

SESSION OF 2012

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2416**

As Amended by Senate Committee on Public  
Health and Welfare

**Brief\***

HB 2416, as amended, would update the statutes to replace references to the Kansas Health Policy Authority (KHPA) with references to the Secretary of Health and Environment, Kansas Department of Health and Environment (KDHE) or the Division of Health Care Finance of KDHE and would change the base fiscal year of net inpatient operating revenue used to calculate the annual hospital provider assessment. The bill also would repeal the statutes that created KHPA. The replacement of references to KHPA would amend the statutes to conform with 2011 Executive Reorganization Order (ERO) No. 38 which reorganized KHPA into the Division of Health Care Finance within KDHE.

The bill would amend the statute which addresses the annual assessment on inpatient services imposed on each hospital provider based on an amount equal to 1.83 percent of each hospital's net inpatient operating revenue for FY 2001 to instead use a hospital's net inpatient operating revenue for FY 2010. If a hospital does not have a complete 12-month 2010 fiscal year, the assessment would be \$200,000 until the hospital has completed its first 12-month fiscal year, at which time the assessment would be 1.83 percent of the net operating revenue of such hospital's first completed 12-month fiscal year.

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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>

## **Background**

In 2011, ERO No. 38 abolished KHPA and established the Division of Health Care Finance within KDHE. The ERO further transferred all powers, duties, and functions of KHPA to the newly created Division of Health Care Finance.

In the House Committee on Health and Human Services, the Committee heard testimony in support of the bill from the Secretary of Health and Environment. There was no testimony presented in opposition to the bill at the House Committee hearing.

The Secretary of Health and Environment, testifying in favor of the bill before the Senate Committee on Public Health and Welfare, stated the bill finishes the codification in statute of the actions taken through ERO No. 38 to transition duties from KHPA to the Division of Health Care Finance within KDHE. No neutral or opposing testimony was presented. A representative of the Kansas Hospital Association requested the bill be amended to change the base fiscal year used to calculate the hospital provider assessment.

The Senate Committee on Public Health and Welfare amended the bill by inserting language changing a hospital's base fiscal year for net inpatient operating revenue used to calculate the hospital provider assessment. Technical amendments also were made.

The fiscal note prepared by the Division of the Budget on the original bill indicates passage of the bill would have no fiscal effect. The fiscal note does not address the change in base year calculation for the hospital provider assessment.