

March 18, 2024

The Honorable William Sutton, Chairperson  
House Committee on Insurance  
300 SW 10th Avenue, Room 218-N  
Topeka, Kansas 66612

Dear Representative Sutton:

**SUBJECT:** Fiscal Note for HB 2825 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2825 is respectfully submitted to your committee.

HB 2825 would enact the Consumer Protection Related to Hospital Price Transparency Act. Under 45 C.F.R § 180, each hospital operating in the United States is required to provide clear, accessible pricing information online about items and services it provides. Under HB 2825, hospitals licensed in Kansas would be required to provide pricing of its top 300 procedures, provide payment estimates for elective tests and procedures upon request, and provide written information about a patient's ability to request payment estimates. Starting July 1, 2024, when the Attorney General finds that a hospital is noncompliant with 45 C.F.R § 180, the hospital would be fined \$250 per day that such hospital is noncompliant.

A hospital could not initiate or pursue a collection against a patient or patient's guarantor for any debt owed for items or services purchased by or provided to that patient on a date that hospital is not in compliance with the new Act. If a patient believes a hospital is out of compliance and it undertakes a collection against a patient or guarantor, the patient or guarantor could file a civil action against the hospital. A hospital could not undertake a collection against a patient or guarantor while a civil action is pending. The bill details the orders a court would issue against a hospital if a court determined that the hospital is out of compliance and those orders would also be sent to the Attorney General. Noncompliance with the new Act would be considered a deceptive act or practice under the Kansas Consumer Protection Act, whether or not a consumer is misled.

The Office of the Attorney General states that if it finds that a hospital is noncompliant with 45 C.F.R § 180, then the hospital would be fined \$250 for each day the hospital is noncompliant, which would result in additional revenues that would be credited to the State General Fund. However, the agency cannot estimate the additional revenue the fines could

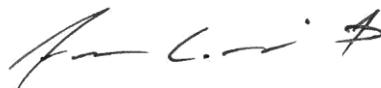
generate. To enforce the new Act, the Office would need 3.00 FTE positions at a total cost of \$345,000 from the State General Fund starting in FY 2025. The agency would require 1.00 First Assistant Attorney General FTE position at a cost of \$135,000, 1.00 Assistant Attorney General FTE position at a cost of \$125,000, and 1.00 Legal Assistant FTE position at a cost of \$85,000.

The Office of Judicial Administration reports that the bill could increase the number of cases filed in district court because the bill creates a new crime and allows a party to bring civil action. The increase in cases would also increase the time spent by district court judicial and nonjudicial personnel in processing, researching, and hearing cases. The bill could also result in the collection of docket fees that would be deposited into the State General Fund. However, the Office cannot estimate the additional expenditures or revenues the bill could generate.

The Kansas Department of Health and Environment reports that there would not be a fiscal effect on agency operations. Any fiscal effect associated with HB 2825 is not reflected in *The FY 2025 Governor's Budget Report*.

For counties that have hospitals, there could be additional expenditures associated with making the required information available to the public. In addition, there could additional expenditures related to ensuring compliance with the bill's requirements. However, the Kansas Association of Counties states that a fiscal effect cannot be estimated. The League of Kansas Municipalities states that the bill would not have a fiscal effect on cities.

Sincerely,



Adam C. Proffitt  
Director of the Budget

cc: Trisha Morrow, Judiciary  
Jay Hall, Kansas Association of Counties  
Wendi Stark, League of Kansas Municipalities  
William Hendrix, Office of the Attorney General  
Amy Penrod, Department of Health & Environment