

February 27, 2026

The Honorable Will Carpenter, Chairperson
House Committee on Health and Human Services
300 SW 10th Avenue, Room 112-N
Topeka, Kansas 66612

Dear Representative Carpenter:

SUBJECT: Fiscal Note for HB 2753 by House Committee on Health and Human Services

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2753 is respectfully submitted to your committee.

HB 2753 would enact the Kansas Managed Care Bid Fidelity and Accountability Act. The bill would require that any managed care organization (MCO) awarded a contract to provide state Medicaid services to maintain bid fidelity for the entire duration of the initial contract term and any renewal periods. The bill would make definitions and outline requirements for the bid fidelity period and mandatory retention of services. The bill would allow certain limited causes for termination of clinical services and would require notice to the Kansas Department of Health and Environment (KDHE) for such action. KDHE would be required to conduct a bid fidelity audit as detailed in the bill of each MCO at least once every six months. The bill would include damages related to violations, as well as sanctions that KDHE could impose if there were material deviations from the MCO's request for proposal (RFP) response. Any penalties and liquidated damages collected would be deposited to the State General Fund and earmarked for Rural Hospital Stabilization Grants. The bill would also require KDHE to provide quarterly reports to the Legislature. All technical proposals and RFP responses submitted by MCOs that were awarded contracts would be considered public records and would be required to be posted on the KDHE website within 30 days of contract execution.

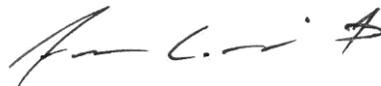
According to KDHE, enactment of HB 2753 would increase expenditures by at least \$170,560, including \$68,224 from the State General Fund, beginning in FY 2027 for additional staffing needs. The agency states that 2.00 additional positions would be necessary to ensure bid fidelity, conduct audits, and prepare quarterly Legislative reports. The agency notes there would

be several other fiscal implications that cannot be estimated. The agency anticipates a potential increase in monthly capitation payments if MCOs were required to remain contracted with providers for 24 months following a bid award. Additionally, an anticipated increase in cost for the MCOs to cover strict compliance requirements would lead to an incremental increase in capitation rates. The provisions in the bill could deter potential MCOs from bidding during future request for proposals, limiting options for award, and increasing potential cost. The agency states that by restricting the termination of some clinical service contracts and by adding penalties for deviations, MCOs could challenge contract decisions more often, leading to increased legal costs to defend procurement actions.

KDHE notes that assessing penalties and liquidated damages would create a financial mechanism that would be required to enforce and monitor. KDHE staff (in concert with the actuarial contractor) would incur costs for oversight, computation, and assessment of the mandated penalties. The allowance for providers to sue MCOs for contract violations would also lead to increased litigation costs for KDHE as the mediator for dispute resolutions.

The Office of Judicial Administration states enactment of HB 2753 could increase the number of cases filed in district courts because it creates a private cause of action. This could result in more time spent by judicial and nonjudicial personnel processing, researching, and hearing these cases. The Office estimates enactment of the bill could result in the collection of docket fees and fines assessed in those cases filed under the bill's provisions, which would be deposited to the State General Fund. The bill would not affect other revenues to the Judicial Branch. However, a total fiscal effect cannot be estimated. Any fiscal effect associated with HB 2753 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Amy Penrod, Department of Health & Environment
Trisha Morrow, Judiciary