SENATE BILL NO. ____

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

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

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

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

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

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

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

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

New Sec. 2. (a) The secretary of health and environment shall submit to the United States centers for medicare and medicaid services any state plan amendment, waiver request or other approval request necessary to implement the act. At least 10 calendar days prior to

submission of any such approval request to the United States centers for medicare and medicaid services , the secretary of health and environment shall submit such approval request application to the state finance council.

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

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

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

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

(A) Federal form W-2 wage and tax statement;

(B) a paystub demonstrating gross income;

(C) employment records;

(D) federal tax form 1099 demonstrating payments for contract labor;

(E) compliance with the requirements of K.S.A. 39-709(b), and amendments thereto; and

(F) any other documentation as determined by the secretary of health and environment.

(2) The following individuals shall be exempt from the requirements of this subsection:

(A) A full-time student enrolled in a postsecondary educational institution or technical college, as defined by K.S.A. 74-3201b, and amendments thereto, for each year the student is enrolled in such educational setting;

(B) a parent or guardian of a dependent child under 18 years of age or a parent or guardian of an incapacitated adult;

(C) an individual who is mentally or physically unfit for employment, as defined by the secretary of health and environment or has a pending application for supplemental security income or social security disability insurance;

(D) an individual who has a permanent partial disability as such term is used in K.S.A. 44-510e, and amendments thereto;

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

(F) an individual experiencing homelessness, as such term is defined in 42 U.S.C. 11302, as it exists on the effective date of this act;

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

(H) an individual who is not more than 22 years of age who was in the custody of the secretary of the department of children and families on the date the individual reached 18 years of age; and

(I) any individual who the secretary determines is experiencing hardship.

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

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

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

(b) A program established under this section shall:

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

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

New Sec. 5. (a) Except to the extent prohibited by 42 U.S.C. § 1396u-2(a)(2), as it exists on the effective date of this act, the secretary of health and environment shall administer medical assistance benefits using a managed care delivery system using organizations subject to assessment of the privilege fee under K.S.A. 40-3213, and amendments thereto. If the United States centers for medicare and medicaid services determines that the assessment of a privilege

fee provided in K.S.A. 40-3213, and amendments thereto, is unlawful or otherwise invalid, then the secretary of health and environment shall administer state medicaid services using a managed care delivery system.

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

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

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

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

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

New Sec. 7. (a) Section 6, and amendments thereto, shall be nonseverable from the remainder of the act. If the provisions of section 6, and amendments thereto, are not approved by the United States centers for medicare and medicaid services, then the act shall be null and void

and shall have no force and effect.

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

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

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

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

New Sec. 9. (a) The secretary of corrections and the secretary of health and environment shall coordinate with a county sheriff or such sheriff's deputy who requests assistance in facilitating medicaid coverage for any individual committed to a county jail or correctional facility during any time period that such individual is eligible for coverage under state or federal law.

(b) If an individual is enrolled in medicaid when such individual is committed to a county jail or correctional facility, such medicaid status shall not be suspended or terminated

based on such individual's incarceration for a minimum of 30 days. After 30 days, medicaid coverage may be suspended, but not terminated, up to the maximum amount of time permitted by state and federal law.

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

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

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

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

(b) The department of health and environment shall certify the amount of moneys received by such agency from drug rebates associated with medical assistance enrollees on a

monthly basis and shall transmit each such certification to the director of legislative research and the director of the budget.

(c) Upon receipt of each such certification, the director of legislative research and the director of the budget shall include such certified amount on any monthly report prepared by the legislative research department or the division of the budget that details state general fund receipts as a separate item entitled "drug rebates" under a category of other revenue sources.

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

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

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

(c) The governor shall designate one of the appointed members to be chair of the committee. The members of the advisory committee shall select a vice-chairperson from the membership of the advisory committee.

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

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

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

(f) The advisory committee shall:

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

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

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

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

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

(g) The secretary of health and environment shall facilitate the work of the committee by providing access to meeting space and other necessary staff and office support. The secretary of health and environment may adopt any rules and regulations and supporting policies and procedures that are necessary to support the work of the advisory committee.

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

Sec. 14. K.S.A. 39-7,160 is hereby amended to read as follows: 39-7,160. (a) There is hereby established the Robert G. (Bob) Bethell joint committee on home and community based services and KanCare oversight. The joint committee shall review the number of individuals who

are transferred from state or private institutions and long-term care facilities to the home and community based services and the associated cost savings and other outcomes of the money-follows-the-person program. The joint committee shall review the funding targets recommended by the interim report submitted for the 2007 legislature by the joint committee on legislative budget and use them as guidelines for future funding planning and policy making. The joint committee shall have oversight of savings resulting from the transfer of individuals from state or private institutions to home and community based services. As used in K.S.A. 39-7,159 through 39-7,162, and amendments thereto, "savings" means the difference between the average cost of providing services for individuals in an institutional setting and the cost of providing services in a home and community based setting. The joint committee shall study and determine the effectiveness of the program and cost-analysis of the state institutions or long-term care facilities based on the success of the transfer of individuals to home and community based services. The joint committee shall consider the issues of whether sufficient funding is provided for enhancement of wages and benefits of direct individual care workers and their staff training and whether adequate progress is being made to transfer individuals from the institutions and to move them from the waiver waiting lists to receive home and community based services. The joint committee shall review and ensure that any proceeds resulting from the successful transfer be applied to the system of provision of services for long-term care and home and community based services. The joint committee shall monitor and study the implementation and operations of the home and community based service programs, the children's health insurance program, the program for the all-inclusive care of the elderly and the state medicaid programs including, but not limited to, access to and quality of services provided and any financial information and budgetary issues. Any state agency shall provide data and information on KanCare programs,

including, but not limited to, pay for performance measures, quality measures and enrollment and disenrollment in specific plans, KanCare provider network data and appeals and grievances made to the KanCare ombudsman, to the joint committee, as requested.

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

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

(d) (1) The members originally appointed as members of the joint committee shall meet upon the call of the member appointed by the speaker of the house of representatives, who shall be the first chairperson, within 30 days of the effective date of this act. The vice-chairperson of

the joint committee shall be appointed by the president of the senate. Chairperson and vice-chairperson shall alternate annually between the members appointed by the speaker of the house of representatives and the president of the senate. The ranking minority member shall be from the same chamber as the chairperson. ~~On and after the effective date of this act~~ Except as provided in paragraph (2), the joint committee shall meet at least once in January and once in April when the legislature is in regular session and at least once for two consecutive days during each of the third and fourth calendar quarters, on the call of the chairperson, but not to exceed six meetings in a calendar year, except additional meetings may be held on call of the chairperson when urgent circumstances exist which require such meetings. Six members of the joint committee shall constitute a quorum.

(2) During calendar year 2025 and calendar year 2026, the joint committee shall meet for one additional day per meeting in order to monitor the implementation of the cutting healthcare costs for all Kansans act and to review the following topics relating to such implementation: Payment integrity and eligibility audits; outcomes related to section 3, and amendments thereto; health outcomes for individuals covered under the act; budget projections and actual expenditures related to implementation of the act; and expenses incurred by hospitals arising from charity care and services provided to patients who are unwilling or unable to pay for such services

(e) (1) At the beginning of each regular session of the legislature, the committee shall submit to the president of the senate, the speaker of the house of representatives, the house committee on health and human services and the senate committee on public health and welfare a written report on numbers of individuals transferred from the state or private institutions to the home and community based services including the average daily census in the state institutions

and long-term care facilities, savings resulting from the transfer certified by the secretary for aging and disability services in a quarterly report filed in accordance with K.S.A. 39-7,162, and amendments thereto, and the current balance in the home and community based services savings fund of the Kansas department for aging and disability services.

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

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

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

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

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

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

(F) comparison of the estimated costs expended in a managed care system of providing

state medicaid services under the KanCare program after January 1, 2013, to the actual costs expended under the KanCare program of providing state medicaid services after January 1, 2013;

(G) comparison of caseload information for individuals receiving state medicaid services prior to January 1, 2013, to the caseload information for individuals receiving state medicaid services under the KanCare program after January 1, 2013; and

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

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

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

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

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

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

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

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

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

(2) for filing each annual report, $50;

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

(b) Every health maintenance organization subject to this act shall pay annually to the commissioner at the time such organization files its annual report, a privilege fee in an amount equal to ~~the following percentages~~ 5.77% of the total of all premiums, subscription charges or any other term that may be used to describe the charges made by such organization to enrollees~~:~~ ~~3.31% during the reporting period beginning January 1, 2015, and ending December 31, 2017; and 5.77% on and after January 1, 2018~~. In such computations all such organizations shall be entitled to deduct therefrom any premiums or subscription charges returned on account of cancellations and dividends returned to enrollees. If the commissioner shall determine at any time that the application of the privilege fee, or a change in the rate of the privilege fee, would cause a denial of, reduction in or elimination of federal financial assistance to the state or to any health maintenance organization subject to this act, the commissioner is hereby authorized to terminate the operation of such privilege fee or the change in such privilege fee.

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

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

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

(f) (1) ~~On and after January 1, 2018,~~ In addition to any other filing or return required by this section, each health maintenance organization shall submit a report to the commissioner on or before March 31 and September 30 of each year containing an estimate of the total amount of all premiums, subscription charges or any other term that may be used to describe the charges made by such organization to enrollees that the organization expects to collect during the current calendar year. Upon filing each March 31 report, the organization shall submit payment equal to

½ of the privilege fee that would be assessed by the commissioner for the current calendar year based upon the organization's reported estimate. Upon filing each September 30 report, the organization shall submit payment equal to the balance of the privilege fee that would be assessed by the commissioner for the current calendar year based upon the organization's reported estimates.

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

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

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

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

(b) "Assessment revenues" means the revenues generated directly by the assessment and surcharge imposed by K.S.A. 65-6208 and 65-6213, and amendments thereto, any penalty assessments and all interest credited to the fund under this act and any federal matching funds

obtained through the use of such assessments, surcharges, penalties and interest amounts.

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

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

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

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

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

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

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

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

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

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

amendments thereto.

(2) The department of health and environment shall submit to the United States centers for medicare and medicaid services any approval request necessary to implement the surcharge authorized by this subsection and shall not impose such surcharge prior to receiving approval by the United States centers for medicare and medicaid services and publishing such approval.

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

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

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

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

Sec. 18. K.S.A. 2023 Supp. 65-6209 is hereby amended to read as follows: 65-6209. (a) A hospital provider that is a state agency, the authority, as defined in K.S.A. 76-3304, and

amendments thereto, a state educational institution, as defined in K.S.A. 76-711, and amendments thereto, a critical access hospital, as defined in K.S.A. 65-468, and amendments thereto, or a rural emergency hospital licensed under the rural emergency hospital act, K.S.A. 2023 Supp. 65-481 et seq., and amendments thereto, is exempt from the assessment imposed by K.S.A. 65-6208(a), and amendments thereto, but not the surcharge imposed by K.S.A. 65-6208(b), and amendments thereto.

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

Sec. 19. K.S.A. 65-6210 is hereby amended to read as follows: 65-6210. (a) The assessment imposed by K.S.A. 65-6208, and amendments thereto, for any state fiscal year to which this statute applies shall be due and payable in equal installments on or before June 30 and December 31, commencing with whichever date first occurs after the hospital has received payments for 150 days after the effective date of the payment methodology approved by the centers for medicare and medicaid services. No installment payment of an assessment under this act shall be due and payable, however, until after:

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

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

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

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

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

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

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

(d) The effective date for the payment methodology applicable to hospital providers approved by the centers for medicare and medicaid services shall be the date of July 1 or January 1, whichever date is designated in the state plan submitted by the department of health and environment for approval by the centers for medicare and medicaid services.

Sec. 20. K.S.A. 65-6211 is hereby amended to read as follows: 65-6211. (a) After December 31 of each year, except as otherwise provided in this subsection, and on or before

March 31 of the succeeding year, the department shall send a notice of assessment imposed under K.S.A. 65-6208(a), and amendments thereto, to every hospital provider subject to assessment under this act. ~~(b)~~ The hospital provider notice of assessment shall notify the hospital provider of its assessment for the state fiscal year commencing on the next July 1.

(b) On or before August 15 and February 15 of each year, the department shall send a notice of surcharge imposed under K.S.A. 65-6208(b), and amendments thereto, to each hospital provider subject to the surcharge. The department shall send the first such notice on or before August 15, 2025.

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

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

(e) Notwithstanding any other provision in this act, in the case of a person who ceases to operate, conduct or maintain a hospital for which the person is subject to surcharge in K.S.A. 65-6208(b), and amendments thereto, as a hospital provider, the surcharge for the six-month

period in which the cessation occurs shall be adjusted by multiplying the surcharge computed under K.S.A. 65-6208(b), and amendments thereto, by a fraction, the numerator of which is the number of the days during the six months during which the provider operates, conducts or maintains a hospital and the denominator of which is the days in the same six-month period. Immediately upon ceasing to operate, conduct or maintain a hospital, the person shall pay the adjusted assessment for that six-month period, to the extent not previously paid.

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

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

(b) The assessment and surcharge imposed by K.S.A. 65-6208, and amendments thereto, shall not take effect or shall cease to be imposed if the assessment is determined to be an impermissible tax under title XIX of the federal social security act. Moneys in the health care access improvement fund or the hospital medicaid expansion support surcharge fund derived from assessments or surcharges imposed prior thereto shall be disbursed in accordance with

~~subsection (a) of~~ K.S.A. 65-6218, and amendments thereto, to the extent that federal matching is not reduced due to the impermissibility of the assessments or surcharges, and any remaining moneys shall be refunded to hospital providers in proportion to the amounts paid by them.

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

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

secretary of health and environment or the secretary's designee.

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

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

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

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

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

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

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

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

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

~~(f)~~(g) (1) On July 1 of each fiscal year, the director of accounts and reports shall record a debit to the state treasurer's receivables for the health care access improvement fund and shall record a corresponding credit to the health care access improvement fund in an amount certified by the director of the budget ~~which~~ that shall be equal to the sum of 80% of the moneys

estimated by the director of the budget to be received from the assessment imposed on hospital providers pursuant to K.S.A. 65-6208(a), and amendments thereto, and credited to the health care access improvement fund during such fiscal year, plus 53% of the moneys estimated by the director of the budget to be received from the assessment imposed on health maintenance organizations pursuant to K.S.A. 65-6213, and amendments thereto, and credited to the health care access improvement fund during such fiscal year, except that such amount shall be proportionally adjusted during such fiscal year with respect to any change in the moneys estimated by the director of the budget to be received for such assessments under K.S.A. 65-6208(a) and 65-6213, and amendments thereto, deposited in the state treasury and credited to the health care access improvement fund during such fiscal year. Among other appropriate factors, the director of the budget shall take into consideration the estimated and actual receipts from such assessments for the current fiscal year and the preceding fiscal year in determining the amount to be certified under this ~~subsection (f)~~ paragraph. All moneys received for the assessments imposed pursuant to K.S.A. 65-6208(a) and 65-6213, and amendments thereto, deposited in the state treasury and credited to the health care access improvement fund during a fiscal year shall reduce the amount debited and credited to the health care access improvement fund under this ~~subsection (f)~~ paragraph for such fiscal year.

(2) On July 1 of each fiscal year, the director of accounts and reports shall record a debit to the state treasurer's receivables for the hospital medicaid expansion support surcharge fund and shall record a corresponding credit to the hospital medicaid expansion support surcharge fund in an amount certified by the director of the budget that shall be equal to 100% of the moneys estimated by the director of the budget to be received from any surcharge imposed on hospital providers in accordance with K.S.A. 65-6208(b), and amendments thereto, and

credited to the hospital medicaid expansion support surcharge fund during such fiscal year, except that such amount shall be proportionally adjusted during such fiscal year with respect to any change in the moneys estimated by the director of the budget to be received for such surcharge in accordance with K.S.A. 65-6208(b), and amendments thereto, deposited in the state treasury and credited to the hospital medicaid expansion support surcharge fund during such fiscal year. Among other appropriate factors, the director of the budget shall take into consideration the estimated and actual receipts from such surcharge for the current fiscal year and the preceding fiscal year in determining the amount to be certified under this paragraph. All moneys received for the surcharge imposed under K.S.A. 65-6208(b), and amendments thereto, deposited in the state treasury and credited to the hospital medicaid expansion support surcharge fund during a fiscal year shall reduce the amount debited and credited to the hospital medicaid expansion support surcharge fund under this paragraph for such fiscal year.

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

~~(3)~~(4) The director of accounts and reports shall notify the state treasurer of all amounts debited and credited to the health care access improvement fund and the hospital medicaid expansion support surcharge fund pursuant to this subsection ~~(f)~~ and all reductions and adjustments thereto made pursuant to this subsection ~~(f)~~. The state treasurer shall enter all such

amounts debited and credited and shall make reductions and adjustments thereto on the books and records kept and maintained for the health care access improvement fund by the state treasurer in accordance with the notice thereof.

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

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

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

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

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

(b) Surcharge revenues generated from the hospital medicaid expansion support surcharge under K.S.A. 65-6208(b), and amendments thereto, shall be disbursed to offset the

costs to the state related to medicaid expansion beneficiaries as calculated in K.S.A. 65-6207(a), and amendments thereto.

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

~~(c)~~(d) The panel shall use the following procedure to approve collection of surcharge revenues under K.S.A. 65-6208(b) for each calendar year beginning with calendar year 2025 based upon the total number of unduplicated medicaid expansion enrollees for such year:

(1) By July 15, the department shall certify to the panel the total number of unduplicated medicaid expansion enrollees for the period beginning on January 1 and ending on

June 30.

(2) The panel shall review the number certified by the department, consult with the department regarding any proposed deletions and certify the final number of unduplicated medicaid expansion enrollees for such period by August 1.

(3) Each hospital's share of the annual hospital medicaid expansion support surcharge shall be determined by the panel based upon such hospital's proportion of total hospital revenues, and the amount shall be certified to the department by August 15. The surcharge for any hospital that has not yet filed a medicare cost report shall pay the lowest surcharge payable by its hospital licensure category as defined by K.S.A. 65-425, and amendments thereto.

(4) For the period beginning on July 1 and ending on December 31, any additional unduplicated medicaid expansion enrollees who were not counted in the first half of the calendar year shall be certified to the panel by the department by January 15. The panel shall follow the same process as described in paragraphs (2) and (3). No enrollee shall be certified more than once in any calendar year.

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

(6) As used in this subsection:

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

(B) "Applicable medicare cost report" means, for calendar year 2025, such report filed by each hospital for calendar year 2020 or, if the hospital did not file a medicare cost report for calendar year 2020, the first year that the hospital filed a medicare cost report. For each calendar

year after 2025, the applicable medicare cost report shall advance by one year.

~~(1)~~(e) The department of health and environment shall submit to the United States centers for medicare and medicaid services any approval request necessary to implement the amendments made to this section by ~~this act~~ section 2 of chapter 7 of the 2020 Session Laws of Kansas. If the department has submitted such a request pursuant to section 80(l) of chapter 68 of the 2019 Session Laws of Kansas, then the department may continue such request, or modify such request to conform to the amendments made to subsections (a) and (b) by this act, to fulfill the requirements of this paragraph.

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

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

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

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