

SB 118
Feb 20, 2019
Testimony in Favor

Dear Madam Chair and Committee Members:

Thank you for the opportunity to testify today in support of S.B. 118. My name is Kurt Fairchild, and I have been a county commissioner in Stafford County for six years. Just as in other counties, we would like our hospital to be successful in offering very much needed health care to our communities. Since our hospital became a county hospital, we have appropriated it at or near the six-mill maximum levy that we are allowed by statute to levy. That figure is presently at \$450,000 a year.

About two and a half years ago, the Stafford County Commissioner Board became concerned about the financial viability of our hospital when we discovered that the hospital board had secretly signed a contract with an outside management company from out of state for 1.8 million dollars a year on a ten-year contract. This 1.8 million dollars a year is only a base amount. Additional services may be provided over and above this amount.

After the discovery of this contract, we had to use a subpoena to learn the details of the contract. We were shocked by the amount and decided as a county to dig into what the Kansas statutes said about county hospitals. According to K.S.A 19-4625, "in case of a hospital closure the balance of any monies remaining in any fund of the county hospital after termination of its operation and after payment and performance of any obligation thereof shall be transferred to the county general fund. Any records of a county hospital remaining after the closing and termination of operation thereof shall be transferred to the county clerk." This clearly means that any assets would be transferred to the county clerk.

What happens to the liabilities? That question is not addressed by the present statute. Therefore, we as a county commissioner board sought out the opinion of Kansas Attorney General Derek Schmidt.

The attorney general's opinion was received September 1, 2017. It is opinion number 2017-12. It states that K.S.A. 19-4625 does not specifically address how a county's hospital debt should be paid upon termination of operation of the county

hospital. The statute only provides that moneys remaining in any fund of the county hospital after termination of its operation and after payment and performance of any obligation thereof shall be transferred to the county general fund. The attorney general's opinion did not clarify our question of liabilities created by an un-elected hospital board to the county's taxpayers. We are concerned that this determination may be made by a court.

Attorney General Schmidt personally told me this statute needed to be clarified legislatively. We believe the clarification is very clearly worded in S.B. 118. It states that "The county shall not be responsible for any debts or obligations incurred by the hospital or hospital board."

To emphasize the absolute necessity of this bill being passed, I would like to share the dire consequences that may await our county if the statute is not clarified. Presently the accounts payable of our county hospital to the contracted management company in a two-and-a-half-year period is over 5.5 million dollars. That total liability to one company is larger than the total ad valorem revenue for an entire year in Stafford County, Kansas. There is no way for a county in Kansas to pay any liability which is larger than its total budget!

That is why we as a county commission board urge you to pass S.B. 118. As Stafford County commissioners, we would love for our county hospital to continue operating, but its increasing debt is a concern to us. Our counties need clarification on this statute. Taxpayers in our counties would be incensed at us as legislators and commissioners if the unfortunate happens. We as a commissioner board have a responsibility to do our best to make sure our citizens are not saddled with this huge debt.

In summary, support S.B. 118. As a board, we believe it adequately clarifies the intent of Kansas statute 19-4625.