



**Kansas Hospital**  
ASSOCIATION

TO: Senate Committee on Ways and Means

FROM: Chad Austin  
Senior Vice President, Government Relations

DATE: February 20, 2019

RE: Senate Bill 118

The Kansas Hospital Association appreciates the opportunity to provide comments on Senate Bill 118. This proposed legislation would add a provision to existing law regarding the debt obligations of a county hospital were to close its doors. This new provision states, *"The county shall not be responsible for any debts or obligations incurred by the hospital or hospital board."* KHA urges the committee to proceed with caution on SB 118 to avoid any potential unintended consequences were this legislation to pass.

At least one county commission has voiced concern that if its county hospital were to cease operations, the county itself could potentially be liable for the debts of the hospital. The big unknown is what unintended consequences would occur if the county commission were to not stand behind agreements entered into by the county hospital. Would vendors hesitate or refuse to contract with the hospital knowing that the county would refuse to cover the hospital's liabilities if it were to close? This situation has never been tested, so the question is difficult to answer.

Instead of changing current statutes, an option for county hospitals would be to insert language in their contracts, which clearly states that the county is not responsible for the debts and obligations of the hospital were it to close. If the committee feels a statutory change is necessary, we would recommend the following language be substituted in section 1, subsection (d), line 12-13:

**"Unless otherwise stipulated in contract between the county and the county hospital or hospital board, the county shall not be responsible for any debts or obligations incurred by the hospital or hospital board."**

Thank you for your consideration of our comments.