

February 15, 2021

The Honorable Richard Hilderbrand, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 445A-S
Topeka, Kansas 66612

Dear Senator Hilderbrand:

SUBJECT: Fiscal Note for SB 175 by Senate Committee on Public Health and Welfare

In accordance with KSA 75-3715a, the following fiscal note concerning SB 175 is respectfully submitted to your committee.

SB 175 would establish the Rural Emergency Hospital Act. The bill defines “rural emergency hospital” and the medical and health services that would be provided. Facilities would apply to the Kansas Department of Health and Environment (KDHE) for a rural emergency hospital license. KDHE would be required to adopt rules and regulations establishing the minimum standards for the operation and licensure of rural emergency hospitals. The bill lists the criteria required for a facility to apply for licensure and the information that must accompany the application.

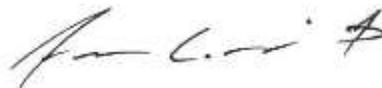
Rural emergency hospitals would not have inpatient beds but could have a unit that is licensed as a skilled nursing facility to provide post-hospital extended care services. A licensed general hospital or critical access hospital that applies for and receives licensure as a rural emergency hospital and elects to operate as a rural emergency hospital would be able to retain its original license as a general hospital or critical access hospital. The original license would remain inactive while the rural emergency hospital license is in effect. The bill would authorize rural emergency hospitals to enter into contracts required to be eligible for federal reimbursement.

Estimated State Fiscal Effect				
	FY 2021 SGF	FY 2021 All Funds	FY 2022 SGF	FY 2022 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$183,680	\$183,680
FTE Pos.	--	--	--	2.00

KDHE estimates passage of the bill would require additional expenditures of \$183,680 from the State General Fund and 2.00 FTE positions in FY 2022. The amount includes \$129,000 for salary and wages (\$64,500 for each position); \$40,600 for two vehicles; \$10,000 for travel; \$2,520 for computers and data; and \$1,560 for communications. One position would be needed to develop state licensure regulations and collaborate with the Centers for Medicare and Medicaid Services. The other position would conduct the initial licensure surveys of rural emergency hospitals. This would require travel to facilities; conducting observations, interviews and record reviews; writing reports; and following up with facilities found not in compliance. KDHE indicates that it is possible that a portion of the expenditures could be paid with federal funds, but the amount or percentage is currently unknown. Additionally, no estimate is available at this time for revenues as licensure fees have not been determined.

The Kansas Association of Counties and the League of Kansas Municipalities note that allowing certain hospitals to receive federal reimbursement as rural emergency hospitals could result in improvements to rural healthcare that would benefit cities and counties. However, the fiscal effect on local governments is unknown. Any fiscal effect associated with SB 175 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Dan Thimmesch, Health & Environment
Jay Hall, Association of Counties
Wendi Stark, League of Municipalities