

**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 year*, the  
14 assessment under this section shall be \$200,000 until such date that such  
15 hospital has completed the hospital's first twelve-month fiscal year. Upon  
16 completing such first twelve-month fiscal year, such hospital's assessment  
17 under this section shall be the amount equal to ~~1.83~~ 3% of such hospital's  
18 net operating revenue for such first completed twelve-month fiscal year.

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

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

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

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

33 Sec. 2. K.S.A. 65-6218 is hereby amended to read as follows: 65-  
34 6218. (a) (1) Assessment revenues generated from the hospital provider  
35 assessments shall be disbursed as follows:

36 (A) Not less than 80% of assessment revenues shall be disbursed to

1 hospital providers through a combination of medicaid access improvement  
2 payments and increased medicaid rates on designated diagnostic related  
3 groupings, procedures or codes;

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

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

12 *(2) Any increased medicaid rates implemented in accordance with*  
13 *this subsection after the effective date of the amendments made to this*  
14 *subsection by this act shall not be subsequently reduced. If, during any*  
15 *subsequent fiscal year, revenues from the hospital provider assessment are*  
16 *insufficient to fund such increased rates, the department of health and*  
17 *environment shall fund such increased rates using moneys appropriated to*  
18 *the department of health and environment from the state general fund or in*  
19 *any appropriate special revenue fund or funds during such fiscal year.*

20 (b) Assessment revenues generated from the health maintenance  
21 organization assessment shall be disbursed as follows:

22 (1) Not less than 53% of health maintenance organization assessment  
23 revenues shall be disbursed to health maintenance organizations that have  
24 a contract with the department through increased medicaid capitation  
25 payments;

26 (2) not more than 30% of health maintenance organization  
27 assessment revenues shall be disbursed to fund activities to increase access  
28 to dental care, primary care safety net clinics, increased medicaid rates on  
29 designated procedures and codes for providers who are persons licensed to  
30 practice dentistry, and home and community-based services;

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

34 (c) For the purposes of administering and selecting the disbursements  
35 described in subsections (a) and (b) ~~of this section~~, the healthcare access  
36 improvement panel is hereby established. The panel shall consist of the  
37 following: Three members appointed by the Kansas hospital association,  
38 two members ~~who are persons licensed to practice medicine and surgery~~  
39 appointed by the Kansas medical society, one member appointed by each  
40 health maintenance organization that has a medicaid managed care  
41 contract with the ~~Kansas department for aging and disability services of~~  
42 *health and environment*, one member appointed by the *community care*  
43 *network of Kansas association for the medically underserved*, and one

1 representative of the department of health and environment appointed by  
2 the governor. The panel ~~shall meet as soon as possible subsequent to the~~  
3 ~~effective date of this act and~~ shall elect a chairperson from among the  
4 members appointed by the Kansas hospital association. A representative of  
5 the panel shall be required to make an annual report to the legislature  
6 regarding the collection and distribution of all funds received and  
7 distributed under this act.

8 *(d) The healthcare access improvement panel shall submit a report to*  
9 *the house of representatives standing committee on appropriations and the*  
10 *senate standing committee on ways and means on or before January 10,*  
11 *2022, and on or before the first day of each third regular session of the*  
12 *legislature thereafter; that includes the expenditures needed to maintain*  
13 *increased medicaid rates at the fiscal year 2020 level and a*  
14 *recommendation on whether the hospital provider assessment rate should*  
15 *be adjusted to address needed expenditures.*

16 *(e) (1) The department of health and environment shall submit to the*  
17 *United States centers for medicare and medicaid services any approval*  
18 *request necessary to implement the amendments made to this section by*  
19 *this act.*

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

23 *(2) The amendments made to subsections (a), (c) and (d) by this act*  
24 *shall take effect on and after January 1 or July 1 immediately following*  
25 *such publication.*

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

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