

**HOUSE BILL No. 2174**

By Committee on Appropriations

1-28

1 AN ACT concerning hospitals; relating to rural hospitals; providing grant  
2 assistance to hospitals in certain counties; prescribing powers, duties  
3 and functions of the secretary of health and environment related  
4 thereto; establishing the rural hospital innovation grant program and  
5 rural hospital innovation grant fund.  
6

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

8 Section 1. (a) As used in this section:

9 (1) "Eligible county" means a county in Kansas other than Douglas,  
10 Johnson, Sedgwick, Shawnee or Wyandotte county.

11 (2) "Hospital" means the same as defined in K.S.A. 65-425, and  
12 amendments thereto.

13 (3) "Transitional assistance" means any assistance related to changing  
14 a hospital's current healthcare delivery model to a model more appropriate  
15 for the community that the hospital serves, including, but not limited to:  
16 Conducting a market study of healthcare services needed and provided in  
17 the community; acquiring and implementing new technological tools and  
18 infrastructure, including, but not limited to, telemedicine delivery  
19 methods; and acquiring the services of appropriate personnel, including,  
20 but not limited to, additional medical residents or individuals trained to be  
21 needed healthcare professionals.

22 (b) (1) There is established the rural hospital innovation grant  
23 program to be administered by the secretary of health and environment.  
24 The program, and any grant awarded thereunder, shall be for the purpose  
25 of strengthening and improving the healthcare system and increasing  
26 access to healthcare services in eligible counties to help communities in  
27 such counties achieve and maintain optimal health by providing  
28 transitional assistance to hospitals in such counties. The secretary may  
29 award a rural hospital innovation grant to a county that applies in  
30 accordance with this section.

31 (2) The secretary of health and environment may award a grant under  
32 this section only if the amount of state moneys to be awarded in the grant  
33 has been matched by private stakeholders, including hospital foundations  
34 or other organizations, contributing to the secretary for the program, on a  
35 basis of \$2 of private stakeholder moneys for every \$1 of state moneys.  
36 The secretary of health and environment may receive moneys by bequest,

1 donation or gift to fulfill the public-private match of moneys required  
2 under this paragraph. Any such moneys received shall be remitted to the  
3 state treasurer in accordance with K.S.A. 75-4215, and amendments  
4 thereto. Upon receipt of each such remittance, the state treasurer shall  
5 deposit the entire amount in the state treasury to the credit of the rural  
6 hospital innovation grant fund. A private stakeholder may certify to the  
7 secretary of health and environment that an amount of money is dedicated  
8 to the rural hospital innovation grant program. Such certified dedicated  
9 moneys shall remain with the private stakeholder until such time as the  
10 grant is awarded, and the secretary shall count such certified dedicated  
11 moneys to fulfill the public-private match required under this paragraph.

12 (3) A private stakeholder who has contributed moneys or certified  
13 dedicated moneys to the secretary of health and environment may specify  
14 a county to receive a grant using such private stakeholder's moneys. If the  
15 secretary does not award a grant to the specified county in the same fiscal  
16 year as such request, the secretary shall return the amount of contributed  
17 moneys to the private stakeholder and any such certification shall lapse.

18 (4) Prior to applying for a rural hospital innovation grant, any eligible  
19 county may enter into memorandums of understanding and other necessary  
20 agreements with private stakeholders and other eligible counties.

21 (5) The board of county commissioners of an eligible county, or the  
22 board's designee, may apply to the secretary for a rural hospital innovation  
23 grant in the form and manner prescribed by the secretary of health and  
24 environment. Such application shall include:

25 (A) A description of the hospital for which the grant moneys will be  
26 expended, including the name and location of the hospital;

27 (B) a statement of the amount of grant moneys requested;

28 (C) a description of the needs of the hospital, the transitional  
29 assistance for which the grant moneys will be expended and how such  
30 transitional assistance will meet the stated needs; and

31 (D) any other information that the secretary deems necessary to  
32 administer this section.

33 (6) Prior to awarding any grant moneys to an eligible county under  
34 this section, the secretary shall enter into a written agreement with the  
35 county requiring that the county:

36 (A) Expend any such grant moneys to provide transitional assistance  
37 to a hospital in the eligible county, as approved by the secretary;

38 (B) not later than one year after any such grant moneys are awarded,  
39 report to the secretary detailing the effect that such grant is having on  
40 health and other outcomes in the eligible county and the affected  
41 community;

42 (C) repay all awarded grant moneys to the secretary if the county fails  
43 to satisfy any material term or condition of the grant agreement; and

1 (D) any other terms and conditions that the secretary deems necessary  
2 to administer this section.

3 (c) (1) There is established in the state treasury the rural hospital  
4 innovation grant fund to be administered by the secretary of health and  
5 environment. All moneys credited to the fund shall be used only for  
6 purposes related to the rural hospital innovation grant program. All  
7 expenditures from the fund shall be made in accordance with appropriation  
8 acts upon warrants of the director of accounts and reports issued pursuant  
9 to vouchers approved by the secretary of health and environment or the  
10 secretary's designee.

11 (2) On July 1, 2021, the director of accounts and reports shall transfer  
12 \$10,000,000 from the state general fund to the rural hospital innovation  
13 grant fund.

14 (d) The secretary of health and environment shall adopt rules and  
15 regulations as necessary to implement and administer this section.

16 (e) (1) On or before October 1 of each year, for each rural hospital  
17 innovation grant awarded under this section, the county shall prepare and  
18 submit to the secretary of health and environment a report describing: The  
19 amount and stated purposes of any awarded grant moneys; the fulfillment  
20 of the terms and conditions of the grant agreement; and the transitional  
21 assistance upon which the moneys have been spent.

22 (2) On or before February 1 of each year, the secretary shall compile  
23 the information received under this subsection and submit a report to the  
24 governor and the legislature including such information and a description  
25 of and reasoning for any applications for a rural hospital innovation grant  
26 that the secretary has denied.

27 (f) (1) The rural hospital innovation grant program shall expire on  
28 June 30, 2025.

29 (2) On July 1, 2025:

30 (A) The director of accounts and reports shall transfer all moneys in  
31 the rural hospital innovation grant fund to the state general fund;

32 (B) all liabilities of the rural hospital innovation grant fund shall be  
33 transferred to and imposed on the state general fund; and

34 (C) the rural hospital innovation grant fund shall be abolished.

35 Sec. 2. This act shall take effect and be in force from and after its  
36 publication in the statute book.