

SENATE BILL No. 225

By Committee on Ways and Means

3-13

1 AN ACT concerning the hospital provider assessment; relating to
2 assessment and use; rate; base; membership on the healthcare access
3 improvement panel; amending K.S.A. 65-6208 and 65-6218 and
4 repealing the existing sections.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 65-6208 is hereby amended to read as follows: 65-
8 6208. (a) Subject to the provisions of K.S.A. 65-6209, and amendments
9 thereto, an annual assessment on inpatient services is imposed on each
10 hospital provider in an amount equal to ~~1.83~~ 3% of each hospital's net
11 inpatient *and outpatient* operating revenue for the hospital's fiscal year
12 ~~2010~~ *three years prior to the assessment year*. In the event that a hospital
13 does not have a complete twelve-month ~~2010~~ fiscal year *in such **third***
14 *prior fiscal year*, the assessment under this section shall be \$200,000 until
15 such date that such hospital has completed the hospital's first twelve-
16 month fiscal year. Upon completing such first twelve-month fiscal year,
17 such hospital's assessment under this section shall be the amount equal to
18 ~~1.83~~ 3% of such hospital's net operating revenue for such first completed
19 twelve-month fiscal year.

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

24 ~~(c) (1) The department of health and environment shall submit to the~~
25 ~~United States centers for medicare and medicaid services any approval~~
26 ~~request necessary to implement the amendments made to this section by~~
27 ~~this act.~~

28 ~~(2) The department of health and environment shall cause notice of~~
29 ~~such approval by the United States centers for medicare and medicaid~~
30 ~~services to be published in the Kansas register.~~

31 ~~(2) The amendments made to subsection (a) by this act shall take~~
32 ~~effect on and after January 1 or July 1 immediately following such~~
33 ~~publication.~~

34 (c) (1) *The department of health and environment shall submit to*
35 *the United States centers for medicare and medicaid services any*
36 *approval request necessary to implement the amendments made to*

1 *subsection (a) by this act. If the department has submitted such a request*
2 *pursuant to section 80(l) of chapter 68 of the 2019 Session Laws of*
3 *Kansas, then the department may continue such request, or modify such*
4 *request to conform to the amendments made to subsection (a) by this act,*
5 *to fulfill the requirements of this paragraph.*

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

9 *(3) The amendments made to subsection (a) by this act shall take*
10 *effect on and after January 1 or July 1 immediately following such*
11 *publication of such approval.*

12 Sec. 2. K.S.A. 65-6218 is hereby amended to read as follows: 65-
13 6218. (a) (1) Assessment revenues generated from the hospital provider
14 assessments shall be disbursed as follows:

15 ~~(1)(A)~~ Not less than 80% of assessment revenues shall be disbursed to
16 hospital providers through a combination of medicaid access improvement
17 payments and increased medicaid rates on designated diagnostic related
18 groupings, procedures or codes;

19 ~~(2)(B)~~ not more than 20% of assessment revenues shall be disbursed
20 to providers who are persons licensed to practice medicine and surgery or
21 dentistry through increased medicaid rates on designated procedures and
22 codes; and

23 ~~(3)(C)~~ not more than 3.2% of hospital provider assessment revenues
24 shall be used to fund healthcare access improvement programs in
25 undergraduate, graduate or continuing medical education, including the
26 medical student loan act.

27 ~~(2) Any increased medicaid rates implemented in accordance with~~
28 ~~this subsection after the effective date of the amendments made to this~~
29 ~~subsection by this act shall not be subsequently reduced. If, during any~~
30 ~~subsequent fiscal year, revenues from the hospital provider assessment are~~
31 ~~insufficient to fund such increased rates, the department of health and~~
32 ~~environment shall fund such increased rates using moneys appropriated to~~
33 ~~the department of health and environment from the state general fund or in~~
34 ~~any appropriate special revenue fund or funds during such fiscal year.~~

35 ~~(b) Assessment revenues generated from the health maintenance~~
36 ~~organization assessment shall be disbursed as follows:~~

37 ~~(1) Not less than 53% of health maintenance organization assessment~~
38 ~~revenues shall be disbursed to health maintenance organizations that have~~
39 ~~a contract with the department through increased medicaid capitation~~
40 ~~payments;~~

41 ~~(2) not more than 30% of health maintenance organization~~
42 ~~assessment revenues shall be disbursed to fund activities to increase access~~
43 ~~to dental care, primary care safety net clinics, increased medicaid rates on~~

1 designated procedures and codes for providers who are persons licensed to
2 practice dentistry, and home and community-based services;

3 ~~(3) not more than 17% of health maintenance organization~~
4 ~~assessment revenues shall be disbursed to pharmacy providers through~~
5 ~~increased medicaid rates.~~

6 *(2) On July 1 of each year, the department of health and*
7 *environment, with approval of the healthcare access improvement panel,*
8 *shall make adjustments to the disbursement of moneys in accordance*
9 *with this subsection to cause such disbursements to be paid solely from*
10 *moneys appropriated from the healthcare access improvement fund. The*
11 *healthcare access improvement fund shall not be supplemented by*
12 *appropriations from the state general fund for the purpose of making*
13 *disbursements under this subsection.*

14 ~~(e)(b)~~ For the purposes of administering and selecting the
15 disbursements described in subsections (a) and (b) ~~of this section~~, the
16 healthcare access improvement panel is hereby established. The panel shall
17 consist of the following: Three members appointed by the Kansas hospital
18 association, two members ~~who are persons licensed to practice medicine~~
19 ~~and surgery~~ appointed by the Kansas medical society, one member
20 appointed by each health maintenance organization that has a medicaid
21 managed care contract with the Kansas department for aging and disability
22 *services of health and environment*, one member appointed by the
23 *community care network of Kansas* ~~association for the medically~~
24 ~~underserved~~, and one representative of the department of health and
25 environment appointed by the governor. The panel ~~shall meet as soon as~~
26 ~~possible subsequent to the effective date of this act~~ and shall elect a
27 chairperson from among the members appointed by the Kansas hospital
28 association. A representative of the panel shall be required to make an
29 annual report to the legislature regarding the collection and distribution of
30 all funds received and distributed under this act, *and such report shall*
31 *include analysis demonstrating that disbursements made in accordance*
32 *with subsection (a) are budget neutral to the state general fund.*

33 ~~(d)~~ *The healthcare access improvement panel shall submit a report to*
34 *the house of representatives standing committee on appropriations and the*
35 *senate standing committee on ways and means on or before January 10,*
36 *2022, and on or before the first day of each third regular session of the*
37 *legislature thereafter, that includes the expenditures needed to maintain*
38 *increased medicaid rates at the fiscal year 2020 level and a*
39 *recommendation on whether the hospital provider assessment rate should*
40 *be adjusted to address needed expenditures.*

41 ~~(e)(1)~~ *The department of health and environment shall submit to the*
42 *United States centers for medicare and medicaid services any approval*
43 *request necessary to implement the amendments made to this section by*

1 ~~this act.~~

2 ~~(2) The department of health and environment shall cause notice of~~
3 ~~such approval by the United States centers for medicare and medicaid~~
4 ~~services to be published in the Kansas register.~~

5 ~~(2) The amendments made to subsections (a), (c) and (d) by this act~~
6 ~~shall take effect on and after January 1 or July 1 immediately following~~
7 ~~such publication.~~

8 **(c) (1) The department of health and environment shall submit to**
9 **the United States centers for medicare and medicaid services any**
10 **approval request necessary to implement the amendments made to this**
11 **section by this act. If the department has submitted such a request**
12 **pursuant to section 80(l) of chapter 68 of the 2019 Session Laws of**
13 **Kansas, then the department may continue such request, or modify such**
14 **request to conform to the amendments made to subsections (a) and (b)**
15 **by this act, to fulfill the requirements of this paragraph.**

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

19 **(3) The amendments made to subsections (a) and (b) by this act**
20 **shall take effect on and after January 1 or July 1 immediately following**
21 **such publication of such approval.**

22 Sec. 3. K.S.A. 65-6208 and 65-6218 are hereby repealed.

23 Sec. 4. This act shall take effect and be in force from and after its
24 publication in the Kansas register.