

SESSION OF 2024

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2637

As Amended by House Committee of the Whole

Brief*

HB 2637, as amended, would expand the eligibility of facilities regarding the licensure of rural emergency hospitals (REHs).

Rural Emergency Hospital Licensure

The bill would expand eligibility for REH licensure to facilities that were at any point during the period between January 1, 2015, and December 26, 2020, one of the following types of facilities:

- Licensed critical access hospital;
- General hospital with no more than 50 licensed beds located in a county in a rural area as defined in Section 1886(d)(2)(D) of the federal Social Security Act;
- General hospital with no more than 50 licensed beds that is deemed as being located in a rural area pursuant to Section 1886(d)(8)(E) of the federal Social Security Act; or
- A department of a provider or a provider-based entity.

The bill would further require facilities eligible to apply for REH licensure to be located at least 35 miles from an

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

existing hospital as that term is defined in KSA 65-425 (e.g., general hospital, critical access hospital, or special hospital).

The bill would define “provider-based entity” as a provider of health care services or a rural health clinic that is either created by, or acquired by, a main provider for the purpose of furnishing health care services of a different type from those of the main provider under the ownership and administrative and financial control of the main provider (42 CFR § 413.65).

Current law provides for a licensed general hospital or critical access hospital that applies for and receives licensure as a REH and elects to operate as a REH to retain its original license as a general hospital or critical access hospital. The bill would expand this provision to cover provider-based entities or provider departments.

Effective Date

The bill would provide for the Rural Emergency Hospital Adjustment Act (S. 3394, 118th Cong. (2023)), if enacted into law, to have its passage certified by the Attorney General to the Secretary of State. Upon receipt of the certification, the Secretary would publish the certification in the *Kansas Register*, and the bill would then be in effect upon its publication in the *Kansas Register*.

Background

The bill was introduced by the House Committee on Health and Human Services at the request of Representative Bryce on behalf of the Kansas Hospital Association (KHA).

House Committee on Health and Human Services

In the House Committee hearing, a representative of KHA provided **proponent** testimony, stating the bill would

ensure Kansas is ready to take advantage of any new flexibilities regarding REH licensure if they are provided at the federal level. The representative stated the bill would allow hospitals that have closed since 2015 the opportunity to reopen as REHs. The conferee noted the legislation would potentially affect five hospitals in Kansas, but it would not force any hospitals to adopt REH licensure and would not prevent them from changing to another designation in the future.

Written-only proponent testimony was provided by representatives of Ascension Via Christi Pittsburg, the Kansas Medical Society, and the League of Kansas Municipalities.

No other testimony was provided.

House Committee of the Whole

The House Committee of the Whole amended the bill to specify that facilities eligible for REH licensure would also need to be located at least 35 miles from an existing hospital.

Fiscal Information

According to the fiscal note prepared by the Department of the Budget on the bill, as introduced, the Kansas Department of Health and Environment reports that enactment of the bill would not have a fiscal effect on the agency and states the bill would supersede Centers of Medicare and Medicaid Services authority. The Office of the Attorney General notes the Office of the Medicaid Inspector General and Medicaid Fraud Control Unit would have the authority to audit and investigate the facilities referenced in the bill, but any additional reviews stemming from the bill would be handled within existing resources.

The Office of the Secretary of State states passage of the bill would not have a significant fiscal impact on the agency but notes the charge to publish the required certification in the *Kansas Register* would be \$7.00 per column inch. The agency notes that generally, it is a minimum of two column inches, or \$14.00, to publish text. The cost range charged would depend on several factors, but printing can be omitted if it would be too expensive, cumbersome, or otherwise inexpedient. In those cases, the agency could provide a webpage link or reference to the text in the *Kansas Register*. Any fiscal effect associated with the bill is not reflected in *The FY 2025 Governor's Budget Report*.

The bill would be in effect upon publication in the *Kansas Register*.

Rural emergency hospital; licensure; hospitals