

**CONFERENCE COMMITTEE REPORT BRIEF  
HOUSE BILL NO. 2249**

As Agreed to March 24, 2025

**Brief\***

HB 2249 would add provisions that would become part of and supplemental to the Rural Emergency Hospital Act (Act). The bill would authorize the Secretary for Aging and Disability Services (Secretary), upon application by a rural emergency hospital (REH) and compliance with certain requirements, to grant a physical environment waiver (waiver) for existing nursing facilities to a REH to provide skilled nursing facility care. The bill would also establish the South Central Regional Mental Health Hospital, create a fee fund, update the catchment areas for the state hospitals, rename "Parsons State Hospital and Training Center" to "Parsons State Hospital," and make technical and conforming amendments.

***Requirements for Physical Environment Waiver***

The bill would authorize the Secretary, after application by a REH, to grant a waiver to the REH to transition a maximum of 10 swing beds to skilled nursing facility beds if the REH meets the following requirements:

- Licensed as a REH under the Act;
- Licensed as a hospital immediately prior to licensure as a REH; and
- During licensure as a hospital, the REH provided skilled nursing facility services or critical access hospital swing bed services to patients for a minimum of one year without an immediate jeopardy finding.

***Definitions***

The bill would define the following terms per continuing law:

- "Critical access hospital" would mean a member of a rural health network that:
  - Makes available 24-hour emergency care services;

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- Provides no more than 25 acute care inpatient beds or, in the case of a facility with an approved swing-bed agreement, a combined total of extended care and acute care beds that does not exceed 25 beds;
- Provides acute inpatient care for a period that does not exceed, on an annual average basis, 96 hours per patient; and
- Provides nursing services under the direction of a licensed professional nurse and continuous licensed professional nursing services for no less than 24 hours of every day when any bed is occupied or the facility is open to provide services for patients unless an exemption is granted by the licensing agency pursuant to rules and regulations.

The critical access hospital may provide:

- Any services otherwise required to be provided by a full-time, on-site dietician, pharmacist, laboratory technician, medical technologist, and radiological technologist on a part-time, off-site basis under written agreements or arrangements with one or more providers or suppliers recognized under Medicare; and
- Inpatient services by a physician assistant, advanced practice registered nurse, or a clinical nurse specialist subject to the oversight of a physician who need not be present in the facility.

In addition to the facility's 25 acute beds or swing beds, or both, the critical access hospital may have a psychiatric unit or a rehabilitation unit, or both. Each unit shall not exceed 10 beds and neither unit shall count toward the 25-bed limit or be subject to the average 96-hour length-of-stay restriction [KSA 65-468]; and

- "Hospital" would mean a general hospital, critical access hospital, or special hospital [KSA 65-425].

### ***South Central Regional Mental Health Hospital***

The bill would establish the South Central Regional Mental Health Hospital (South Central) and provide that it would follow the same rules and regulations as other state hospitals.

South Central would be established in Wichita, Kansas, Sedgwick County, and would be for the surrounding regional area to expand access to mental health beds in south-central Kansas.

### ***South Central Regional Mental Health Hospital Fee Fund***

The bill would create the South Central Regional Mental Health Hospital Fee Fund (Fund) in the State Treasury. The Fund would be administered by the Kansas Department for Aging and Disability Services (KDADS). The bill would require that all expenditures from the Fund be used in accordance with appropriation acts upon warrants of the Director of Accounts and Reports issued after vouchers are approved by the Superintendent of South Central (Superintendent) or the Superintendent's designees.

### *State Security Hospital Extension at South Central*

The Secretary would be authorized and directed to establish, equip, and maintain, in connection with and as part of South Central, suitable buildings for an extension to the State Security Hospital for the purpose of holding in custody, examining, treating, and caring for such mentally ill persons as may be committed or ordered to the State Security Hospital by the district courts; inmates who may be transferred for care and treatment; or adult patients who may be transferred from any state hospital for care and treatment.

The Secretary would be authorized and empowered to supervise and manage the extension of the State Security Hospital. The Superintendent of Larned State Hospital (LSH) would be the Superintendent of the South Central Extension.

### ***Technical and Conforming Amendments***

The bill would make various technical and conforming amendments in multiple locations, including the following:

- Add South Central as a state psychiatric hospital;
- Rename “Parsons State Hospital and Training Center” to “Parsons State Hospital” to more accurately reflect the facility’s current operations;
- Update the transfer process for certain patient populations to South Central; and
- Remove outdated references to facilities that are no longer operational or in use.

### *Catchment Areas*

The bill would establish the catchment area for South Central as the following counties:

- Sedgwick;
- Butler;
- Cowley;
- Harvey; and
- Sumner.

The bill would also update the catchment areas for Osawatomie State Hospital (OSH) to remove Butler, Cowley, and Sedgwick counties and add Cloud County. The bill would remove Harvey and Sumner counties from the catchment area for LSH and add Ottawa County.

The bill would clarify that the designation of a county to a particular catchment area would not prevent the admission of persons to a different state hospital when there are insufficient capacities and resources at the state hospital within a person’s catchment area.

## **Conference Committee Action**

The Conference Committee agreed to the provisions of HB 2249 and HB 2365, as amended by the Senate Committee on Public Health and Welfare. The Conference Committee further agreed to add the contents of HB 2365 to HB 2249.

## **Background**

The Conference Committee added the contents of HB 2365, as amended by the Senate Committee on Public Health and Welfare, to HB 2249, as amended by the Senate Committee on Public Health and Welfare.

### ***HB 2249 (Rural Emergency Hospital Physical Environment Waivers)***

The bill was introduced by the House Committee on Health and Human Services at the request of Representative W. Carpenter on behalf of the Kansas Hospital Association.

#### *House Committee on Health and Human Services*

In the House Committee hearing, **proponent** testimony was provided by representatives of the Kansas Hospital Association (KHA) and Mercy Hospital, Inc. The conferees generally stated the bill is needed to authorize KDADS to grant a waiver for existing nursing facilities to a REH with skilled nursing units operating under hospital licensure. Without a waiver, a REH would have to meet the physical environment standards of a new skilled nursing facility to continue operating its skilled nursing unit, which would be cost prohibitive for many older hospital buildings. The conferees stated allowing such a waiver would help prevent the closure of needed beds in long-term care units of hospitals and retain a valuable service to the community. The Mercy Hospital representative provided details regarding the financial impact the denial of a waiver had on the hospital that resulted in the closure of its long-term care unit to avoid jeopardizing its REH designation. The Mercy Hospital representative noted the closure directly impacted care for its numerous long-term care residents.

Written-only proponent testimony was provided by a representative of LeadingAge Kansas.

Neutral testimony was provided by a representative of KDADS, who stated the agency is aware of only one REH that would meet the criteria to request the waiver. The representative stated the waiver would allow REHs to transition up to 10 beds from swing beds to skilled nursing facility beds. The representative noted enactment of the bill would have no fiscal effect on the agency unless the Centers for Medicare and Medicaid Services (CMS) allows REHs to be certified for Medicare or Medicaid services (Title 18 and Title 19 of the Social Security Act, respectively).

No other testimony was provided.

### *Senate Committee on Public Health and Welfare*

In the Senate Committee hearing, **proponent** testimony was provided by representatives of the KHA and LeadingAge Kansas that was substantially similar to the testimony provided during the House Committee hearing.

Neutral testimony was provided by a representative of KDADS that was substantially similar to the testimony provided during the House Committee hearing.

Neutral written-only testimony was provided by a representative of Kansas Department of Health and Environment.

No other testimony was provided.

The Senate Committee made technical amendments to the bill. [*Note: The Conference Committee retained these amendments.*]

### ***HB 2365 (South Central Regional Mental Health Hospital)***

The bill was introduced by the House Committee on Health and Human Services at the request of Representative W. Carpenter on behalf of KDADS.

### *House Committee on Health and Human Services*

In the House Committee hearing, **proponent** testimony was provided by a representative of KDADS, who provided an overview of the timeline for the construction of South Central and explained the need for the statutory authorization for South Central. The conferee stated the bill would provide time to establish the operational and accounting structure for the hospital as well as the recruitment of the leadership team and development of policies and programming to ensure that the hospital can be licensed and accredited timely. A representative of Kansas Mental Health Coalition (KMHC) also provided testimony, expressing their support for South Central to add capacity regarding mental health in Kansas.

Written-only proponent testimony was provided by a representative of the Kansas Association of Chiefs of Police, Kansas Peace Officers Association, and Kansas Sheriffs Association.

No other testimony was provided.

The House Committee amended the bill to update the catchment areas for OSH and LSH. [*Note: The Conference Committee retained this amendment.*]

### *Senate Committee on Public Health and Welfare*

In the Senate Committee hearing, **proponent** testimony was provided by representatives of KDADS and KMHC, which was substantially similar to the testimony provided during the House Committee hearing.

Written-only proponent testimony was provided by a representative of the Kansas Association of Chiefs of Police, Kansas Peace Officers Association, and Kansas Sheriffs Association.

No other testimony was provided.

The Senate Committee made technical amendments to the bill. [Note: The Conference Committee retained these amendments.]

## **Fiscal Information**

### ***HB 2249 (Rural Emergency Hospital Physical Environment Waivers)***

According to the fiscal note prepared by the Division of the Budget on HB 2249, as introduced, KDADS indicates that enactment of the bill would have negligible fiscal effect on the agency. KDADS is aware of only one REH that meets the criteria to request the physical environment waiver. The bill would have no impact on providers unless the CMS would allow for this newly created entity to be certified for Title 18 and Title 19 services. The bill could increase Medicare or Medicaid payments for these ten skilled nursing facility beds. KDADS has not had regulatory oversight over this facility and does not have information on the utilization of the long-term beds in the facility before the transition to REH. Granting the waiver from the physical environment standards for a facility that meets the requirements of the bill would allow the provider to continue providing long-term care services as it did before the transition from a Critical Access Hospital to a REH.

### ***HB 2365 (South Central Regional Mental Health Hospital)***

According to the fiscal note prepared by the Division of the Budget on HB 2365, as introduced, KDADS and the Office of Judicial Administration indicate that enactment of the bill would have no fiscal effect on the agency or the Judicial Branch.

Health; Rural Emergency Hospital Act; rural emergency hospital; critical access hospital; skilled nursing facility beds; swing beds; physical environment waiver; Secretary for Aging and Disability Services; South Central Regional Mental Health Hospital; state hospitals; catchment; Osawatomie State Hospital; Larned State Hospital

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