

March 4, 2020

The Honorable Troy Waymaster, Chairperson
House Committee on Appropriations
Statehouse, Room 111-N
Topeka, Kansas 66612

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2677 by House Committee on Rural Revitalization

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2677 is respectfully submitted to your committee.

HB 2677 would establish the Primary Health Center Pilot Program Act, which would create the Primary Health Center Program. The Program would be a demonstration program contingent upon approval by the Centers for Medicare and Medicaid Services. Entities that would be eligible to apply for a primary health center license include licensed critical access hospitals; general hospitals with 50 or less licensed beds located, or are treated as being located, in rural areas as defined by the Social Security Act; or hospitals that have closed within the previous five years. A primary health center would be required to participate in any program established for the benefit of healthcare providers in the state. The Kansas Department of Health and Environment (KDHE), the Kansas Hospital Association or other organization authorized by the Act would be the coordinating entity of the Primary Health Center Program. KDHE would be required to develop rules and regulations for the Primary Health Center Program and the coordinating entity.

Estimated State Fiscal Effect				
	FY 2020 SGF	FY 2020 All Funds	FY 2021 SGF	FY 2021 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$177,380	\$177,380
FTE Pos.	--	--	--	2.00

KDHE estimates the bill would require additional expenditures of \$177,380 from the State General Fund in FY 2021. This amount includes \$85,920 for 1.00 new FTE position to develop and process rules and regulations (\$84,000 for salary and wages plus \$1,920 for other operating expenditures) and \$91,460 for 1.00 new FTE position to license and survey the healthcare facilities in the bill (\$87,360 for salary and wages plus \$4,100 for other operating expenditures).

Participation in the Primary Health Center Program by city or county hospitals in rural areas would have a fiscal effect on local governments; however, the League of Kansas Municipalities and the Kansas Association of Counties are unable to estimate the fiscal effect. Any fiscal effect associated with HB 2677 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink that reads "L. L. Campbell". The signature is fluid and cursive, with the first name "L." and last name "Campbell" clearly visible.

Larry L. Campbell
Director of the Budget

cc: Trey Cocking, League of Municipalities
Bobbi Mariani, Insurance
Dan Thimmesch, Health & Environment
Jay Hall, Association of Counties