

**Testimony on:**  
House Bill 2418: Definition of general hospital  
  
**presented to:**  
Senate Committee on Public Health and Welfare

**by:**  
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**Senate Committee on Public Health and Welfare**  
**March 21, 2007**

**House Bill 2418: Definition of general hospital**

Good afternoon, Mr. Chairman and members of the Committee. My name is Andy Allison, Deputy Director and Acting Medicaid Director for the Health Policy Authority (KHPA). Thank you for the opportunity to speak to you today about House Bill 2418, which would change the definition of “general” hospital in the Kansas hospital licensing statute.

The bill proposes to require hospitals seeking licensure as a general hospital to provide a dedicated emergency department, participate in the statewide trauma plan, participate in the Kansas Medicaid program, and have 44% or less of its discharges in major diagnostic category, or 65% or less of its discharges in cardiac, orthopedic or surgical diagnostic categories. This last requirement reflects part of the Medicare Payment Advisory Commission’s (MedPAC) definition that outlines what is considered a specialty hospital at the federal level.

Last Legislative session, KHPA was directed to conduct a study of the issues concerning Kansas hospital licensure, specifically how general and special hospitals are defined in Kansas and whether those definitions “properly define specific categories of hospitals for licensure....” That study was reviewed and approved by the KHPA Board yesterday and sent to the Legislature. I have also brought copies with me today.

Our review of the Kansas licensure definitions and survey of other states indicates that no state is using any definition that reflects the criteria MedPAC used to differentiate between general hospitals and specialty hospitals. Those states which do not have certificate of need programs generally do not make clear distinctions between the two types of hospitals. We noted, however, that Arkansas requires general hospitals to provide obstetrical care, and in South Dakota, facilities that provide medical, surgical, obstetrical, and emergency services are automatically classified as general hospitals.

We also learned that how the State defines a general hospital may have adverse impact on Kansas hospitals that are designated as Sole Community Hospitals by Medicare. This adverse impact could result in the loss of additional Medicare revenue. Kansas has approximately 30 hospitals with this designation.

State licensure laws do not clearly reflect the classes of hospitals in the State. More cleanly distinguishing between general and specialty hospitals could facilitate better targeting of future State policies, and could ensure that Medicare payment policies that depend on State licensure rules have the intended impact.

HB 2418 attempts to provide a clearer distinction between general and special hospitals; however, in order to implement this proposed legislation, KHPA would need to collect data from all hospitals in the State. That data would have to include unique hospital identifying information. This information would need to be regularly analyzed to inform KDHE licensing staff and to monitor for unintended effects of the proposed legislation, such as hospitals moving in and out of categories over short periods of time.

HB 2418 intends to align State licensure law with recent developments in the hospital market and to ensure that Medicare payment policies dependent on State licensure definitions have the intended impact. KHPA supports this intent.

This concludes my testimony. I stand ready to answer your questions.