

January 26, 2022

The Honorable Brenda Landwehr, Chairperson
House Committee on Health and Human Services
Statehouse, Room 112-N
Topeka, Kansas 66612

Dear Representative Landwehr:

SUBJECT: Fiscal Note for HB 2459 by Representative Coleman

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2459 is respectfully submitted to your committee.

HB 2459 would create the Kansas Health Act, which would establish the Kansas Health Program, a universal single-payer guaranteed health coverage program. The bill would require the Kansas Department of Health and Environment (KDHE) to create and implement the program. Every resident of Kansas would be eligible for the program, which would provide comprehensive coverage to all members. No participant in the program would be required to pay any premium, deductible, copayment, or coinsurance. Participants in the program would be required to enroll with a care coordinator approved by KDHE before payment for health care services was made.

The bill would create the Kansas Health Advisory Council, which would advise the Secretary of Health and Environment and the Legislature on matters related to the development and implementation of the program. The bill would also require the Secretary of Labor to convene a Retraining and Reemployment Task Force prior to October 1, 2022. The Task Force would provide up to two years of unemployment insurance benefits or retraining for employees who lost their job due to implementation of the Act.

HB 2459 would require the Governor to submit a revenue proposal to the Legislature to fully finance the program with a new Kansas Health Tax that would consist of a payroll tax and income-based tax and to be credited to the newly created Kansas Health Trust Fund. The proposal would be required to be submitted as part of the Governor's Budget Report for fiscal year 2024.

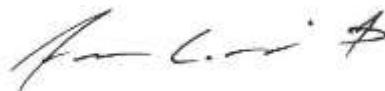
While there is no date of implementation specified in the bill by which the new single-payer system must be operational, KDHE states that due to the scope of work that would be

required, it is unlikely that the single-payer system could go live before July 1, 2025. The agency did not identify any expenditures or revenues for FY 2022 or FY 2023 that would be incurred as a result of enactment of the bill.

The Kansas Department of Revenue (KDOR) was not able to estimate a full fiscal effect as a cost must first be determined for the Governor to submit a revenue proposal as required by the bill to provide the revenue necessary to finance the program. KDOR estimates IT costs of approximately \$336,000 in the first year of implementation if the bill were to be enacted.

The Kansas Department of Labor states that the agency does not currently house workforce programs for the state, as they are overseen by the Department of Commerce. The agencies estimate that program would be similar in scope to a current Department of Commerce workforce program with a budget of just over \$1.0 million per year that is staffed by 16 employees. Additionally, it is estimated that the Task Force would have annual expenditures of approximately \$640,000. Any fiscal effect associated with HB 2459 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Dan Thimmesch, Health & Environment
Leigh Keck, Aging & Disability Services
Dawn Palmberg, Department of Labor
Lynn Robinson, Department of Revenue
Sherry Rentfro, Department of Commerce