

SESSION OF 2020

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2677**

As Recommended by House Committee on  
Rural Revitalization

**Brief\***

HB 2677 would create the Primary Health Center Pilot Program Act. (Act)

***Declaration of Legislative Policy (New Section 1)***

The bill would declare the Legislature:

- Recognizes the importance and necessity of providing and regulating the system in which healthcare services are structured and integrated to protect the health, safety, and welfare of rural Kansas residents; and
- Seeks to improve the health of the rural Kansas population, preserve access to healthcare, encourage collaboration among providers, promote delivery of quality healthcare, promote efficiency and efficacy, embrace technology, and promote adequate and fair reimbursement for rural healthcare services.

The bill would declare it is the policy of the State to encourage development of and participation in the primary health center program (program), which would be implemented under the Act.

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\*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>

### ***Definitions (New Section 2)***

The bill would define the following terms: “Act,” “coordinating entity or coordinating entity of the primary health center program,” “primary health center,” “primary health center program,” and “Secretary.” “Secretary” would mean the Secretary of Health and Environment (Secretary).

### ***Eligibility and Licensure (New Section 3)***

The bill would establish the entities eligible to apply for a primary health center license (license):

- A licensed critical access hospital;
- A general hospital with not more than 50 licensed beds located in a county in a rural area, as defined by the federal Social Security Act;
- A general hospital with not more than 50 licensed beds that is being treated as being located in a rural area, as defined by the federal Social Security Act; or
- A hospital described by one of the other three categories that has ceased operations within the prior five years.

The bill would allow a licensed general or critical access hospital that receives a license and elects to operate as a primary health center (health center) to retain its original license as a general or critical access hospital; however, the original license would remain inactive while the health center license is in effect.

The bill would allow a health center, after one year of operation and until the end of the fifth year of operation as a health center, to make a one-time election to revert to its original licensure as a general or critical access hospital

without being required to reapply for a licensure, after a survey to ensure the licensure requirements are satisfied.

The bill would require a health center to revert to its original licensure as a general or critical access hospital if the health center ceases to participate in a program, after a survey to ensure the licensure requirements are satisfied.

***Primary Health Centers (New Sections 4 and 5)***

The bill would require a health center to participate in a program for the benefit of healthcare providers in the state and comply with the participation requirements of the program, including, but not limited to, the following:

- Enter into an agreement for clinical and administrative assistance with a general or critical access hospital;
- Establish transfer protocols and transfer agreements with a general or critical access hospital; and
- Submit data as requested by the coordinating entity.

The bill would authorize all health centers to enter into any contracts as required for participation in a program.

The bill would require participants in a program to be considered acting pursuant to the expressed state policy, as established in the Act, under the supervision of the State. Program participants would not be subject to state or federal antitrust laws while so acting.

***Rules and Regulations (New Section 6, Section 10)***

The bill would require the Secretary to adopt rules and regulations setting minimum standards for the establishment

and operation of health centers and the program, including licensure of health centers, if the State or state healthcare providers are accepted to participate in a program.

The bill would also require the Secretary to adopt rules and regulations to create and define a quasi-governmental coordinating entity of the program, if required by the program. The bill would enumerate the minimum rules and regulations the Secretary would be required to adopt. If the Secretary would deem the rules and regulations to be necessary or advisable, the bill would require the Secretary to adopt the rules and regulations not later than one year following the date of the Secretary's determination.

The bill would prohibit the licensing agency from adopting, amending, promulgating, or enforcing rules and regulations for health centers unless the State is accepted in the federal program.

In continuing law, a hospital consisting of more than one establishment is considered in compliance with the rules and regulations of the licensing agency if certain factors are met. The bill would state a health center that meets the licensing requirements established by the licensing agency would be deemed to have satisfied the licensing compliance requirements in current law.

### ***Insurance (New Section 7)***

The bill would require each individual and group policy of accident and sickness insurance, contract issued by health maintenance organizations, managed care contract for the state program of medical assistance, the children's health insurance program, all coverage maintained by an entity authorized under KSA 40-2222, and a municipal group funded pool to provide benefits for services when performed by a health center if the services would be covered under the policies or contracts if performed by a general or critical access hospital.

### ***Technical Corrections***

The bill would make technical corrections, including reordering the subsections of KSA 65-425.

### **Background**

The bill was introduced by the House Committee on Rural Revitalization at the request of Representative Adam Smith on behalf of the Kansas Hospital Association (KHA).

In the House Committee hearing, the Executive Vice President of the KHA provided proponent testimony on the bill, stating the organization and its members, since 2012, have been developing an alternative rural health model for Kansas communities, the result of which is the primary health center model. The Executive Vice President outlined services to be provided, payment methods, and coordination of care. In addition, the Executive Vice President explained the Center for Medicare and Medicaid Innovation has announced it will be releasing a pilot program model with an opportunity to invite states to participate in the pilot program to allow for testing of ideas such as the primary health center.

No neutral or opponent testimony was provided.

A fiscal note was not available at the time of the House Committee action.