor's Budget Report*. The Kansas Association of Counties and the Kansas League of Municipalities states enactment of the bill would not have a fiscal effect on cities or counties.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish.

Adam C. Proffitt  
Director of the Budget

cc: Amy Penrod, Department of Health & Environment  
Leigh Keck, Department for Aging & Disability Services  
Kim Holter, Department for Children & Families  
Gabrielle Hull, Department of Education  
Jennifer King, Department of Corrections  
Brendan Yorkey, Department of Transportation  
Sherry Rentfro, Department of Commerce  
Tom Day, Legislative Services  
Joel Oliver, Pooled Money Investment Board  
Jay Hall, Kansas Association of Counties  
Wendi Stark, League of Kansas Municipalities