Proposed

State of Kansas

Department of Health and Environment

Notice of Hearing on Proposed Administrative Regulations

The Kansas Department of Health and Environment (KDHE), Division of Public Health, Bureau of Facilities and Licensing, will conduct a public hearing at 10:00 a.m. Tuesday, November 14, 2023, in Room 530, Curtis State Office Building, 1000 SW Jackson, Topeka, Kansas, to consider the adoption of proposed new KDHE Article 34 permanent regulations 28-34-145, 28-34-146, 28-34-147, 28-34-148, 28-34-149, 28-34-150, 28-34-151, and 28-34-152 regarding rural emergency hospitals. These regulations are being proposed as temporary regulations and as permanent regulations.

A summary of the proposed regulations and estimated economic impact follows:

Summary of Regulations:

K.A.R. 28-34-145. Definitions. Defines the meaning of terms as used in K.A.R. 28-34-145 through 28-34-152.

K.A.R. 28-34-146. Application process. Requires any person wanting to operate a rural emergency hospital to meet the eligibility requirements of K.S.A. 65-484 and to file an application on a licensing agency form at least 90 days before admission of patients; specifies the information each applicant for a rural emergency hospital shall submit to the licensing agency during the application process; provides that the secretary may deny granting of a license to any applicant if the applicant is not in compliance with applicable laws and regulations.

K.A.R. 28-34-147. Licensing procedure; renewals. Specifies the timeframe, application form requirements, and provisions for licensing and licensing renewals; requires that new construction, alterations, or renovations for patient services or patient rooms shall not be used

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until authorized by the licensing agency; requires a rural emergency hospital found to be non-compliant to submit a plan of correction with specific corrective actions before a license is issued or renewed; outlines accrediting survey requirements; specifies the ways the licensing agency verifies rural emergency hospital compliance with requirements specified in K.A.R. 28-34-146 through 28-34-152; provides for multiple licensure type situations.

K.A.R. 28-34-148. Terms of a license; amendments. Specifies the terms of a rural emergency hospital license, including effective period, physical location, and issuance and invalidity of new, amended, or renewed licenses; sets forth the criteria under which a licensee shall submit a request to the licensing agency for an amended license; specifies that a licensee of a rural emergency hospital who also holds a license for a general hospital or critical access hospital shall ensure that an amended rural emergency hospital license does not affect the license for a general hospital or a critical hospital.

K.A.R. 28-34-149. Rural emergency hospital services. Requires that each rural emergency hospital provide only services pursuant to K.S.A. 65-483, and amendments thereto.

K.A.R. 28-34-150. Conditions of participation. Adopts by reference specified sections, deletes specified sections, and replaces specified text in 42 C.F.R., part 485, effective January 1, 2023, regarding conditions of participation as a rural emergency hospital.

K.A.R. 28-34-151. Construction standards. Requires that rural emergency hospital construction of new buildings and additions or alterations to existing buildings be in accordance with K.A.R. 28-34-32b.

K.A.R. 28-34-152. Laboratory services. Specifies that a rural emergency hospital provide laboratory services in accordance with K.A.R. 28-34-11.

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Economic Impact

Cost to the agency: The proposed regulations may result in minimal increased paperwork costs that can be absorbed in the current agency budget.

Cost to the public and regulated community: Each hospital will have to conduct a cost-benefit analysis to determine the costs of restructuring their current facility from a Critical Access Hospital to comply with Rural Emergency Hospital licensure requirements. Therefore, it would be difficult for the agency to quantify costs to hospitals seeking to become a Rural Emergency Hospital. Because of the difficulty in quantifying costs to hospitals, the agency cannot quantify the costs to affected businesses or members of the public.

Costs to other governmental agencies or units: Because of the difficulty in quantifying costs to hospitals, the agency could not quantify costs to local govenments. There are no costs related to the proposed regulations that are reasonably expected to be incurred by any other governmental agencies or units.

A detailed economic impact is provided in the economic impact statement that is available from the designated KDHE contact staff person or at the Bureau of Facilities and Licensing website, as listed below.

The time period between the publication of this notice and the scheduled hearing constitutes a 60-day public comment period for the purpose of receiving written public comments on the proposed regulations. All interested parties may submit written comments prior to 5:00 p.m. on the day of the hearing to Gerald Smith, Director, Bureau of Facilities and Licensing, Kansas Department of Health and Environment, Curtis State Office Bldg., 1000 SW Jackson, Suite 330, Topeka, KS 66612 or by email to Gerald.Smith@ks.gov. Interested parties are encouraged to participate in the public hearing by submitting written comments.

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During the hearing, all interested parties will be given a reasonable opportunity to present their views orally on the proposed regulations as well as an opportunity to submit their written comments. It is requested that each individual giving oral comments also provide a written copy of the comments for the record. In order to give each individual an opportunity to present their views, it may be necessary for the hearing officer to request that each presenter limit an oral presentation to an appropriate time frame.

Complete copies of the proposed regulations and the corresponding economic impact statement may be obtained from the Bureau of Facilities and Licensing website at https://www.kdhe.ks.gov/449/Facilities-Licensing or by contacting Gerald Smith at Gerald.Smith@ks.gov or phone 785-296-5616. Questions pertaining to the proposed regulations should be directed to Gerald Smith at the contact information above.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request the proposed regulations and the economic impact statement in an accessible format. Requests for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Gerald Smith.

Janet Stanek
Secretary
Department of Health and Environment

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K.A.R. 28-34-145. Definitions. As used in K.A.R. 28-34-145 through 28-34-152, each of the following terms shall have the meaning specified in this regulation:

(a) "Accrediting survey" means an inspection conducted by an accrediting organization approved by the centers for medicare and medicaid services.

(b) "Administrator" means an individual who is appointed by the governing body to act on behalf of a rural emergency hospital in the overall management of a rural emergency hospital.

(c) "Applicant" means a person who has applied for a license but who has not yet been granted a license to operate a rural emergency hospital.

(d) "Change of ownership" means any transaction that results in a change of control over the capital assets of a rural emergency hospital.

(e) "Critical access hospital" has the meaning specified for "critical access hospital" in K.S.A. 2022 Supp. 65-468, and amendments thereto.

(f) "General hospital" has the meaning specified for "general hospital" in K.S.A. 65-425, and amendments thereto.

(g) "Governing body" means the individual or individuals who comprise the legal administrative structure of a rural emergency hospital and direct how business shall be conducted.

(h) "Licensee" means a person that has been granted a license to operate a rural emergency hospital.

(i) "Licensing agency" means Kansas department of health and environment.

(j) "Licensure survey" means an inspection conducted by surveyors of the licensing agency of any licensee to verify each rural emergency hospital's compliance with state statutes

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and the requirements specified in K.A.R. 28-34-146 through 28-34-152.

(k) "Person" means any individual, firm, partnership, corporation, company, association, or joint-stock association, and the legal successor of the individual, firm, partnership, corporation, company, association, or joint-stock association.

(l) "Rural emergency hospital" and "REH" have the meaning specified for "rural emergency hospital" in K.S.A. 2022 Supp. 65-483, and amendments thereto.

(m) "Rural emergency hospital services" has the meaning specified for "rural emergency hospital services" in K.S.A. 2022 Supp. 65-483, and amendments thereto.

(n) "Secretary" has the meaning specified for "secretary" in K.S.A. 65-483, and amendments thereto. (Authorized by and implementing K.S.A 2022 Supp. 65-487; effective, T-_____,_____; effective P-_____.)

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K.A.R. 28-34-146. Application process. (a) Any person wanting to operate a rural emergency hospital shall meet the eligibility requirements pursuant to K.S.A. 2022 Supp. 65-484, and amendments thereto, and shall file an application on a form provided by the licensing agency at least 90 days before the admission of patients.

(b) Each applicant for a license to operate a rural emergency hospital shall submit all of the following information to the licensing agency:

(1) An action plan for initiating rural emergency hospital services, including a transition plan that lists the specific services that the rural emergency hospital transitioning from a critical access hospital shall retain, modify, add, or discontinue;

(2) a description of services the rural emergency hospital may provide on an outpatient basis;

(3) a description of how the rural emergency hospital will use payments provided to the rural emergency hospital by the centers for medicare and medicaid services;

(4) a written verification from county and municipal authorities showing that the rural emergency hospital complies with all local codes and ordinances, including all building, fire, and zoning requirements;

(5) a written verification from the Kansas office of the state fire marshal showing that the rural emergency hospital building complies with all applicable fire codes and regulations;

(6) a plan for the removal of biomedical waste and human tissue from the rural emergency hospital; and

(7) a transfer agreement with a medicare certified level I or level II trauma center.

(c) The granting of a license to any applicant may be denied by the secretary if the

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applicant is not in compliance with all applicable laws and regulations. (Authorized by and implementing K.S.A 2022 Supp. 65-487; effective, T-_____, _____; effective P-_____.)

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K.A.R. 28-34-147. Licensing procedure; renewals. (a)(1) No earlier than 90 days before but not later than 30 days before the renewal date, each licensee wishing to renew a license shall submit an application to renew the license to the licensing agency on a form provided by the licensing agency.

(2) The licensing agency shall approve the application for renewal after the licensing agency has verified that the licensee is in compliance with the requirements specified in K.A.R. 28-34-146 through 28-34-152.

(3) A license previously issued shall be renewed after the licensee has filed an annual report. The annual report shall be filed not later than 60 days after the beginning of each calendar year. The annual report shall include information regarding the following:

(A) Administration and ownership;

(B) classification;

(C) special care services;

(D) outpatient and emergency room services; and

(E) staff personnel.

(b) New construction, alterations, or renovations that provide space for patient services or patient room shall not be used until authorization has been received from the licensing agency. The licensing agency may give authorization orally or by telephone and shall provide the rural emergency hospital with written confirmation of the authorization.

(c) If the rural emergency hospital is found to be non-compliant with the requirements specified in K.A.R. 28-34-146 through 28-34-152, the licensing agency shall notify the licensee, in writing, of each violation and require that a plan of correction be submitted before a license

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is issued or renewed. The plan of correction shall state specifically what corrective action shall be taken and the date on which the plan of correction shall be accomplished.

(d) If during the term of the current license the rural emergency hospital is surveyed by an accrediting organization approved by the centers for medicare and medicaid services, the licensee shall submit the survey report to the licensing agency. As a result of the accrediting survey, any licensee may be subject to an additional licensing survey at the secretary's discretion.

(e) The licensing agency shall verify compliance of the rural emergency hospital with the requirements specified in K.A.R. 28-34-146 through 28-34-152 in at least one of the following ways:

(1) A statement of the administrator or an authorized staff member; or

(2) on-site observations by licensing agency surveyors.

(f) If a licensed general hospital or critical access hospital applies for and receives licensure as a rural emergency hospital and elects to operate as a rural emergency hospital, the rural emergency hospital shall retain its original state license as a general hospital or critical access hospital. The original state license of the rural emergency hospital shall remain inactive and the reporting requirements of the general hospital or critical access hospital shall be waived while the rural emergency hospital license is in effect. (Authorized by and implementing K.S.A 2022 Supp. 65-487; effective, T-_____,_____; effective P-_____.)

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K.A.R. 28-34-148. Terms of a license; amendments. (a) Each rural emergency hospital license shall be effective for one year following the date of issuance.

(b) Each license shall be valid for the licensee and the address specified on the license. When an initial, renewed, or amended license becomes effective, all previous rural emergency hospital licenses granted to licensee at the same address shall become invalid.

(c) Only one physical location shall be described in each license.

(d) Any applicant may withdraw the application for a license.

(e) Any licensee may submit, at any time, a request to close the rural emergency hospital permanently and to surrender the license. Unless notified by the licensee in writing, if a licensee closes a rural emergency hospital and surrenders the license, any state general hospital license or state critical access hospital license that the licensee also holds shall be surrendered to the licensing agency.

(f) If a rural emergency hospital is closed, any license granted for that rural emergency hospital shall become void.

(g) Each licensee shall submit a request for an amended license to the licensing agency within 30 days after either of the following:

(1) A change of ownership by purchase or by lease; or

(2) a change in the name or address.

(h) If a licensee that also holds a state-issued license as a general hospital or a critical access hospital submits a request for an amended license for a rural emergency hospital, the licensee shall ensure that the amendment to the license does not affect the status of the state-issued license for a general hospital or a critical access hospital. (Authorized by and

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implementing K.S.A 2022 Supp. 65-487; effective, T-_____,_____; effective P-_____.)

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K.A.R. 28-34-149. Rural emergency hospital services. Each rural emergency hospital shall provide only services pursuant to K.S.A. 65-483, and amendments thereto. (Authorized by and implementing K.S.A. 2022 Supp. 65-487; effective, T-_____,_____; effective P-_____.)

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K.A.R. 28-34-150. Conditions of participation. (a) The following sections of 42 C.F.R., part 485, subpart E, as in effect on January 1, 2023, are hereby adopted by reference:

(1) 485.508;

(2) 485.510;

(3) 485.512;

(4) 485.514;

(5) 485.516;

(6) 485.520;

(7) 485.522;

(8) 485.524;

(9) 485.526;

(10) 485.528;

(11) 485.530;

(12) 485.532;

(13) 485.534;

(14) 485.536;

(15) 485.538; and

(16) 485.540.

(b) The following changes shall be made to the sections specified:

(1) 485.516(c) shall be deleted.

(2) In 485.524(d)(1)(i), the text "including an osteopathic practitioner recognized under section 1101(a)(7) of the Act" shall be deleted.

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(3) In 485.524(d)(3)(i)(B), the text "including an osteopathic practitioner recognized under section 1101(a)(7) of the Act" shall be deleted.

(4) In 485.524(d)(3)(i)(E), the text "as defined in § 410.69(b) of this chapter" shall be deleted.

(5) In 485.524(d)(3)(i)(F), the text "as defined in § 410.69(b) of this chapter" shall be deleted.

(6) In 485.524(d)(3)(i)(G), the text "as described in § 413.85 or §§ 413.76 through 413.83 of this chapter" shall be deleted.

(7) 485.524(d)(3)(ii) shall be deleted.

(8) 485.524(d)(4) shall be deleted.

(9) 485.524(d)(5) shall be deleted.

(10) 485.526(e) shall be deleted.

(11) 485.526(f) shall be deleted.

(12) 485.526(g) shall be deleted.

(13) In 485.534(b)(3), the text "in accordance with §§ 489.100, 489.102, and 489.104 of this chapter" shall be deleted.

(14) In 485.534(g), the term "CMS" shall be replaced with "CMS and the licensing agency."

(15) In 485.536, the term "CMS" shall be replaced with "CMS and the licensing agency."

(16) 485.540(d) shall be replaced with the following text: "If the REH utilizes an electronic medical records system or other electronic administrative system, the REH shall

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submit an attestation of the REH's conformance with 45 C.F.R. 170.205(d)(2) to the licensing agency. Then the REH shall demonstrate that:"

(c) All outside references contained in the adoptions in (a)(2), (3), (4) and (5) of this regulation shall refer to those versions adopted in this regulation. (Authorized by and implementing K.S.A. 2022 Supp. 65-487; effective, T-_____,_____; effective P-_____.)

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K.A.R. 28-34-151. Construction standards. Each rural emergency hospital construction, including new buildings and additions or alterations to existing buildings, shall be in accordance with the requirements specified in K.A.R. 28-34-32b. (Authorized by and implementing K.S.A 2022 Supp. 65-487; effective, T-_____,_____; effective P-_____.)

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K.A.R. 28-34-152. Laboratory services. Each rural emergency hospital shall provide laboratory services in accordance with the requirements specified in K.A.R. 28-34-11.

(Authorized by and implementing K.S.A 2022 Supp. 65-487; effective, T-_____, _____; effective P-_____.)

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Kansas Administrative Regulations
Economic Impact Statement (EIS)

Kansas Department of Health and Environment	Susan Vogel	785-296-1291
Agency	Agency Contact	Contact Phone Number

28-34-145, 28-34-146, 28-34-147, 28-34-148, 28-34-149, 28-34-150, 28-34-151, 28-34-152 -- new
K.A.R. Number(s)

☒ Permanent ☐ Temporary

Is/Are the proposed rule(s) and regulation(s) mandated by the federal government as a requirement for participating in or implementing a federally subsidized or assisted program?

☐ Yes If yes, continue to fill out the remaining form to be included with the regulation packet submitted in the review process to the Department of Administration and the Attorney General. Budget approval is not required; however, the Division of the Budget will require submission of a copy of the EIS at the end of the review process.

☒ No If no, do the total annual implementation and compliance costs for the proposed rule(s) and regulation(s), calculated from the effective date of the rule(s) and regulation(s), exceed $1.0 million over any two-year period through June 30, 2024, or exceed $3.0 million over any two-year period on or after July 1, 2024 (as calculated in Section III, F)?

- ☒ Yes If yes, continue to fill out the remaining form to be included with the regulation packet submitted in the review process to the Department of Administration, the Attorney General, AND the Division of the Budget. The regulation(s) and the EIS will require Budget approval.
- ☐ No If no, continue to fill out the remaining form to be included with the regulation packet submitted in the review process to the Department of Administration and the Attorney General. Budget approval is not required; however, the Division of the Budget will require submission of a copy of the EIS at the end of the review process.

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Section I

Brief description of the proposed rule(s) and regulation(s).

K.A.R. 28-34-145 through K.A.R. 28-34-152 set forth the Rural Emergency Hospital (REH) licensure requirements pursuant to K.S.A. 65-481 *et seq.* The state licensure of REHs will allow eligible facilities to obtain federal designation as a REH through the Centers of Medicare and Medicaid Services (CMS).

At the federal level, REH is a designation given to eligible rural hospitals by CMS beginning January 1, 2023. Congress established the REH designation in December 2020 in Section 125 of the Consolidated Appropriations Act, 2021 (Public Law 116-260) and in response to the loss of essential healthcare services in rural areas due to hospital closures. In response to the federal law and in recognition of the importance of providing healthcare services in rural areas of the State, the Kansas Legislature passed the Rural Emergency Hospital Act in May of 2021. To obtain state licensure, a facility will have to meet eligibility requirements as set forth in statute and regulations. To obtain federal designation, an eligible facility must be licensed as a REH at a state level and meet the conditions of participation promulgated by CMS.

The proposed regulations outline the licensing procedure, application process, terms of the license, construction standards, and requirements that REH facilities abide by the conditions of participation promulgated by CMS and found in Title 42, Part 485, Subpart E.

K.A.R. 28-34-145 – Definitions
K.A.R. 28-34-146 – Application process
K.A.R. 28-34-147 – Licensing procedure; renewals
K.A.R. 28-34-148 – Terms of a license; amendments
K.A.R. 28-34-149 – Rural emergency hospital services
K.A.R. 28-34-150 – Conditions of participation
K.A.R. 28-34-151 – Construction standards
K.A.R. 28-34-152 – Laboratory services

Section II

Statement by the agency if the rule(s) and regulation(s) exceed the requirements of applicable federal law, and a statement if the approach chosen to address the policy issue(s) is different from that utilized by agencies of contiguous states or the federal government. *(If the approach is different or exceeds federal law, then include a statement of why the proposed Kansas rule and regulation is different.)*

The regulations are not mandated by the federal government. However, to obtain federal designation as a REH, a state may not impose stricter rules than the CMS REH Conditions of Participation. KDHE is electing to adopt the Conditions of Participation promulgated by CMS by reference to ensure that no conflict exists between the federal requirements and state-imposed requirements.

Surrounding states are slowly implementing REH licensing requirements, which puts Kansas at the forefront of implementation thereby making it difficult to provide comparable data.

KDHE is following the same licensing procedures and construction standards that have been in place for critical access hospitals (CAHs) in the state to attempt to mitigate any administrative or financial burden on facilities seeking to be licensed as a REH.

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Section III

Agency analysis specifically addressing the following:

A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

The new regulation will not restrict business activities and growth. Indeed, it is anticipated that the proposed regulations will enhance business activities by ensuring rural hospitals can qualify for federal REH designation, which enables them to obtain higher rates of reimbursement for Medicare patients and monthly renumeration for the designation as a REH. The renumeration options that come with being a federal REH designation are anticipated to help rural hospitals struggling to remain open.

B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule(s) and regulation(s) and on the state economy as a whole;

It is hard to quantify the costs to hospitals seeking to become a REH. Each facility would have to conduct a cost-benefit analysis as to the costs of restructuring their current facility to come into compliance with the conditions of participation. The assumption by the Agency is that as facilities must be currently licensed as a CAH, they should be able to easily update their existing emergency services to meet the conditions of participation, should it be needed.

If a facility elects to move forward with becoming licensed as a REH, they are eligible for payment of the Outpatient Prospective Payment System (OPPS) rate plus 5% for all outpatient department services provided to Medicare patients. Additionally, each REH will receive $272,866 per month in 2023. This additional payment will increase each year by the same percentage as the hospital market basket increase, which is dictated by CMS.

The conversion from a CAH to an REH may also lead to losses for a hospital. Specifically, loss of the 340B Drug Pricing Program, which currently enables a CAH to buy outpatient prescription drugs at a discounted rate. The hospital would also lose swing beds as one of the requirements to be an REH is to have the average patient stay below 24 hours.

On a community level, it is anticipated that REH designation would be a net-benefit for a community as it provides an avenue to higher renumeration as well as monthly payments to maintain the designation. This could ease the burden of a rural hospital that may otherwise be struggling financially and considering closure, which for every hospital that closes jobs are lost and community members have to travel further for care. As noted above, one of the biggest changes that could result in costs by the facility and to the wider community is the loss of in-patient/swing beds. A requirement of being a REH is that a facility may not maintain in-patient beds, which means that persons needing extended hospital stays will have to be transferred to hospitals without REH designation. This could mean family/friends would have to travel longer distances to visit hospitalized individuals.

The costs to KDHE will be absorbed into the program as to be eligible to be a REH the facility must already be licensed as a CAH.

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C. Businesses that would be directly affected by the proposed rule(s) and regulation(s);

No businesses will be directly affected by the proposed rules and regulations. Eligible hospitals/businesses may elect to become a REH.

D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

It is hard to quantity the costs to hospitals seeking to become a REH. Each facility would have to conduct a cost-benefit analysis as to the costs of restructuring their current facility to come into compliance with the conditions of participation. The assumption is that as facilities must be currently licensed as a CAH, they should be able to easily update their existing emergency services to meet the conditions of participation, should it be needed. Ultimately, REH status does not guarantee a better financial situation for hospitals that choose to convert. Each facility must conduct its own analysis to determine if conversion is financially advantageous and will meet the unique needs of its community

E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

KDHE is electing to keep the licensure process the same as it is for CAHs that will ensure that no additional administrative burden is put on the facility. Additionally, KDHE is keeping construction standards the same thereby not requiring facilities to expend funding to remodel.

F. An estimate of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to businesses, local governments, or members of the public.
Note: Do not account for any actual or estimated cost savings that may be realized.

KDHE cannot quantify the costs to affected businesses, local governments, or members of the public.

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

The transition to an REH from a CAH is easily not quantifiable. KDHE believes the transition to a REH from a CAH could be neutral as an REH would be subject to the same or similar regulatory requirements. Thus, thus no additional expenditure by government would necessarily occur. Since a transition theoretically allows the hospital to remain open and potentially be profitable, no additional cost to other businesses or local government should be anticipated. However, given the option of monthly payments and not including the losses of the hospital, a REH would stand to receive over $3 million dollars just on monthly renumeration from CMS ($272,866 x 12 = $3,274,392).

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☒ Yes
☐ No
☐ Not Applicable

If the total implementation and compliance costs exceed $1.0 million over any two-year period through June 30, 2024, or exceed $3.0 million over any two-year period on or after July 1, 2024, and prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

Documentation attached

Provide an estimate to any changes in aggregate state revenues and expenditures for the implementation of the proposed rule(s) and regulation(s), for both the current fiscal year and next fiscal year.

There are no changes expected in aggregate state revenues and expenditures for the implementation of the proposed regulation change for either the current or the next fiscal year.

Provide an estimate of any immediate or long-range economic impact of the proposed rule(s) and regulation(s) on any individual(s), small employers, and the general public. If no dollar estimate can be given for any individual(s), small employers, and the general public, give specific reasons why no estimate is possible.

REH status does not guarantee a better financial situation for hospitals that choose to convert. Each facility must conduct its own analysis to determine if conversion is financially advantageous and will meet the unique needs of its community.

G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.

REH is seen as a potential solution to continue to provide health care access to the areas affected by the transition. Often this is a measure to not only ensure access, but it also is a mechanism to continue to provide employment to health care workers and professionals. Since there is already a significant shortage of health care workers, the short-term prediction would indicate no loss or net gain as long as the health care providers can maintain services.

When the notice of hearing for these regulations is published in the *Kansas Register*, standard agency procedure will be followed and the three organizations will be contacted for comment electronically with attached copies of the regulations, economic impact statement, and published notice of hearing.

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H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).

Each hospital that has considered transitioning to an REH would need to conduct a financial analysis of whether the transition would enable the hospital to remain open. Most CAHs that are considering this transition have already determined that their current business models are not conducive to maintaining operations or meeting the health needs of their communities. These issues are addressed through Rural Health, KDHE Community Health Systems, as well as the Kansas Hospital Association.

Section IV

Does the Economic Impact Statement involve any environmental rule(s) and regulation(s)?

☐ Yes If yes, complete the remainder of Section IV.

☒ No If no, skip the remainder of Section IV.

A. Describe the capital and annual costs of compliance with the proposed rule(s) and regulation(s), and the persons who would bear the costs.

Click here to enter agency response.

B. Describe the initial and annual costs of implementing and enforcing the proposed rule(s) and regulation(s), including the estimated amount of paperwork, and the state agencies, other governmental agencies, or other persons who would bear the costs.

Click here to enter agency response.

C. Describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons who would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).

Click here to enter agency response.

D. Provide a detailed statement of the data and methodology used in estimating the costs used.

Click here to enter agency response.

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