

SESSION OF 2017

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2418**

As Amended by House Committee on  
Appropriations

**Brief\***

HB 2418, as amended, would appropriate \$2.7 million, all from the State General Fund, to the Department of Administration (DOA) to establish and operate an on-site state employee health clinic (clinic) for FY 2018. The bill would limit expenditures for construction of a clinic or renovation of premises to use as a clinic to \$500,000.

The DOA would be required to procure the services of a vendor to establish the clinic, including any services necessary to construct, renovate, and operate such clinic. The clinic would be allowed to be located on property owned or leased by the state of Kansas.

***Clinic Procurement Contract***

Any procurement contract solicited and executed for the clinic would be subject to competitive bid requirements, but the DOA would be allowed to consider cost avoidance and return on investment when determining the lowest responsible bidder.

The contract would be required to include the following requirements for the vendor to:

- Employ a licensed physician to oversee the clinic;

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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>

- Provide services to state employees either free of charge or at the minimum charge permissible by federal law;
- Establish and maintain a secure online patient portal;
- Offer general primary healthcare services, limited supply and dispensing of medications, certain on-site laboratory services, behavioral health services, and physical medicine services;
- Offer clinic services that align with the state Health and Wellness Program administered by the Kansas Department of Health and Environment (KDHE) and the Kansas State Employees Health Care Commission (HCC), including services that align with rules and regulations adopted pursuant to the bill;
- Provide data security for all clinic and patient data, with a prohibition on contracting or otherwise relying on a third party to provide such security;
- Provide an electronic medical record system; and
- Prepare a report detailing cost avoidance and return on investment over a five year period and to submit the report to the Secretary of Administration, the House Committee on Appropriations, and the Senate Committee on Ways and Means.

The contract would also be required to include performance guarantees, including guarantees related to:

- Patient experience, including patient satisfaction, wait time, and complaint resolution;
- Compliance and reporting, including near-real-time health clinic reporting;

- Quality and peer review and regulatory compliance; and
- Clinical outcomes, including care coordination and chronic condition management for at least three years after treatment.

### ***Rules and Regulations***

The HCC and KDHE would be allowed to adopt rules and regulations to establish criteria for providing financial or clinic incentives to state employees who participate in the state Health and Wellness Program administered by KDHE and the HCC.

### ***DOA Consultation***

The DOA would be required to advise and consult as follows:

- With the HCC regarding the establishment of the clinic, including any bids submitted to establish the clinic;
- With the Joint Committee on State Building Construction regarding the identification and selection of space and premises to establish the clinic; and
- With KDHE regarding the operation of the clinic.

### **Background**

The bill was introduced in the House Committee on Appropriations. At the House Committee hearing, a representative of Cerner Corporation testified in favor of the

bill, outlining the benefits of on-site health centers for state employees and potential cost-savings. The DOA provided written proponent testimony.

No neutral or opponent testimony was provided.

The House Committee amended the bill to specify the clinic could be located on property owned and leased by the state, to allow the DOA to consider cost avoidance and return on investment when determining the lowest responsible bidder, and to amend the terms “physicians” to “healthcare providers” and “chiropractic” services to “physical medicine” services for clarity in certain provisions.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the DOA indicates enactment of the bill would have no fiscal effect beyond the \$2.7 million appropriation for FY 2018 for start-up costs for the on-site clinic and would seek bids for services at or below the amount allowed by the appropriation. KDHE estimates the bill would result in savings to the State Employee Health Plan of \$2.5 million in FY 2019 and out-year savings of \$3.0 million in FY 2020 and \$3.6 million in FY 2021.