

HOUSE BILL No. 2556

By Committee on Appropriations

Requested by Representative V. Miller on behalf of the Office of the Governor

1-19

1 AN ACT concerning health and healthcare; relating to health insurance
2 coverage; expanding medical assistance eligibility; enacting the cutting
3 healthcare costs for all Kansans act; directing the department of health
4 and environment to study certain medicaid expansion topics; adding
5 meeting days to the Robert G. (Bob) Bethell joint committee on home
6 and community based services and KanCare oversight to monitor
7 implementation of expanded medical assistance eligibility; amending
8 K.S.A. 39-7,160, 40-3213, 65-6207, 65-6210, 65-6211, 65-6212 and
9 65-6217 and K.S.A. 2023 Supp. 65-6208, 65-6209 and 65-6218 and
10 repealing the existing sections.

11

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

13 New Section 1. (a) Sections 1 through 13, and amendments thereto,
14 shall be known and may be cited as the cutting healthcare costs for all
15 Kansans act.

16 (b) The legislature expressly consents to expand eligibility for receipt
17 of benefits under the Kansas program of medical assistance, as required by
18 K.S.A. 39-709(e)(2), and amendments thereto, by the passage and
19 enactment of the act, subject to all requirements and limitations established
20 in the act.

21 (c) The secretary of health and environment shall adopt rules and
22 regulations as necessary to implement and administer the act.

23 (d) As used in sections 1 through 13, and amendments thereto, unless
24 otherwise specified:

25 (1) "138% of the federal poverty level," or words of like effect,
26 includes a 5% income disregard permitted under the federal patient
27 protection and affordable care act.

28 (2) "Act" means the cutting healthcare costs for all Kansans act.

29 New Sec. 2. (a) The secretary of health and environment shall submit
30 to the United States centers for medicare and medicaid services any state
31 plan amendment, waiver request or other approval request necessary to
32 implement the act. At least 10 calendar days prior to submission of any
33 such approval request to the United States centers for medicare and
34 medicaid services, the secretary of health and environment shall submit
35 such approval request application to the state finance council.

1 (b) For purposes of eligibility determinations under the Kansas
2 program of medical assistance on and after January 1, 2025, medical
3 assistance shall be granted to any adult under 65 years of age who is not
4 pregnant and whose income meets the limitation established in subsection
5 (c), as permitted under the provisions of 42 U.S.C. § 1396a, as it exists on
6 the effective date of the act, and subject to a 90% federal medical
7 assistance percentage and all requirements and limitations established in
8 the act.

9 (c) The secretary of health and environment shall submit to the
10 United States centers for medicare and medicaid services any approval
11 request necessary to provide medical assistance eligibility to individuals
12 described in subsection (b) whose modified adjusted gross income does
13 not exceed 138% of the federal poverty level.

14 New Sec. 3. (a) The secretary of health and environment shall require
15 each applicant for coverage under the act to provide employment
16 verification at the time of initial application or renewal application. Such
17 verification shall be a prerequisite for coverage under the act.

18 (b) "Employment verification" means documentation demonstrating
19 employment during the preceding 12 months that meets the eligibility
20 requirements of the act. "Employment verification" includes, but is not
21 limited to:

- 22 (1) Federal form W-2 wage and tax statement;
- 23 (2) a pay stub demonstrating gross income;
- 24 (3) employment records;
- 25 (4) federal form 1099 demonstrating payments for contract labor;
- 26 (5) compliance with the requirements of K.S.A. 39-709(b), and
27 amendments thereto; and
- 28 (6) any other documentation as determined by the secretary of health
29 and environment.

30 (c) The following individuals shall be exempt from the requirements
31 of this subsection:

- 32 (1) A full-time student enrolled in a postsecondary educational
33 institution or technical college, as defined by K.S.A. 74-3201b, and
34 amendments thereto, for each year the student is enrolled in such
35 educational setting;
- 36 (2) a parent or guardian of a dependent child under 18 years of age or
37 a parent or guardian of an incapacitated adult;
- 38 (3) an individual who is mentally or physically unfit for employment,
39 as defined by the secretary of health and environment, or has a pending
40 application for supplemental security income or social security disability
41 insurance;
- 42 (4) an individual who has a permanent partial disability, as such term
43 is used in K.S.A. 44-510e, and amendments thereto;

1 (5) an individual who is engaged in volunteer work for at least 20
2 hours per week at a nonprofit organization, as such term is defined in
3 K.S.A. 17-1779, and amendments thereto;

4 (6) an individual experiencing homelessness, as such term is defined
5 in 42 U.S.C. 11302, as in effect on the effective date of this act;

6 (7) an individual who served in the active military, naval, air or space
7 service and was discharged or released from such military service under
8 conditions other than dishonorable;

9 (8) an individual who is not more than 22 years of age and in the
10 custody of the secretary of children and families on the date that the
11 individual reached 18 years of age; and

12 (9) any individual who the secretary determines is experiencing
13 hardship.

14 New Sec. 4. (a) The secretary of health and environment may
15 establish a health insurance coverage premium assistance program for
16 individuals who meet the following requirements:

17 (1) The individual has an annual income that is 100% or greater than,
18 but does not exceed 138% of, the federal poverty level, based on the
19 modified adjusted gross income provisions set forth in section 2001(a)(1)
20 of the federal patient protection and affordable care act; and

21 (2) the individual is eligible for health insurance coverage through an
22 employer but cannot afford the health insurance coverage premiums, as
23 determined by the secretary of health and environment.

24 (b) A program established under this section shall:

25 (1) Contain eligibility requirements that are the same as in sections 2
26 and 3, and amendments thereto; and

27 (2) provide that an individual's payment for a health insurance
28 coverage premium may not exceed 2% of the individual's modified
29 adjusted gross income, not to exceed 2% of the household's modified
30 adjusted gross income in the aggregate with any premium charged to any
31 other household member participating in the premium assistance program.

32 New Sec. 5. (a) Except to the extent prohibited by 42 U.S.C. §
33 1396u-2(a)(2), as it exists on the effective date of this act, the secretary of
34 health and environment shall administer medical assistance benefits using
35 a managed care delivery system using organizations subject to assessment
36 of the privilege fee under K.S.A. 40-3213, and amendments thereto. If the
37 United States centers for medicare and medicaid services determines that
38 the assessment of a privilege fee provided in K.S.A. 40-3213, and
39 amendments thereto, is unlawful or otherwise invalid, then the secretary of
40 health and environment shall administer state medicaid services using a
41 managed care delivery system.

42 (b) In awarding a contract for an entity to administer state medicaid
43 services using a managed care delivery system, the secretary of health and

1 environment shall:

2 (1) Not provide favorable or unfavorable treatment in awarding a
3 contract based on an entity's for-profit or not-for-profit tax status;

4 (2) give preference in awarding a contract to an entity that provides
5 health insurance coverage plans on the health benefit exchange in Kansas
6 established under the federal patient protection and affordable care act; and

7 (3) require that any entity administering state medicaid services
8 provide tiered benefit plans with enhanced benefits for covered individuals
9 who demonstrate healthy behaviors, as determined by the secretary of
10 health and environment, to be implemented on or before July 1, 2026.

11 New Sec. 6. If the federal medical assistance percentage for coverage
12 of medical assistance participants described in section 1902(a)(10)(A)(i)
13 (VIII) of the federal social security act, 42 U.S.C. § 1396a, as it exists on
14 the effective date of this act, becomes lower than 90%, then the secretary
15 of health and environment shall terminate coverage under the act over a
16 12-month period, beginning on the first day that the federal medical
17 assistance percentage becomes lower than 90%. No individual shall be
18 newly enrolled for coverage under the act after such date.

19 New Sec. 7. (a) Section 6, and amendments thereto, shall be
20 nonseverable from the remainder of the act. If the provisions of section 6,
21 and amendments thereto, are not approved by the United States centers for
22 medicare and medicaid services, then the act shall be null and void and
23 shall have no force and effect.

24 (b) A denial of federal approval or federal financial participation that
25 applies to any provision of the act not enumerated in subsection (a) shall
26 not prohibit the secretary of health and environment from implementing
27 any other provision of the act.

28 New Sec. 8. (a) On or before January 10, 2026, and on or before the
29 first day of the regular session of the legislature each year thereafter, the
30 secretary of health and environment shall prepare and deliver a report to
31 the legislature that summarizes the cost savings achieved by the state from
32 the movement of covered individuals from the KanCare program to
33 coverage under the act, including, but not limited to, the MediKan
34 program, the medically needy spend-down program and the breast and
35 cervical cancer program.

36 (b) State cost savings shall be determined by calculating the cost of
37 providing services to covered individuals in the KanCare program less the
38 cost of services provided to covered individuals under the act.

39 (c) If the secretary of health and environment implements other
40 initiatives using cost savings achieved through the implementation of the
41 act, the secretary shall include such initiatives as part of the report required
42 in subsection (a).

43 New Sec. 9. (a) The secretary of corrections and the secretary of

1 health and environment shall coordinate with a county sheriff or such
2 sheriff's deputy who requests assistance in facilitating medicaid coverage
3 for any individual committed to a county jail or correctional facility
4 during any time period that such individual is eligible for coverage under
5 state or federal law.

6 (b) If an individual is enrolled in medicaid when such individual is
7 committed to a county jail or correctional facility, such medicaid status
8 shall not be suspended or terminated based on such individual's
9 incarceration for a minimum of 30 days. After 30 days, medicaid coverage
10 may be suspended, but not terminated, up to the maximum amount of time
11 permitted by state and federal law.

12 (c) The secretary of health and environment shall coordinate with a
13 county sheriff or such sheriff's deputy and the department of corrections to
14 assist any individual who is committed to a county jail or correctional
15 facility in applying for medicaid coverage prior to such individual's release
16 from custody if such individual is likely to meet the requirements for
17 medicaid coverage to allow adequate time for medicaid coverage to begin
18 promptly upon release.

19 (d) The secretary of health and environment shall adopt any rules and
20 regulations and supporting policies and procedures as necessary to
21 implement and administer this section prior to January 1, 2025.

22 New Sec. 10. On or before February 15, 2026, and on or before
23 February 15 of each year thereafter, the secretary of health and
24 environment shall present a report to the house of representatives standing
25 committee on appropriations and the senate standing committee on ways
26 and means that summarizes the costs of the act and the cost savings and
27 additional revenues generated during the preceding fiscal year.

28 New Sec. 11. (a) The department of health and environment shall
29 remit all moneys received by the department of health and environment
30 from drug rebates associated with medical assistance enrollees to the state
31 treasurer in accordance with the provisions of K.S.A. 75-4215, and
32 amendments thereto. Upon receipt of each such remittance, the state
33 treasurer shall deposit the entire amount into the state treasury to the credit
34 of the state general fund.

35 (b) The department of health and environment shall certify the
36 amount of moneys received by such agency from drug rebates associated
37 with medical assistance enrollees on a monthly basis and shall transmit
38 each such certification to the director of legislative research and the
39 director of the budget.

40 (c) Upon receipt of each such certification, the director of legislative
41 research and the director of the budget shall include such certified amount
42 on any monthly report prepared by the legislative research department or
43 the division of the budget that details state general fund receipts as a

1 separate item entitled "drug rebates" under a category of other revenue
 2 sources.

3 (d) This section shall take effect and be in force on and after July 1,
 4 2025.

5 New Sec. 12. (a) There is hereby established the rural health advisory
 6 committee.

7 (b) The rural health advisory committee shall consist of 15 members
 8 appointed by the governor. The membership shall be comprised of
 9 individuals with a variety of backgrounds including medicine, education,
 10 farming, finance, business and individuals representing community
 11 interests in rural Kansas.

12 (c) The governor shall designate one of the appointed members to be
 13 chairperson of the committee. The members of the advisory committee
 14 shall select a vice chairperson from the membership of the advisory
 15 committee.

16 (d) Upon first appointment, five of the members shall serve for a term
 17 of one year, five of the members shall be appointed for a term of two years
 18 and five of the members shall be appointed for term of three years, as
 19 designated by the governor. The member designated as chairperson shall
 20 serve for a term of three years. Subsequent appointees shall serve terms of
 21 three years.

22 (e) (1) The advisory committee may meet at any time and at any
 23 place within the state on the call of the chairperson. The advisory
 24 committee shall meet regularly, but shall meet at least once every calendar
 25 quarter.

26 (2) A quorum of the advisory committee shall be eight voting
 27 members. All actions of the advisory committee shall be adopted by a
 28 majority of those voting members present when there is a quorum.

29 (f) The advisory committee shall:

30 (1) Advise the governor and other state agencies on rural health
 31 issues;

32 (2) recommend and evaluate mechanisms to encourage greater
 33 cooperation between rural communities and rural health providers;

34 (3) recommend and evaluate approaches to rural health issues that are
 35 sensitive to the needs of local communities;

36 (4) develop methods to identify individuals who are underserved by
 37 the Kansas rural healthcare system; and

38 (5) beginning in 2025, provide an annual report to the governor
 39 containing the advice, recommendations and conclusions of the advisory
 40 committee.

41 (g) The secretary of health and environment shall facilitate the work
 42 of the committee by providing access to meeting space and other necessary
 43 staff and office support. The secretary of health and environment may

1 adopt any rules and regulations and supporting policies and procedures
2 that are necessary to support the work of the advisory committee.

3 New Sec. 13. The cutting healthcare costs for all Kansans act shall
4 not provide coverage for abortion services, except in cases where coverage
5 is mandated by federal law and federal financial participation is available.

6 Sec. 14. K.S.A. 39-7,160 is hereby amended to read as follows: 39-
7 7,160. (a) There is hereby established the Robert G. (Bob) Bethell joint
8 committee on home and community based services and KanCare
9 oversight. The joint committee shall review the number of individuals who
10 are transferred from state or private institutions and long-term care
11 facilities to the home and community based services and the associated
12 cost savings and other outcomes of the money-follows-the-person
13 program. The joint committee shall review the funding targets
14 recommended by the interim report submitted for the 2007 legislature by
15 the joint committee on legislative budget and use them as guidelines for
16 future funding planning and policy making. The joint committee shall have
17 oversight of savings resulting from the transfer of individuals from state or
18 private institutions to home and community based services. As used in
19 K.S.A. 39-7,159 through 39-7,162, and amendments thereto, "savings"
20 means the difference between the average cost of providing services for
21 individuals in an institutional setting and the cost of providing services in a
22 home and community based setting. The joint committee shall study and
23 determine the effectiveness of the program and cost-analysis of the state
24 institutions or long-term care facilities based on the success of the transfer
25 of individuals to home and community based services. The joint
26 committee shall consider the issues of whether sufficient funding is
27 provided for enhancement of wages and benefits of direct individual care
28 workers and their staff training and whether adequate progress is being
29 made to transfer individuals from the institutions and to move them from
30 the waiver waiting lists to receive home and community based services.
31 The joint committee shall review and ensure that any proceeds resulting
32 from the successful transfer be applied to the system of provision of
33 services for long-term care and home and community based services. The
34 joint committee shall monitor and study the implementation and operations
35 of the home and community based service programs, the children's health
36 insurance program, the program for the all-inclusive care of the elderly
37 and the state medicaid programs including, but not limited to, access to
38 and quality of services provided and any financial information and
39 budgetary issues. Any state agency shall provide data and information on
40 KanCare programs, including, but not limited to, pay for performance
41 measures, quality measures and enrollment and disenrollment in specific
42 plans, KanCare provider network data and appeals and grievances made to
43 the KanCare ombudsman, to the joint committee, as requested.

1 (b) The joint committee shall consist of 11 members of the legislature
2 appointed as follows: (1) Two members of the house committee on health
3 and human services appointed by the speaker of the house of
4 representatives; (2) one member of the house committee on health and
5 human services appointed by the minority leader of the house of
6 representatives; (3) two members of the senate committee on public health
7 and welfare appointed by the president of the senate; (4) one member of
8 the senate committee on public health and welfare appointed by the
9 minority leader of the senate; (5) two members of the house of
10 representatives appointed by the speaker of the house of representatives,
11 one of whom shall be a member of the house committee on appropriations;
12 (6) one member of the house of representatives appointed by the minority
13 leader of the house of representatives; and (7) two members of the senate
14 appointed by the president of the senate, one of whom shall be a member
15 of the senate committee on ways and means.

16 (c) Members shall be appointed for terms coinciding with the
17 legislative terms for which such members are elected or appointed. All
18 members appointed to fill vacancies in the membership of the joint
19 committee and all members appointed to succeed members appointed to
20 membership on the joint committee shall be appointed in the manner
21 provided for the original appointment of the member succeeded.

22 (d) (1) The members originally appointed as members of the joint
23 committee shall meet upon the call of the member appointed by the
24 speaker of the house of representatives, who shall be the first chairperson,
25 within 30 days of the effective date of this act. ~~The vice-chairperson~~ *vice*
26 *chairperson* of the joint committee shall be appointed by the president of
27 the senate. Chairperson and ~~vice-chairperson~~ *vice chairperson* shall
28 alternate annually between the members appointed by the speaker of the
29 house of representatives and the president of the senate. The ranking
30 minority member shall be from the same chamber as the chairperson. ~~On~~
31 ~~and after the effective date of this act~~ *Except as provided in paragraph (2),*
32 the joint committee shall meet at least once in January and once in April
33 when the legislature is in regular session and at least once for two
34 consecutive days during each of the third and fourth calendar quarters, on
35 the call of the chairperson, but not to exceed six meetings in a calendar
36 year, except additional meetings may be held on call of the chairperson
37 when urgent circumstances exist which require such meetings. Six
38 members of the joint committee shall constitute a quorum.

39 (2) *During calendar year 2025 and calendar year 2026, the joint*
40 *committee shall meet for one additional day per meeting pursuant to*
41 *paragraph (1) in order to monitor the implementation of the cutting*
42 *healthcare costs for all Kansans act and to review the following topics*
43 *relating to such implementation: Payment integrity and eligibility audits;*

1 *outcomes related to section 3, and amendments thereto; health outcomes*
2 *for individuals covered under the act; budget projections and actual*
3 *expenditures related to implementation of the act; and expenses incurred*
4 *by hospitals arising from charity care and services provided to patients*
5 *who are unwilling or unable to pay for such services.*

6 (e) (1) At the beginning of each regular session of the legislature, the
7 committee shall submit to the president of the senate, the speaker of the
8 house of representatives, the house committee on health and human
9 services and the senate committee on public health and welfare a written
10 report on numbers of individuals transferred from the state or private
11 institutions to the home and community based services including the
12 average daily census in the state institutions and long-term care facilities,
13 savings resulting from the transfer certified by the secretary for aging and
14 disability services in a quarterly report filed in accordance with K.S.A. 39-
15 7,162, and amendments thereto, and the current balance in the home and
16 community based services savings fund of the Kansas department for
17 aging and disability services.

18 (2) Such report submitted under this subsection shall also include, but
19 not be limited to, the following information on the KanCare program:

20 (A) Quality of care and health outcomes of individuals receiving state
21 medicaid services under the KanCare program, as compared to the
22 provision of state medicaid services prior to January 1, 2013;

23 (B) integration and coordination of health care procedures for
24 individuals receiving state medicaid services under the KanCare program;

25 (C) availability of information to the public about the provision of
26 state medicaid services under the KanCare program, including, but not
27 limited to, accessibility to health services, expenditures for health services,
28 extent of consumer satisfaction with health services provided and
29 grievance procedures, including quantitative case data and summaries of
30 case resolution by the KanCare ombudsman;

31 (D) provisions for community outreach and efforts to promote the
32 public understanding of the KanCare program;

33 (E) comparison of the actual medicaid costs expended in providing
34 state medicaid services under the KanCare program after January 1, 2013,
35 to the actual costs expended under the provision of state medicaid services
36 prior to January 1, 2013, including the manner in which such cost
37 expenditures are calculated;

38 (F) comparison of the estimated costs expended in a managed care
39 system of providing state medicaid services under the KanCare program
40 after January 1, 2013, to the actual costs expended under the KanCare
41 program of providing state medicaid services after January 1, 2013;

42 (G) comparison of caseload information for individuals receiving
43 state medicaid services prior to January 1, 2013, to the caseload

1 information for individuals receiving state medicaid services under the
2 KanCare program after January 1, 2013; and

3 (H) all written testimony provided to the joint committee regarding
4 the impact of the provision of state medicaid services under the KanCare
5 program upon residents of adult care homes.

6 (3) The joint committee shall consider the external quality review
7 reports and quality assessment and performance improvement program
8 plans of each managed care organization providing state medicaid services
9 under the KanCare program in the development of the report submitted
10 under this subsection.

11 (4) The report submitted under this subsection shall be published on
12 the official website of the legislative research department.

13 (f) Members of the committee shall have access to any medical
14 assistance report and caseload data generated by the Kansas department of
15 health and environment division of health care finance. Members of the
16 committee shall have access to any report submitted by the Kansas
17 department of health and environment division of health care finance to
18 the centers for medicare and medicaid services of the United States
19 department of health and human services.

20 (g) Members of the committee shall be paid compensation, travel
21 expenses and subsistence expenses or allowance as provided in K.S.A. 75-
22 3212, and amendments thereto, for attendance at any meeting of the joint
23 committee or any subcommittee meeting authorized by the committee.

24 (h) In accordance with K.S.A. 46-1204, and amendments thereto, the
25 legislative coordinating council may provide for such professional services
26 as may be requested by the joint committee.

27 (i) The joint committee may make recommendations and introduce
28 legislation as it deems necessary in performing its functions.

29 Sec. 15. K.S.A. 40-3213 is hereby amended to read as follows: 40-
30 3213. (a) Every health maintenance organization and medicare provider
31 organization subject to this act shall pay to the commissioner the following
32 fees:

33 (1) For filing an application for a certificate of authority, \$150;

34 (2) for filing each annual report, \$50; *and*

35 (3) for filing an amendment to the certificate of authority, \$10.

36 (b) Every health maintenance organization subject to this act shall
37 pay annually to the commissioner at the time such organization files its
38 annual report, a privilege fee in an amount equal to ~~the following~~
39 ~~percentages~~ 5.77% of the total of all premiums, subscription charges or
40 any other term that may be used to describe the charges made by such
41 organization to enrollees: ~~3.31% during the reporting period beginning~~
42 ~~January 1, 2015, and ending December 31, 2017; and 5.77% on and after~~
43 ~~January 1, 2018.~~ In such computations all such organizations shall be

1 entitled to deduct therefrom any premiums or subscription charges
2 returned on account of cancellations and dividends returned to enrollees. If
3 the commissioner shall determine at any time that the application of the
4 privilege fee, or a change in the rate of the privilege fee, would cause a
5 denial of, reduction in or elimination of federal financial assistance to the
6 state or to any health maintenance organization subject to this act, the
7 commissioner is hereby authorized to terminate the operation of such
8 privilege fee or the change in such privilege fee.

9 (c) For the purpose of insuring the collection of the privilege fee
10 provided for by subsection (b), every health maintenance organization
11 subject to this act and required by subsection (b) to pay such privilege fee
12 shall at the time it files its annual report, as required by K.S.A. 40-3220,
13 and amendments thereto, make a return, generated by or at the direction of
14 its chief officer or principal managing director, under penalty of K.S.A.
15 21-5824, and amendments thereto, to the commissioner, stating the amount
16 of all premiums, assessments and charges received by the health
17 maintenance organization, whether in cash or notes, during the year ending
18 on the last day of the preceding calendar year. Upon the receipt of such
19 returns the commissioner of insurance shall verify such returns and
20 reconcile the fees pursuant to subsection (f) upon such organization on the
21 basis and at the rate provided in this section.

22 (d) Premiums or other charges received by an insurance company
23 from the operation of a health maintenance organization subject to this act
24 shall not be subject to any fee or tax imposed under the provisions of
25 K.S.A. 40-252, and amendments thereto.

26 (e) Fees charged under this section shall be remitted to the state
27 treasurer in accordance with the provisions of K.S.A. 75-4215, and
28 amendments thereto. Upon receipt of each such remittance, the state
29 treasurer shall deposit the entire amount in the state treasury to the credit
30 of the medical assistance fee fund created by K.S.A. 40-3236, and
31 amendments thereto.

32 (f) (1) ~~On and after January 1, 2018,~~ In addition to any other filing or
33 return required by this section, each health maintenance organization shall
34 submit a report to the commissioner on or before March 31 and September
35 30 of each year containing an estimate of the total amount of all premiums,
36 subscription charges or any other term that may be used to describe the
37 charges made by such organization to enrollees that the organization
38 expects to collect during the current calendar year. Upon filing each March
39 31 report, the organization shall submit payment equal to $\frac{1}{2}$ of the
40 privilege fee that would be assessed by the commissioner for the current
41 calendar year based upon the organization's reported estimate. Upon filing
42 each September 30 report, the organization shall submit payment equal to
43 the balance of the privilege fee that would be assessed by the

1 commissioner for the current calendar year based upon the organization's
2 reported estimates.

3 (2) Any amount of privilege fees actually owed by a health
4 maintenance organization during any calendar year in excess of estimated
5 privilege fees paid shall be assessed by the commissioner and shall be due
6 and payable upon issuance of such assessment.

7 (3) Any amount of estimated privilege fees paid by a health
8 maintenance organization during any calendar year in excess of privilege
9 fees actually owed shall be reconciled when the commissioner assesses
10 privilege fees in the ensuing calendar year. The commissioner shall credit
11 such excess amount against future privilege fee assessments. Any such
12 excess amount paid by a health maintenance organization that is no longer
13 doing business in Kansas and that no longer has a duty to pay the privilege
14 fee shall be refunded by the commissioner from funds appropriated by the
15 legislature for such purpose.

16 Sec. 16. K.S.A. 65-6207 is hereby amended to read as follows: 65-
17 6207. As used in K.S.A. 65-6207 ~~to through 65-6220, inclusive,~~ and
18 amendments thereto, ~~the following have the meaning respectively ascribed~~
19 ~~thereto,~~ unless the context requires otherwise:

20 (a) *"Annual hospital medicaid expansion surcharge" means the*
21 *product of the number of unduplicated medicaid expansion enrollees*
22 *multiplied by \$233.*

23 (b) *"Assessment revenues" means the revenues generated directly by*
24 *the assessment and surcharge imposed by K.S.A. 65-6208 and 65-6213,*
25 *and amendments thereto, any penalty assessments and all interest credited*
26 *to the fund under this act and any federal matching funds obtained*
27 *through the use of such assessments, surcharges, penalties and interest*
28 *amounts.*

29 (c) "Department" means the Kansas department for aging and
30 disability services or the ~~Kansas~~ department of health and environment, or
31 both.

32 ~~(b)~~(d) "Fund" means the health care access improvement fund.

33 ~~(e)~~(e) "Health maintenance organization" ~~has the meaning~~ *means the*
34 *same as provided in K.S.A. 40-3202, and amendments thereto.*

35 ~~(d)~~(f) "Hospital" ~~has the meaning~~ *means the same as provided in*
36 *K.S.A. 65-425, and amendments thereto.*

37 ~~(e)~~(g) "Hospital provider" means a person licensed by the department
38 of health and environment to operate, conduct or maintain a hospital,
39 regardless of whether the person is a federal medicaid provider.

40 ~~(f)~~(h) "Pharmacy provider" means an area, premises or other site
41 where drugs are offered for sale, where there are pharmacists, as defined in
42 K.S.A. 65-1626, and amendments thereto, and where prescriptions, as
43 defined in K.S.A. 65-1626, and amendments thereto, are compounded and

1 dispensed.

2 ~~(g) "Assessment revenues" means the revenues generated directly by~~
3 ~~the assessments imposed by K.S.A. 65-6208 and 65-6213, and~~
4 ~~amendments thereto, any penalty assessments and all interest credited to~~
5 ~~the fund under this act, and any federal matching funds obtained through~~
6 ~~the use of such assessments, penalties and interest amounts~~

7 *(i) "Unduplicated medicaid expansion enrollee" means each*
8 *individual who becomes eligible for and enrolls in the Kansas program of*
9 *medical assistance under K.S.A. 39-709, and amendments thereto, and is*
10 *eligible for a 90% federal medical assistance percentage pursuant to 42*
11 *U.S.C. § 1396d(y)(1).*

12 Sec. 17. K.S.A. 2023 Supp. 65-6208 is hereby amended to read as
13 follows: 65-6208. (a) Subject to the provisions of K.S.A. 65-6209, and
14 amendments thereto, an annual assessment on services is imposed on each
15 hospital provider in an amount not less than 1.83% of each hospital's net
16 inpatient operating revenue and not greater than 3% of each hospital's net
17 inpatient and outpatient operating revenue, as determined by the healthcare
18 access improvement panel in consultation with the department of health
19 and environment, for the hospital's fiscal year three years prior to the
20 assessment year. In the event that a hospital does not have a complete 12-
21 month fiscal year in such third prior fiscal year, the assessment under this
22 section shall be \$200,000 until such date that such hospital has completed
23 the hospital's first 12-month fiscal year. Upon completing such first 12-
24 month fiscal year, such hospital's assessment under this section shall be the
25 amount not less than 1.83% of each hospital's net inpatient operating
26 revenue and not greater than 3% of such hospital's net inpatient and
27 outpatient operating revenue, as determined by the healthcare access
28 improvement panel in consultation with the department of health and
29 environment, for such first completed 12-month fiscal year.

30 *(b) (1) On and after January 1, 2027, an annual hospital medicaid*
31 *expansion support surcharge shall be imposed on each hospital provider*
32 *in an amount equal to its proportionate share as determined by the*
33 *healthcare access improvement panel in accordance with K.S.A. 65-*
34 *6218(d), and amendments thereto, except that such surcharge shall not*
35 *exceed \$35,000,000 for any calendar year and no surcharge shall be*
36 *imposed for any period after the federal medical assistance percentage*
37 *described in 42 U.S.C. § 1396d(y)(1) is lower than 90%. Upon final*
38 *approval by the United States centers for medicare and medicaid services,*
39 *notice of the amount of such surcharge shall be transmitted by the*
40 *healthcare access improvement panel to the department. Upon receipt of*
41 *such notice, the department shall promptly provide notice to each hospital*
42 *provider in accordance with K.S.A. 65-6211(b), and amendments thereto.*

43 *(2) The department of health and environment shall submit to the*

1 *United States centers for medicare and medicaid services any approval*
2 *request necessary to implement the surcharge authorized by this*
3 *subsection and shall not impose such surcharge prior to receiving*
4 *approval by the United States centers for medicare and medicaid services*
5 *and publishing such approval.*

6 (c) Nothing in this act shall be construed to authorize any home rule
7 unit or other unit of local government to license for revenue or impose a
8 tax or assessment upon hospital providers or a tax or assessment measured
9 by the income or earnings of a hospital provider.

10 ~~(e)~~(d) (1) The department of health and environment shall submit to
11 the United States centers for medicare and medicaid services any approval
12 request necessary to implement the amendments made to subsection (a) by
13 section 1 of chapter 7 of the 2020 Session Laws of Kansas and this act. If
14 the department has submitted such a request pursuant to section 80(l)
15 of chapter 68 of the 2019 Session Laws of Kansas or section 1 of chapter 7 of
16 the 2020 Session Laws of Kansas, then the department may continue such
17 request, or modify such request to conform to the amendments made to
18 subsection (a) by section 1 of chapter 7 of the 2020 Session Laws of
19 Kansas and this act, to fulfill the requirements of this paragraph.

20 (2) The secretary of health and environment shall certify to the
21 secretary of state the receipt of such approval and cause notice of such
22 approval to be published in the Kansas register.

23 (3) The amendments made to subsection (a) by section 1 of chapter 7
24 of the 2020 Session Laws of Kansas and this act shall take effect on and
25 after January 1 or July 1 immediately following such publication of such
26 approval.

27 Sec. 18. K.S.A. 2023 Supp. 65-6209 is hereby amended to read as
28 follows: 65-6209. (a) A hospital provider that is a state agency, the
29 authority, as defined in K.S.A. 76-3304, and amendments thereto, a state
30 educational institution, as defined in K.S.A. 76-711, and amendments
31 thereto, a critical access hospital, as defined in K.S.A. 65-468, and
32 amendments thereto, or a rural emergency hospital licensed under the rural
33 emergency hospital act, K.S.A. 2023 Supp. 65-481 et seq., and
34 amendments thereto, is exempt from the assessment imposed by K.S.A.
35 65-6208(a), and amendments thereto, *but not the surcharge imposed by*
36 *K.S.A. 65-6208(b), and amendments thereto.*

37 (b) A hospital operated by the department in the course of performing
38 its mental health or developmental disabilities functions is exempt from
39 the assessment imposed by K.S.A. 65-6208(a), and amendments thereto,
40 *but not the surcharge imposed by K.S.A. 65-6208(b), and amendments*
41 *thereto.*

42 Sec. 19. K.S.A. 65-6210 is hereby amended to read as follows: 65-
43 6210. (a) The assessment imposed by K.S.A. 65-6208(a), and amendments

1 thereto, for any state fiscal year to which this statute applies shall be due
2 and payable in equal installments on or before June 30 and December 31,
3 commencing with whichever date first occurs after the hospital has
4 received payments for 150 days after the effective date of the payment
5 methodology approved by the centers for medicare and medicaid services.
6 *The surcharge imposed by K.S.A. 65-6208(b), and amendments thereto, for*
7 *any state fiscal year to which this statute applies shall be due and payable*
8 *in installments on or before June 30 and December 31, commencing with*
9 *June 30, 2027. The payment made by each hospital provider on or before*
10 *June 30 shall be in an amount not less than $\frac{1}{3}$ of such hospital provider's*
11 *proportionate share determined in accordance with K.S.A. 65-6218(d),*
12 *and amendments thereto. The payment made by each hospital provider on*
13 *or before December 31 shall be the remainder of the amount owed for*
14 *such hospital provider's proportionate share. No installment payment of*
15 *an assessment under this act shall be due and payable, however, until after:*

16 (1) The hospital provider receives written notice from the department
17 that the payment methodologies to hospitals required under this act have
18 been approved by the centers for medicare and medicaid services of the
19 United States department of health and human services under 42 C.F.R. §
20 433.68 for the assessment imposed by K.S.A. 65-6208, and amendments
21 thereto, has been granted by the centers for medicare and medicaid
22 services of the United States department of health and human services; and

23 (2) in the case of a hospital provider, the hospital has received
24 payments for 150 days after the effective date of the payment methodology
25 approved by the centers for medicare and medicaid services.

26 (b) The department is authorized to establish delayed payment
27 schedules for hospital providers that are unable to make installment
28 payments when due under this section due to financial difficulties, as
29 determined by the department.

30 (c) If a hospital provider fails to pay the full amount of an installment
31 when due, including any extensions granted under this section, there shall
32 be added to the assessment *or surcharge* imposed by K.S.A. 65-6208(a) *or*
33 *(b)*, and amendments thereto, unless waived by the department for
34 reasonable cause, a penalty assessment equal to the lesser of:

35 (1) An amount equal to 5% of the installment amount not paid on or
36 before the due date plus 5% of the portion thereof remaining unpaid on the
37 last day of each month thereafter; or

38 (2) an amount equal to 100% of the installment amount not paid on or
39 before the due date.

40 For purposes of subsection (c), payments will be credited first to unpaid
41 installment amounts, rather than to penalty or interest amounts, beginning
42 with the most delinquent installment.

43 (d) The effective date for the payment methodology applicable to

1 hospital providers approved by the centers for medicare and medicaid
2 services shall be the date of July 1 or January 1, whichever date is
3 designated in the state plan submitted by the department of health and
4 environment for approval by the centers for medicare and medicaid
5 services.

6 Sec. 20. K.S.A. 65-6211 is hereby amended to read as follows: 65-
7 6211. (a) After December 31 of each year, except as otherwise provided in
8 this subsection, and on or before March 31 of the succeeding year, the
9 department shall send a notice of assessment *imposed under K.S.A. 65-
10 6208(a), and amendments thereto*, to every hospital provider subject to
11 assessment under this act. ~~(b)~~—The hospital provider notice of assessment
12 shall notify the hospital provider of its assessment for the state fiscal year
13 commencing on the next July 1.

14 *(b) On or before April 30 and October 31 of each year, the*
15 *department shall send a notice of surcharge imposed under K.S.A. 65-
16 6208(b), and amendments thereto, to each hospital provider subject to the*
17 *surcharge. The department shall send the first such notice on or before*
18 *April 30, 2027.*

19 (c) If a hospital provider operates, conducts or maintains more than
20 one licensed hospital in the state, the hospital provider shall pay ~~the any~~
21 *assessment or surcharge imposed under K.S.A. 65-6208(a) or (b), and*
22 *amendments thereto*, for each hospital separately.

23 (d) Notwithstanding any other provision in this act, in the case of a
24 person who ceases to operate, conduct or maintain a hospital ~~in respect of~~
25 *for which the person is subject to assessment in K.S.A. 65-6208(a), and*
26 *amendments thereto, as a hospital provider, the assessment for the state*
27 *fiscal year in which the cessation occurs shall be adjusted by multiplying*
28 *the assessment computed under K.S.A. 65-6208(a), and amendments*
29 *thereto, by a fraction, the numerator of which is the number of the days*
30 *during the year during which the provider operates, conducts or maintains*
31 *a hospital and the denominator of which is 365. Immediately upon ceasing*
32 *to operate, conduct or maintain a hospital, the person shall pay the*
33 *adjusted assessment for that state fiscal year, to the extent not previously*
34 *paid.*

35 (e) *Notwithstanding any other provision in this act, in the case of a*
36 *person who ceases to operate, conduct or maintain a hospital for which*
37 *the person is subject to surcharge in K.S.A. 65-6208(b), and amendments*
38 *thereto, as a hospital provider, the surcharge for the six-month period in*
39 *which the cessation occurs shall be adjusted by multiplying the surcharge*
40 *computed under K.S.A. 65-6208(b), and amendments thereto, by a*
41 *fraction, the numerator of which is the number of the days during the six*
42 *months during which the provider operates, conducts or maintains a*
43 *hospital and the denominator of which is the days in the same six-month*

1 *period. Immediately upon ceasing to operate, conduct or maintain a*
2 *hospital, the person shall pay the adjusted assessment for that six-month*
3 *period, to the extent not previously paid.*

4 (f) Notwithstanding any other provision in this act, a person who
5 commences operating, conducting or maintaining a hospital shall pay the
6 assessment computed under ~~subsection (a)~~ of K.S.A. 65-6208(a), and
7 amendments thereto, in installments on the due dates stated in the notice
8 and on the regular installment due dates for the state fiscal year occurring
9 after the due dates of the initial notice.

10 Sec. 21. K.S.A. 65-6212 is hereby amended to read as follows: 65-
11 6212. (a) The assessment imposed by K.S.A. 65-6208(a), and amendments
12 thereto, shall not take effect or shall cease to be imposed and any moneys
13 remaining in the fund attributable to assessments imposed under K.S.A.
14 65-6208(a), and amendments thereto, shall be refunded to hospital
15 providers in proportion to the amounts paid by them if the payments to
16 hospitals required under ~~subsection (a)~~ of K.S.A. 65-6218(a), and
17 amendments thereto, are changed or are not eligible for federal matching
18 funds under title XIX or XXI of the federal social security act.

19 (b) The assessment *and surcharge* imposed by K.S.A. 65-6208(a)
20 *and (b)*, and amendments thereto, shall not take effect or shall cease to be
21 imposed if the assessment is determined to be an impermissible tax under
22 title XIX of the federal social security act. Moneys in the health care
23 access improvement fund *or the hospital medicaid expansion support*
24 *surcharge fund* derived from assessments *or surcharges* imposed prior
25 thereto shall be disbursed in accordance with ~~subsection (a)~~ of K.S.A. 65-
26 6218(a) *or (b)*, and amendments thereto, to the extent that federal
27 matching is not reduced due to the impermissibility of the assessments *or*
28 *surcharges*, and any remaining moneys shall be refunded to hospital
29 providers in proportion to the amounts paid by them.

30 Sec. 22. K.S.A. 65-6217 is hereby amended to read as follows: 65-
31 6217. (a) There is hereby created in the state treasury the health care
32 access improvement fund, ~~which~~. *Such fund* shall be administered by the
33 secretary of health and environment. All moneys received for the
34 assessments imposed by K.S.A. 65-6208(a) and 65-6213, and amendments
35 thereto, including any penalty assessments imposed thereon, shall be
36 remitted to the state treasurer in accordance with K.S.A. 75-4215, and
37 amendments thereto. Upon receipt of each such remittance, the state
38 treasurer shall deposit the entire amount in the state treasury to the credit
39 of the health care access improvement fund. All expenditures from the
40 health care access improvement fund shall be made in accordance with
41 appropriation acts upon warrants of the director of accounts and reports
42 issued pursuant to vouchers approved by the secretary of health and
43 environment or the secretary's designee.

1 (b) *There is hereby created in the state treasury the hospital medicaid*
 2 *expansion support surcharge fund to be administered by the secretary of*
 3 *health and environment. All moneys received for the surcharge imposed by*
 4 *K.S.A. 65-6208(b), and amendments thereto, including any penalty*
 5 *assessments imposed thereon, shall be remitted to the state treasurer in*
 6 *accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt of*
 7 *each such remittance, the state treasurer shall deposit the entire amount*
 8 *into the state treasury to the credit of the hospital medicaid expansion*
 9 *support surcharge fund. All expenditures from the hospital medicaid*
 10 *expansion support surcharge fund shall be made in accordance with*
 11 *appropriation acts upon warrants of the director of accounts and reports*
 12 *issued pursuant to vouchers approved by the secretary of health and*
 13 *environment or the secretary's designee.*

14 (c) ~~The fund~~ funds shall not be used to replace any moneys
 15 appropriated by the legislature for the department's medicaid program.

16 ~~(e)~~(d) ~~The fund is~~ funds are created for the purpose of receiving
 17 moneys in accordance with this act and disbursing moneys only for the
 18 purpose of improving health care delivery and related health activities,
 19 notwithstanding any other provision of law.

20 ~~(d)~~(e) On or before the 10th day of each month, the director of
 21 accounts and reports shall transfer from the state general fund to the health
 22 care access improvement fund *and the hospital medicaid expansion*
 23 *support surcharge fund* interest earnings based on:

24 (1) The average daily balance of moneys in ~~the health care access~~
 25 ~~improvement~~ *each such* fund for the preceding month; and

26 (2) the net earnings rate of the pooled money investment portfolio for
 27 the preceding month.

28 ~~(e)~~(f) ~~The fund~~ funds shall consist of the following:

29 (1) All moneys collected or received by the department from the
 30 hospital provider assessment *and surcharge* and the health maintenance
 31 organization assessment imposed by this act;

32 (2) any interest or penalty levied in conjunction with the
 33 administration of this act; and

34 (3) all other moneys received for ~~the fund~~ funds from any other
 35 source.

36 ~~(f)~~(g) (1) On July 1 of each fiscal year, the director of accounts and
 37 reports shall record a debit to the state treasurer's receivables for the health
 38 care access improvement fund and shall record a corresponding credit to
 39 the health care access improvement fund in an amount certified by the
 40 director of the budget ~~which~~ *that* shall be equal to the sum of 80% of the
 41 moneys estimated by the director of the budget to be received from the
 42 assessment imposed on hospital providers pursuant to K.S.A. 65-6208(a),
 43 and amendments thereto, and credited to the health care access

1 improvement fund during such fiscal year, plus 53% of the moneys
2 estimated by the director of the budget to be received from the assessment
3 imposed on health maintenance organizations pursuant to K.S.A. 65-6213,
4 and amendments thereto, and credited to the health care access
5 improvement fund during such fiscal year, except that such amount shall
6 be proportionally adjusted during such fiscal year with respect to any
7 change in the moneys estimated by the director of the budget to be
8 received for such assessments *under K.S.A. 65-6208(a) and 65-6213, and*
9 *amendments thereto*, deposited in the state treasury and credited to the
10 health care access improvement fund during such fiscal year. Among other
11 appropriate factors, the director of the budget shall take into consideration
12 the estimated and actual receipts from such assessments for the current
13 fiscal year and the preceding fiscal year in determining the amount to be
14 certified under this ~~subsection (f)~~ *paragraph*. All moneys received for the
15 assessments imposed pursuant to K.S.A. 65-6208(a) and 65-6213, and
16 amendments thereto, deposited in the state treasury and credited to the
17 health care access improvement fund during a fiscal year shall reduce the
18 amount debited and credited to the health care access improvement fund
19 under this ~~subsection (f)~~ *paragraph* for such fiscal year.

20 (2) *On July 1 of each fiscal year, the director of accounts and reports*
21 *shall record a debit to the state treasurer's receivables for the hospital*
22 *medicaid expansion support surcharge fund and shall record a*
23 *corresponding credit to the hospital medicaid expansion support*
24 *surcharge fund in an amount certified by the director of the budget that*
25 *shall be equal to 100% of the moneys estimated by the director of the*
26 *budget to be received from any surcharge imposed on hospital providers in*
27 *accordance with K.S.A. 65-6208(b), and amendments thereto, and credited*
28 *to the hospital medicaid expansion support surcharge fund during such*
29 *fiscal year, except that such amount shall be proportionally adjusted*
30 *during such fiscal year with respect to any change in the moneys estimated*
31 *by the director of the budget to be received for such surcharge in*
32 *accordance with K.S.A. 65-6208(b), and amendments thereto, deposited in*
33 *the state treasury and credited to the hospital medicaid expansion support*
34 *surcharge fund during such fiscal year. Among other appropriate factors,*
35 *the director of the budget shall take into consideration the estimated and*
36 *actual receipts from such surcharge for the current fiscal year and the*
37 *preceding fiscal year in determining the amount to be certified under this*
38 *paragraph. All moneys received for the surcharge imposed under K.S.A.*
39 *65-6208(b), and amendments thereto, deposited in the state treasury and*
40 *credited to the hospital medicaid expansion support surcharge fund during*
41 *a fiscal year shall reduce the amount debited and credited to the hospital*
42 *medicaid expansion support surcharge fund under this paragraph for such*
43 *fiscal year.*

1 (3) On June 30 of each fiscal year, the director of accounts and
2 reports shall adjust the amounts debited and credited to the state treasurer's
3 receivables and to the health care access improvement fund *and the*
4 *hospital medicaid expansion support surcharge fund* pursuant to this
5 subsection~~(f)~~, to reflect all moneys actually received for the assessments
6 *and surcharge* imposed pursuant to K.S.A. 65-6208 and 65-6213, and
7 amendments thereto, deposited in the state treasury and credited to the
8 health care access improvement fund *and the hospital medicaid expansion*
9 *support surcharge fund* during the current fiscal year.

10 ~~(3)~~(4) The director of accounts and reports shall notify the state
11 treasurer of all amounts debited and credited to the health care access
12 improvement fund *and the hospital medicaid expansion support surcharge*
13 *fund* pursuant to this subsection~~(f)~~ and all reductions and adjustments
14 thereto made pursuant to this subsection~~(f)~~. The state treasurer shall enter
15 all such amounts debited and credited and shall make reductions and
16 adjustments thereto on the books and records kept and maintained for the
17 health care access improvement fund by the state treasurer in accordance
18 with the notice thereof.

19 Sec. 23. K.S.A. 2023 Supp. 65-6218 is hereby amended to read as
20 follows: 65-6218. (a) (1) Assessment revenues generated from the hospital
21 provider assessments *under K.S.A. 65-6208(a), and amendments thereto,*
22 shall be disbursed as follows:

23 (A) Not less than 80% of assessment revenues shall be disbursed to
24 hospital providers through a combination of medicaid access improvement
25 payments and increased medicaid rates on designated diagnostic related
26 groupings, procedures or codes;

27 (B) not more than 20% of assessment revenues shall be disbursed to
28 providers who are persons licensed to practice medicine and surgery or
29 dentistry through increased medicaid rates on designated procedures and
30 codes; and

31 (C) not more than 3.2% of hospital provider assessment revenues
32 shall be used to fund healthcare access improvement programs in
33 undergraduate, graduate or continuing medical education, including the
34 medical student loan act.

35 (2) On July 1 of each year, the department of health and environment,
36 with approval of the healthcare access improvement panel, shall make
37 adjustments to the disbursement of moneys in accordance with this
38 subsection to cause such disbursements to be paid solely from moneys
39 appropriated from the healthcare access improvement fund. The healthcare
40 access improvement fund shall not be supplemented by appropriations
41 from the state general fund for the purpose of making disbursements under
42 this subsection.

43 (b) *Surcharge revenues generated from the hospital medicaid*

1 *expansion support surcharge under K.S.A. 65-6208(b), and amendments*
2 *thereto, shall be disbursed to offset the costs to the state related to*
3 *medicaid expansion beneficiaries as calculated in K.S.A. 65-6207(a), and*
4 *amendments thereto.*

5 (c) For the purposes of administering and selecting the disbursements
6 described in ~~subsections~~ *subsection (a)—and—(b), oversight of the*
7 *calculation of the annual hospital medicaid expansion support payment*
8 *and any surcharge under K.S.A. 65-6208(b), and amendments thereto,* the
9 healthcare access improvement panel is hereby established. The panel shall
10 consist of the following: Three members appointed by the Kansas hospital
11 association, two members appointed by the Kansas medical society, one
12 member appointed by each health maintenance organization that has a
13 medicaid managed care contract with the department of health and
14 environment, one member appointed by the community care network of
15 Kansas, one member appointed by the president of the senate, one member
16 appointed by the speaker of the house of representatives, one member
17 from the office of the medicaid inspector general appointed by the attorney
18 general and one representative of the department of health and
19 environment appointed by the governor. The panel shall elect a
20 chairperson from among the members appointed by the Kansas hospital
21 association. A representative of the panel shall be required to make an
22 annual report to the legislature regarding the collection and distribution of
23 all funds received and distributed under this act, and such report shall
24 include analysis demonstrating that disbursements made in accordance
25 with subsection (a) are budget neutral to the state general fund.

26 ~~(e)~~(d) *The panel shall use the following procedure to approve*
27 *collection of surcharge revenues under K.S.A. 65-6208(b), and*
28 *amendments thereto, for each calendar year beginning with calendar year*
29 *2027 based upon the total number of unduplicated medicaid expansion*
30 *enrollees for such year:*

31 (1) *By March 31 and September 30, the department shall certify to*
32 *the panel the total number of unduplicated medicaid expansion enrollees*
33 *using data from the most recent end-of- month report.*

34 (2) *The panel shall review the number certified by the department,*
35 *consult with the department regarding any proposed deletions and certify*
36 *the final number of unduplicated medicaid expansion enrollees by April 15*
37 *and October 15.*

38 (3) *Each hospital's share of the annual hospital medicaid expansion*
39 *support surcharge shall be determined by the panel based upon such*
40 *hospital's proportion of total hospital revenues. The panel shall certify to*
41 *the department the amount of each hospital's surcharge by April 30 and*
42 *October 31. The surcharge for any hospital that has not yet filed a*
43 *medicare cost report shall pay the lowest surcharge payable by its hospital*

1 licensure category as defined by K.S.A. 65-425, and amendments thereto.

2 (4) For purposes of this subsection, the total surcharge revenues to
3 be certified for any calendar year shall not exceed \$35,000,000, and any
4 annual hospital medicaid expansion support surcharge in excess of
5 \$35,000,000 shall be disregarded.

6 (5) As used in this subsection:

7 (A) "Total hospital revenues" means the sum of inpatient and
8 outpatient revenues for all hospital providers as reflected in the applicable
9 medicare cost report.

10 (B) "Applicable medicare cost report" means, for calendar year
11 2025, such report filed by each hospital for calendar year 2023 or, if the
12 hospital did not file a medicare cost report for calendar year 2023, the
13 first year that the hospital filed a medicare cost report. For each calendar
14 year after 2025, the applicable medicare cost report shall advance by one
15 year.

16 ~~(+)(e)~~ 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~~ section 2 of chapter 7 of the 2020 Session Laws of Kansas. If the
20 department has submitted such a request pursuant to section 80(1) of
21 chapter 68 of the 2019 Session Laws of Kansas, then the department may
22 continue such request, or modify such request to conform to the
23 amendments made to subsections (a) and (b) by this act, to fulfill the
24 requirements of this paragraph.

25 ~~(2)(f)~~ The secretary of health and environment shall certify to the
26 secretary of state the receipt of such approval and cause notice of such
27 approval to be published in the Kansas register.

28 ~~(3) The amendments made to subsections (a) and (b) by this act shall~~
29 ~~take effect on and after January 1 or July 1 immediately following such~~
30 ~~publication of such approval.~~

31 Sec. 24. K.S.A. 39-7,160, 40-3213, 65-6207, 65-6210, 65-6211, 65-
32 6212 and 65-6217 and K.S.A. 2023 Supp. 65-6208, 65-6209 and 65-6218
33 are hereby repealed.

34 Sec. 25. This act shall take effect and be in force from and after its
35 publication in the Kansas register.