

## House Substitute for SENATE BILL No. 126

By Committee on Health and Human Services

3-7

AN ACT concerning health and healthcare; relating to the Kansas department of health and environment; updating income eligibility requirements for the children's health insurance program; establishing an advance universal newborn screening program; providing for the reimbursement of certain treatment services; authorizing the secretary of health and environment to specify conditions included in newborn screenings; extending the transfer of moneys to the Kansas newborn screening fund; increasing state financial assistance to local health departments under certain circumstances; increasing the annual assessment on services rate on inpatient and outpatient revenue and expanding exemptions for such assessment; amending K.S.A. 38-2001, 65-181, 65-183, 65-242 and 65-6210 and K.S.A. 2024 Supp. 65-180, 65-6208 and 65-6209 and repealing the existing sections.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 38-2001 is hereby amended to read as follows: 38-2001. (a) The department of health and environment shall develop and submit a plan consistent with federal guidelines established under section 4901 of public law 105-33~~4~~, 42 U.S.C. § 1397aa et seq., title XXI).

(b) The plan developed under subsection (a) shall be a capitated managed care plan covering Kansas children from zero ~~to~~ through 19 years ~~which~~ of age that:

(1) Contains benefit levels at least equal to those for the early and periodic screening, diagnosis and treatment program;

(2) provides for presumptive eligibility for children where applicable;

(3) provides continuous eligibility for 12 months once a formal determination is made that a child is eligible subject to subsection (e);

(4) has ~~performance-based~~ *performance-based* contracting with measurable outcomes indicating ~~age-appropriate~~ *age-appropriate* utilization of plan services ~~to include~~, *including*, but not limited to, such measurable services as immunizations, vision, hearing and dental exams, emergency room utilization, annual physical exams and asthma;

(5) ~~shall use~~ *uses* the same prior authorization standards and requirements as used for health care services under medicaid to further the goal of seamlessness of coverage between the two programs;

(6) ~~shall provide~~ *provides* targeted low-income children, as defined

1 under section 4901 of public law 105-33-(, 42 U.S.C. § 1397aa; et seq.),  
2 coverage subject to appropriations; *and*

3 (7) ~~shall provide~~*provides* coverage, subject to appropriation of funds  
4 and eligibility requirements, for children residing in a household having a  
5 gross household income ~~(A) for 2009, at or under 225% of the 2008~~  
6 ~~federal poverty income guidelines and (B) for 2010 and subsequent years,~~  
7 at or under 250% of the ~~2008~~ federal poverty income guidelines;. The  
8 participants receiving coverage shall contribute to the payment for such  
9 coverage through a sliding-fee scale based upon ability to pay as  
10 established by rules and regulations of the secretary of health and  
11 environment;~~and~~

12 ~~(8) contains a provision which requires the newly enrolled~~  
13 ~~participants with a family income over 200% of the federal poverty~~  
14 ~~income guidelines to wait at least 8 months before participating in this~~  
15 ~~program, if such participants previously had comprehensive health benefit~~  
16 ~~coverage through an individual policy or a health benefit plan provided by~~  
17 ~~any health insurer as defined in K.S.A. 40-4602, and amendments thereto.~~  
18 ~~This waiting period provision shall not apply when the prior coverage~~  
19 ~~ended due to loss of employment other than the voluntary termination,~~  
20 ~~change to a new employer that does not provide an option for dependent~~  
21 ~~coverage, discontinuation of health benefits to all employees, expiration of~~  
22 ~~COBRA coverage period or any other situations where the prior coverage~~  
23 ~~ended due to reasons unrelated to the availability of this program.~~

24 (c) The secretary of health and environment is authorized to contract  
25 with entities authorized to transact health insurance business in this state to  
26 implement the health insurance coverage plan pursuant to subsection (a),  
27 providing for several plan options to enrollees ~~which that~~ are coordinated  
28 with federal and state child ~~health-care~~ *healthcare* programs, except that  
29 when contracting to provide managed mental ~~health-care~~ *healthcare*  
30 services, the secretary of health and environment shall assure that  
31 contracted entities demonstrate the ability to provide a full array of mental  
32 ~~health~~ *healthcare* services in accordance with the early and periodic  
33 screening, diagnosis and treatment plan. The secretary of health and  
34 environment shall not develop a request for proposal process ~~which that~~  
35 excludes community mental health centers from the opportunity to bid for  
36 managed mental ~~health-care~~ *healthcare* services.

37 (d) When developing and implementing the plan in subsection (a), the  
38 secretary of health and environment to the extent authorized by law:

39 (1) Shall include provisions that encourage contracting insurers to  
40 utilize and coordinate with existing community ~~health-care~~ *healthcare*  
41 institutions and providers;

42 (2) may work with public ~~health-care~~ *healthcare* providers and other  
43 community resources to provide educational programs promoting healthy

1 lifestyles and appropriate use of the plan's health services;

2 (3) shall plan for outreach and maximum enrollment of eligible  
3 children through cooperation with local health departments, schools, child  
4 care facilities and other community institutions and providers;

5 (4) shall provide for a simplified enrollment plan;

6 (5) shall provide cost sharing as allowed by law;

7 (6) shall not count the caring program for children, the Kansas health  
8 insurance association plan or any charity-~~health care~~ *healthcare* plan as  
9 insurance ~~under subsection (e)(1)~~;

10 (7) may provide for payment of health insurance premiums, including  
11 contributions to a health savings account if applicable, and, in conjunction  
12 with an employer sponsored insurance premium assistance plan, may  
13 provide that supplemental benefits be purchased outside of the capitated  
14 managed care plan, if it is determined *to be* cost effective, taking into  
15 account the number of children to be served and the benefits to be  
16 provided;

17 (8) may provide that prescription drugs, transportation services and  
18 dental services are purchased outside of the capitated managed care plan to  
19 improve the efficiency, accessibility and effectiveness of the program; and

20 (9) shall include a provision that requires any individual to be a  
21 citizen or an alien lawfully admitted to the United States for purposes of  
22 establishing eligibility for benefits under the plan and to present  
23 satisfactory documentary evidence of citizenship or lawful admission of  
24 the individual. The criteria for determining whether the documentation is  
25 satisfactory shall be no more restrictive than the criteria used by the social  
26 security administration to determine citizenship. A document issued by a  
27 ~~federally-recognized~~ *federally recognized* Indian tribe evidencing  
28 membership or enrollment in; or affiliation with; such tribe, such as a tribal  
29 enrollment card or certificate of degree of Indian blood shall be  
30 satisfactory documentary evidence of citizenship or lawful admission.

31 ~~(c) A child shall not be eligible for coverage and shall lose coverage~~  
32 ~~under the plan developed under subsection (a) of K.S.A. 38-2001, and~~  
33 ~~amendments thereto, if such child's family has not paid the enrollee's~~  
34 ~~applicable share of any premium due. If the family pays all of the~~  
35 ~~delinquent premiums owed during the year, such child will again be~~  
36 ~~eligible for coverage for the remaining months of the continuous eligibility~~  
37 ~~period.~~

38 ~~(f) The plan developed under section 4901 of public law 105-33-(, 42~~  
39 ~~U.S.C. § 1397aa et seq., and amendments thereto) is not an entitlement~~  
40 ~~program. The availability of the plan benefits shall be subject to funds~~  
41 ~~appropriated. The secretary of health and environment shall not utilize~~  
42 ~~waiting lists; but shall monitor costs of the program and make necessary~~  
43 ~~adjustments to stay within the program's appropriations.~~

1       ~~(g)(f)~~ Eligibility and benefits under the plan prescribed by subsection  
2       (b)(7) are not and shall not be construed to be entitlements; are for legal  
3       residents of the state of Kansas and are subject to availability of state and  
4       federal funds and to any state and federal requirements and the provisions  
5       of appropriation acts. If the secretary of health and environment  
6       determines that the available federal funds and the state funds appropriated  
7       are insufficient to sustain coverage for the income eligibility levels  
8       prescribed by subsection (b)(7), a lower income level shall be adopted and  
9       implemented by the secretary of health and environment, within the limits  
10      of appropriations available therefor, and all such changes shall be  
11      published by the secretary of health and environment in the Kansas  
12      register.

13      Sec. 2. K.S.A. 2024 Supp. 65-180 is hereby amended to read as  
14      follows: 65-180. *There is hereby established an advance universal*  
15      *newborn screening program to be administered by the secretary of health*  
16      *and environment.* The secretary of health and environment shall:

17      (a) Institute and carry on an intensive educational program among  
18      physicians, *mid-level practitioners, as defined in K.S.A. 65-1626, and*  
19      *amendments thereto,* hospitals, public health nurses and the public  
20      concerning ~~congenital hypothyroidism, galactosemia, phenylketonuria and~~  
21      ~~other genetic diseases detectable with the same specimen conditions~~  
22      *identified by the secretary in accordance with subsection (i).* This  
23      educational program shall include information about the nature of such  
24      conditions and examinations for the detection thereof in early infancy in  
25      order that measures may be taken to prevent intellectual disability,  
26      *physical disability* or morbidity resulting from such conditions.

27      (b) Provide recognized screening tests for ~~phenylketonuria,~~  
28      ~~galactosemia, hypothyroidism and such other diseases as may be~~  
29      ~~appropriately detected with the same specimen conditions identified by the~~  
30      *secretary in accordance with subsection (i).* The initial laboratory  
31      screening tests for these diseases shall be performed by the department of  
32      health and environment or its designee for all infants born in the state.  
33      Such services shall be performed without charge.

34      (c) Provide a follow-up program by providing test results and other  
35      information to identified physicians *or mid-level practitioners as defined*  
36      *in K.S.A. 65-1626, and amendments thereto;* locate infants with abnormal  
37      newborn screening test results; with parental consent, monitor infants to  
38      assure appropriate testing to either confirm or not confirm the disease  
39      suggested by the screening test results; with parental consent, monitor  
40      therapy and treatment for infants with confirmed diagnosis of ~~congenital~~  
41      ~~hypothyroidism, galactosemia, phenylketonuria or other genetic diseases~~  
42      ~~being screened under this statute;~~ *conditions identified by the secretary in*  
43      *accordance with subsection (i)* and establish ongoing education and

1 support activities for individuals with confirmed diagnosis of ~~congenital~~  
2 ~~hypothyroidism, galactosemia, phenylketonuria and other genetic diseases~~  
3 ~~being screened under this statute and for the families of such individuals~~  
4 ~~such conditions.~~

5 (d) Maintain a registry of cases including information of importance  
6 for the purpose of follow-up services to ~~prevent intellectual support early~~  
7 ~~diagnosis, treatment and services for healthy development and the~~  
8 ~~prevention of~~ disability or morbidity.

9 (e) Provide, within the limits of appropriations available therefor, the  
10 necessary treatment product for diagnosed ~~cases conditions identified by~~  
11 ~~the secretary in accordance with subsection (i) for as long as medically~~  
12 ~~indicated, when and the product is not available through other state~~  
13 ~~agencies. In addition to diagnosed cases under this section, diagnosed~~  
14 ~~cases of maple syrup urine disease shall be included as a diagnosed case~~  
15 ~~under this subsection. Where~~ If the applicable income of the person or  
16 persons who have legal responsibility for the diagnosed individual meets  
17 medicaid eligibility, such ~~individuals' individual's~~ needs shall be covered  
18 under the medicaid state plan. ~~Where~~ If the applicable income of the  
19 person or persons who have legal responsibility for the diagnosed  
20 individual is not medicaid eligible, but is below 300% of the federal  
21 poverty level established under the most recent poverty guidelines issued  
22 by the United States department of health and human services, the  
23 department of health and environment shall provide reimbursement of  
24 between 50% to 100% of the product cost in accordance with rules and  
25 regulations adopted by the secretary of health and environment. ~~Where~~ If  
26 the applicable income of the person or persons who have legal  
27 responsibility for the diagnosed individual exceeds 300% of the federal  
28 poverty level established under the most recent poverty guidelines issued  
29 by the United States department of health and human services, the  
30 department of health and environment shall provide reimbursement of an  
31 amount not to exceed 50% of the product cost in accordance with rules and  
32 regulations adopted by the secretary of health and environment.

33 (f) Provide state assistance to an applicant pursuant to subsection (e)  
34 only after it has been shown that the applicant has exhausted all benefits  
35 from private third-party payers, medicare, medicaid and other government  
36 assistance programs and after consideration of the applicant's income and  
37 assets. The secretary of health and environment shall adopt rules and  
38 regulations establishing standards for determining eligibility for state  
39 assistance under this section.

40 (g) (1) Except for treatment products provided under subsection (e), ~~if~~  
41 ~~the secretary of health and environment shall adopt rules and regulations~~  
42 ~~as needed to determine eligibility for reimbursement to individuals for the~~  
43 ~~purchase of~~ medically necessary food treatment product for diagnosed

~~cases must be purchased, the purchaser shall be reimbursed by the department of health and environment for costs incurred up to \$1,500 per year per diagnosed child age 18 or younger at 100% of the product cost upon submission of a receipt of purchase identifying the company from which the product was purchased. For a purchaser to be eligible for reimbursement under this subsection, the applicable income of the person or persons who have legal responsibility for the diagnosed child shall not exceed 300% of the poverty level established under the most recent poverty guidelines issued by the federal department of health and human services conditions identified by the secretary in accordance with subsection (i).~~

(2) ~~As an option to reimbursement authorized under subsection (g)(1) paragraph (1), the department of health and environment may purchase medically necessary food treatment products for distribution to diagnosed children in an amount not to exceed \$1,500 per year per diagnosed child age 18 or younger. For a diagnosed child to be eligible for the distribution of food treatment products under this subsection, the applicable income of the person or persons who have legal responsibility for the diagnosed child shall not exceed 300% of the poverty level established under the most recent poverty guidelines issued by the federal department of health and human services individuals diagnosed with conditions identified by the secretary in accordance with subsection (i).~~

(3) ~~In addition to diagnosed cases under this section, diagnosed cases of maple syrup urine disease shall be included as a diagnosed case under this subsection.~~

(h) The department of health and environment shall continue to receive orders for both *medically* necessary treatment products and *medically* necessary food treatment products, purchase such products; and ~~shall deliver the such~~ products to an address prescribed by the diagnosed individual. The department of health and environment shall bill the person or persons who have legal responsibility for the diagnosed ~~patient individual~~ for a pro-rata share of the total costs, in accordance with the rules and regulations adopted pursuant to this section.

(i) The secretary of health and environment shall adopt rules and regulations as needed to require, to the extent of available funding, newborn screening tests to screen for treatable ~~disorders conditions~~. *The secretary shall determine and identify the conditions to be included in the newborn screening tests, which may include, but not be limited to, conditions listed in the core-recommended uniform screening panel of newborn screening conditions recommended in the 2005 report by the American college of medical genetics entitled "Newborn Screening: Toward a Uniform Screening Panel and System" issued by the United States secretary of health and human services or another report determined*

1 by the department of health and environment to provide more appropriate  
2 newborn screening guidelines to protect the health and welfare of  
3 newborns for treatable ~~disorders~~ *conditions*.

4 (j) In performing the duties under subsection (i), the secretary of  
5 health and environment shall appoint an advisory council to advise the  
6 department of health and environment on implementation of subsection (i).

7 (k) The department of health and environment shall periodically  
8 review the newborn screening program to determine the efficacy and cost  
9 effectiveness of the program and determine whether adjustments to the  
10 program are necessary to protect the health and welfare of newborns and  
11 to maximize the number of newborn screenings that may be conducted  
12 with the funding available for the screening program.

13 (l) There is hereby established in the state treasury the Kansas  
14 newborn screening fund ~~that, which~~ shall be administered by the secretary  
15 of health and environment. All expenditures from the fund shall be for the  
16 newborn screening program. All expenditures from the fund shall be made  
17 in accordance with appropriation acts upon warrants of the director of  
18 accounts and reports issued pursuant to vouchers approved by the  
19 secretary of health and environment or the secretary's designee. On July 1  
20 of each year, the director of accounts and reports shall determine the  
21 amount credited to the medical assistance fee fund pursuant to K.S.A. 40-  
22 3213, and amendments thereto, and shall transfer the estimated portion of  
23 such amount that is necessary to fund the newborn screening program for  
24 the ensuing fiscal year as certified by the secretary of health and  
25 environment or the secretary's designee to the Kansas newborn screening  
26 fund. Such amount shall not exceed \$5,000,000 ~~in fiscal years 2024, 2025~~  
27 ~~and 2026~~.

28 Sec. 3. K.S.A. 65-181 is hereby amended to read as follows: 65-181.

29 (a) The administrative officer or other person in charge of each institution  
30 or the attending physician *or mid-level practitioner*, caring for infants 28  
31 days of age or younger shall have administered to every such infant or  
32 child in its or such *institution's, mid-level practitioner's or* physician's  
33 care, tests for ~~congenital hypothyroidism, galactosemia, phenylketonuria~~  
34 ~~and other genetic diseases which may be detected with the same specimen~~  
35 *conditions identified by the secretary of health and environment under*  
36 *K.S.A. 65-180(i), and amendments thereto*, in accordance with rules and  
37 regulations adopted by the secretary of health and environment.

38 (b) *As used in this section, "mid-level practitioner" means the same*  
39 *as defined in K.S.A. 65-1626, and amendments thereto.*

40 Sec. 4. K.S.A. 65-183 is hereby amended to read as follows: 65-183.

41 (a) Every physician *or mid-level practitioner* having knowledge of a case  
42 of ~~congenital hypothyroidism, galactosemia or phenylketonuria and other~~  
43 ~~genetic diseases as may be detected with tests given pursuant to this act a~~

1 *condition identified by the secretary of health and environment under*  
2 *K.S.A. 65-180(i), and amendments thereto, in one of such physician's or*  
3 *mid-level practitioner's own patients shall report the case to the secretary*  
4 *of health and environment on forms provided by the secretary.*

5 *(b) As used in this section, "mid-level practitioner" means the same*  
6 *as defined in K.S.A. 65-1626, and amendments thereto.*

7 Sec. 5. K.S.A. 65-242 is hereby amended to read as follows: 65-242.  
8 For the purpose of ~~insuring~~ *ensuring* that adequate public health services  
9 are available to all inhabitants of the state of Kansas, the state shall assist  
10 in the financing of the operation of local health departments. Subject to  
11 appropriations therefor, state financial assistance shall be distributed to  
12 local health departments as follows:

13 (a) First, each local health department shall, upon application  
14 therefor, receive ~~\$7,000~~ *\$12,000*. If sufficient funds are not available to  
15 make this distribution, then the funds ~~which~~ *that* are available shall be  
16 divided equally among those local health departments making application  
17 therefor.

18 (b) Second, if any funds are available after the distribution required in  
19 subsection (a), the secretary shall distribute such funds as follows:

20 (1) A figure equal to the total amount of state financial assistance  
21 available for distribution, before deduction for the distribution in  
22 subsection (a), shall be determined.

23 (2) The figure determined in paragraph (1) ~~of this subsection~~ shall be  
24 allocated to local health departments making application for assistance  
25 based on the proportion that the population of the county or counties  
26 comprising the local health department applying for such assistance bears  
27 to the total population of all counties comprising local health departments  
28 ~~which~~ *that* have applied for such financial assistance.

29 (3) If any local health department making application for assistance  
30 ~~would receive~~ *receives* an amount equal to or less than ~~\$7,000~~ *\$12,000*  
31 using the formula in paragraph (2) ~~of this subsection~~, then such department  
32 shall be paid in accordance with subsection (a) ~~only~~. If any local health  
33 department making application for assistance ~~would receive~~ *receives* more  
34 than ~~\$7,000~~ *\$12,000* using the formula in paragraph (2) ~~of this subsection~~,  
35 then such department shall be paid based on the proportion that the  
36 population served by the county or counties comprising such local health  
37 department bears to the total population of all counties comprising local  
38 health departments ~~which~~ *that* have made application for assistance,  
39 except for departments receiving funds under subsection (a), except that in  
40 no case shall the assistance distributed under this subsection ~~(b)~~ to a local  
41 health department exceed the amount that the local health department  
42 receives from local tax revenues for the county fiscal year in which the  
43 state financial assistance is paid.



(c) If local tax revenues allotted to a local health department for a fiscal year fall below the level of local tax revenues allotted to the local health department for the preceding fiscal year, the amount of state financial assistance under this act for which such local health department is eligible for the fiscal year shall be reduced by a percentage equal to the percentage of reduction in local tax revenue for that fiscal year.

Sec. 6. K.S.A. 2024 Supp. 65-6208 is hereby amended to read as follows: 65-6208. (a) Subject to the provisions of K.S.A. 65-6209, and amendments thereto, an annual assessment on services is imposed on each hospital provider in an amount ~~not less than 1.83% of each hospital's net inpatient operating revenue and~~ not greater than ~~3% 6%~~ of each hospital's net inpatient and outpatient operating revenue, as determined by the healthcare access improvement panel in consultation with the department of health and environment, for the hospital's fiscal year three years prior to the assessment year. In the event that a hospital does not have a complete 12-month fiscal year in such third prior fiscal year, the assessment under this section shall be \$200,000 until such date that such hospital has completed the hospital's first 12-month fiscal year. Upon completing such first 12-month fiscal year, such hospital's assessment under this section shall be the amount ~~not less than 1.83% of each hospital's net inpatient operating revenue and~~ not greater than ~~3% 6%~~ of such hospital's net inpatient and outpatient operating revenue, as determined by the healthcare access improvement panel in consultation with the department of health and environment, for such first completed 12-month fiscal year.

(b) Nothing in this act shall be construed to authorize any home rule unit or other unit of local government to license for revenue or impose a tax or assessment upon hospital providers or a tax or assessment measured by the income or earnings of a hospital provider.

~~(c) (1) The department of health and environment shall submit to the United States centers for medicare and medicaid services any approval request necessary to implement the amendments made to subsection (a) by section 1 of chapter 7 of the 2020 Session Laws of Kansas and this act. If the department has submitted such a request pursuant to section 80(1) of chapter 68 of the 2019 Session Laws of Kansas or section 1 of chapter 7 of the 2020 Session Laws of Kansas, then the department may continue such request, or modify such request to conform to the amendments made to subsection (a) by section 1 of chapter 7 of the 2020 Session Laws of Kansas and this act, to fulfill the requirements of this paragraph.~~

~~(2) The secretary of health and environment shall certify to the secretary of state the receipt of such approval and cause notice of such approval to be published in the Kansas register.~~

~~(3) The amendments made to subsection (a) by section 1 of chapter 7 of the 2020 Session Laws of Kansas and this act shall take effect on and~~

1 ~~after January 1 or July 1 immediately following such publication of such~~  
2 ~~approval.~~

3 Sec. 7. K.S.A. 2024 Supp. 65-6209 is hereby amended to read as  
4 follows: 65-6209. (a) A hospital provider that is a state agency, the  
5 authority, as defined in K.S.A. 76-3304, and amendments thereto, a state  
6 educational institution, as defined in K.S.A. 76-711, and amendments  
7 thereto, a critical access hospital, as defined in K.S.A. 65-468, and  
8 amendments thereto, *with revenues below the threshold determined by the*  
9 *healthcare access improvement panel*, or a rural emergency hospital  
10 licensed under the rural emergency hospital act, K.S.A. 2024 Supp. 65-481  
11 et seq., and amendments thereto, *with revenues below the threshold*  
12 *determined by the healthcare access improvement panel*, is exempt from  
13 the assessment imposed by K.S.A. 65-6208, and amendments thereto.

14 (b) A hospital operated by the department in the course of performing  
15 its mental health or developmental disabilities functions is exempt from  
16 the assessment imposed by K.S.A. 65-6208, and amendments thereto.

17 Sec. 8. K.S.A. 65-6210 is hereby amended to read as follows: 65-  
18 6210. (a) The assessment imposed by K.S.A. 65-6208, and amendments  
19 thereto, for any state fiscal year to which this statute applies shall be due  
20 and payable in equal installments on or before ~~June May 30 and December~~  
21 ~~31 November 30~~, commencing with whichever date first occurs after the  
22 hospital has received payments for 150 days after the effective date of the  
23 payment methodology approved by the centers for medicare and medicaid  
24 services. No installment payment of an assessment under this act shall be  
25 due and payable, ~~however~~, until after:

26 (1) The hospital provider receives written notice from the department  
27 that the payment methodologies to hospitals required under this act have  
28 been approved by the centers for medicare and medicaid services of the  
29 United States department of health and human services under 42 C.F.R. §  
30 433.68 for the assessment imposed by K.S.A. 65-6208, and amendments  
31 thereto, has been granted by the centers for medicare and medicaid  
32 services of the United States department of health and human services; and

33 (2) in the case of a hospital provider, the hospital has received  
34 payments for 150 days after the effective date of the payment methodology  
35 approved by the centers for medicare and medicaid services.

36 (b) The department is authorized to establish delayed payment  
37 schedules for hospital providers that are unable to make installment  
38 payments when due under this section due to financial difficulties, as  
39 determined by the department.

40 (c) If a hospital provider fails to pay the full amount of an installment  
41 when due, including any extensions granted under this section, there shall  
42 be added to the assessment imposed by K.S.A. 65-6208, and amendments  
43 thereto, unless waived by the department for reasonable cause, a penalty

1 assessment equal to the lesser of:

2 (1) An amount equal to 5% of the installment amount not paid on or  
3 before the due date plus 5% of the portion thereof remaining unpaid on the  
4 last day of each month thereafter; or

5 (2) an amount equal to 100% of the installment amount not paid on or  
6 before the due date.

7 For purposes of *this* subsection~~(e)~~, payments~~will~~ *shall* be credited first  
8 to unpaid installment amounts, rather than to penalty or interest amounts,  
9 beginning with the most delinquent installment.

10 (d) *The department is authorized to take legal action against any*  
11 *hospital that fails to pay the amount due, including penalties, upon*  
12 *recommendation of the healthcare access improvement program panel,*  
13 *unless such hospital has established and is compliant with a payment*  
14 *schedule approved by the department.*

15 (e) The effective date for the payment methodology applicable to  
16 hospital providers approved by the centers for medicare and medicaid  
17 services shall be the date of July 1 or January 1, whichever date is  
18 designated in the state plan submitted by the department of health and  
19 environment for approval by the centers for medicare and medicaid  
20 services.

21 Sec. 9. K.S.A. 38-2001, 65-181, 65-183, 65-242 and 65-6210 and  
22 K.S.A. 2024 Supp. 65-180, 65-6208 and 65-6209 are hereby repealed.

23 Sec. 10. This act shall take effect and be in force from and after its  
24 publication in the statute book.