

Approved 2-19-87 Ivan Sand  
Date

MINUTES OF THE House COMMITTEE ON Local Government

The meeting was called to order by Representative Ivan Sand at  
Chairperson

1:30 ~~XXX~~ a.m./p.m. on February 18, 1987 in room 521-S of the Capitol.

All members were present except:

Representative Dean

Committee staff present:

Mike Heim, Legislative Research Dept.  
Bill Edds, Revisor of Statutes' Office  
Sharon Green, Committee Secretary

Conferees appearing before the committee:

Representative Harold Guldner  
Chip Wheelan, Kansas Legislative Policy Group  
Bill Wood, Hamilton County Commissioner  
Tom Bell, Kansas Hospital Association

Chairman Sand called the meeting to order.

Representative Guldner testified in support of HB 2180, stating that this bill was requested by his county commissioners and the district hospital, (Hamilton County) due to the cost of maintaining a hospital.

Chip Wheelan testified in support of HB 2180, stating that County Commissioners would prefer to deal with budget crises by issuance of no-fund warrants. He also requested an amendment to the bill, in line 29, by deleting "and in the form". (Attachment 1)

Bill Wood testified in support of HB 2180, stating that budgeting for hospital is difficult because of fluctuating funds and that Hamilton county now does not have revenue funds to fall back on. He stated that this bill would enable the hospital to operate more efficiently. (Attachment 2)

Motion was made by Representative Holmes and seconded by Representative Miller to amend HB 2180 by deleting "and in the form" in line 29. The motion carried.

Tom Bell testified in support of HB 2180, stating that this bill provides for consistency between county and district hospital laws and that it gives counties another tool to use in attempting to cope with the problems of the local hospital. (Attachment 3)

Representative Graeber testified in support of HB 2183, stating that Leavenworth County had outgrown its population limitation to be able to levy for premiums for their county fair.

Motion was made by Representative Francisco and seconded by Representative Empson to favorably pass HB 2183 and place it on the Consent Calendar. The motion carried.

The minutes of February 17 were approved as presented.

Meeting adjourned.



Kansas Legislative Policy Group

301 Capitol Tower, 400 West Eighth, Topeka, Kansas 66603, 913-233-2227

TIMOTHY N. HAGEMANN, Executive Director

February 18, 1987

TESTIMONY  
to  
HOUSE LOCAL GOVERNMENT COMMITTEE  
HB 2180

Mr Chairman and members of the Committee, I am Chip Wheelen of Pete McGill and Associates. We represent the Kansas Legislative Policy Group which is an organization of county commissioners from rural areas of the State. We appear today in support of House Bill 2180.

As you are probably aware, the issuance of no fund warrants by local officials because of insufficient revenues is governed by K.S.A. 79-2938. That statute requires application to the State Board of Tax Appeals for approval and prescribes requirements that must be accommodated as well as tests that must be met before the Board's approval may be granted.

Furthermore, the Board must conduct a public hearing and publish notices at least ten days prior to the hearing. In summary, the process is somewhat cumbersome and time consuming. An exception to the general procedure is found in K.S.A. 80-2519. That statute grants authority to district hospital boards to

*Attachment 1*  
*2-18-87*

issue no-fund warrants without receiving Board of Tax Appeals approval.

As you know too well, revenue estimating is not a precise science. The art of budgeting is subject to human error because of its nature. Even the best economists in the State sometimes misjudge the amount of money that will be derived from income sources. The same thing also happens at the local level.

Normally, when public officials recognize that revenues are falling short of expectations it becomes necessary to curtail expenditures regardless of authorized spending. In the case of county hospitals, however, we are dealing with the provision of important public health services and response to accidental injuries. County Commissioners would prefer to deal with such budget crises in a more acceptable manner, that is, the expeditious issuance of no-fund warrants. Thus, our reason for requesting enactment of HB 2180.

We must also request one amendment to HB 2180. In its current form, it requires that "Warrents issued under this section shall be issued, registered, redeemed and shall bear interest in the manner and be in the form prescribed by K.S.A. 79-2940, and amendments thereto" (lines 27-30). K.S.A. 79-2940 requires that such warrants shall bear the notation "issued pursuant to authority granted by order No. \_\_\_\_\_, dated \_\_\_\_\_ of

the state board of tax appeals."

Obviously, if HB 2180 were law, there would be no order by the Board of Tax Appeals. Therefore it would be impossible to comply with the prescribed form. For this reason, we respectfully request that the words "and be in the form" be deleted from line 29.

In conclusion, we believe that HB 2180 will provide more flexibility to local officials who are elected by the people in their communities to handle their affairs in a responsible manner. We respectfully request that you recommend HB 2180 for passage, as amended.

Thank you for your time and consideration.

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Mr. Chairman and members of the Committee, I am Bill Wood, Chairman of the Board of Hamilton County Commissioners. I appear today in support of House Bill 2180.

I would like to emphasize that there is good precedence for the passage of this measure in that the language is identical to that of KSA 80-2519 which gives District Hospital Boards the authority to issue no-fund warrants. We feel County Commissioners need the same authority.

Budgeting for a hospital is different and more difficult than most other County functions because the majority of revenue is derived from variable sources. For calendar year 1986 Hamilton County Hospital had revenues from the acute care side of \$1,008,000. This income was received from the following sources:

1. 35% Commercial Insurance
2. 20% County Mill levy
3. 10% Welfare and Private Pay
4. 35% Medicare

All of these sources except County Mill levy will fluctuate as a result of patient load. In addition the last category, Medicare, has fluctuated greatly in the past few years due to changes in Medicare regulations. The most severe change was the implementation of the Diagnostic Related Group (DRG) method of reimbursement to hospitals. Under this plan each particular type of illness receives a set reimbursement regardless of length of stay in the hospital.

*Attachment 2*  
*2-18-87*

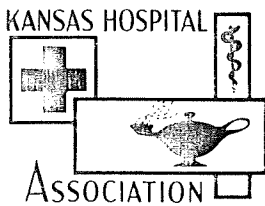
This reduction in reimbursement caused Hamilton County Hospital to experience a revenue shortage in 1985. No fund warrants were obtained pursuant to KSA 79-2938. However, the amount received, due to the limitation to 25% of the amount that could have been levied, was still not sufficient. Fortunately we then had Revenue Sharing funds to fall back on. This is not the case today.

We feel that government officials at all levels try to provide good service and still keep taxes as low as possible. It is easier to keep mill levies lower, if you know you have a safety valve such as House Bill 2180 provides, should revenues be over estimated.

Western Kansas citizens have shown a desire for good health care in spite of the increased costs as evidenced by the large margin that increased levy limits have been passed. However, if this attitude should change, the people still have the final say through the 5% protest clause included in the bill.

In conclusion I feel that House Bill 2180 will give County Commissioners an added tool to more efficiently operate their Hospitals.

Thank you for your time and consideration.



**Donald A. Wilson**  
President

February 18, 1987

- I. KHA supports HB 2180.
- II. There are approximately 50 county hospitals in Kansas. These hospitals generally range in size from 25-50 beds. Because of various factors, many of these hospitals are presently experiencing financial difficulties.
- III. HB 2180 gives counties another tool to use in attempting to cope with the problems of the local hospital. The bill does not give counties unlimited authority in this area, but does set up procedures for protest petitions to be filed in case there is opposition to the issuance of the no-fund warrants.
- IV. HB 2180 provides for consistency between county and district hospital laws. KSA 80-2519 already allows hospital districts to issue no-fund warrants. HB 2180 would give the same authority to counties that operate hospitals.

*Attachment 3*  
*2-18-87*