

Department of Planning and Budget 2001 Fiscal Impact Statement

1. Bill Number HB 2265

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
 Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Marshall, Robert G.

3. Committee Health, Welfare and Institutions

4. Title Definition of Hospital; Abortion Clinics

5. Summary/Purpose: This bill excludes from the definition of “medical facility” governed by the state’s certificate of public need requirements, hospitals performing twenty-five or more abortions per year unless the facility expresses its intention to be licensed as an ambulatory surgery center. The bill also includes within the statutory definition of “hospital” any clinic performing twenty-five or more abortions and requiring such facilities to be subject to all of the statutory and regulatory requirements of the Board of Health for outpatient surgical hospitals.

6. Fiscal impact estimates are tentative

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	\$18,950	0.25	GF
	(\$528,950)	(4.00)	NGF
2002-03	\$18,950	0.25	GF
	(\$528,950)	(4.00)	NGF

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	(\$528,950)	-	NGF
2002-03	(\$528,950)	-	NGF

7. Budget amendment necessary: Yes, item # 303

8. Fiscal implications: There are approximately 14 clinics providing abortion services in Virginia. HB 2265 would amend the Code by requiring that the Virginia Department of Health license these facilities as outpatient surgical hospitals pursuant to the Rules and Regulations for the Licensure of Hospitals in Virginia, 12 VASC 5-410 et seq. The existing facilities would likely be given a grace period for compliance with the physical plant requirements for outpatient surgical hospitals in the regulations. Proposals to establish new abortion facilities and renovations to existing facilities would be required to comply fully with the range of applicable hospital licensure requirements. VDH would conduct a biennial licensure inspection and investigate complaints against the clinics. All abortion facilities would be required to pay an annual licensure fee. The current fee for outpatient surgical hospitals is \$75.00. VDH estimates that the combined initial inspections, biennial inspections and

complaint workload would constitute approximately 15-20 onsite visits biennially. This would necessitate employment of a least 0.25 FTE health facilities inspector at a cost of \$20,000 per annum including salary and fringe benefits. General fund dollars would be necessary since the existing licensure fee structure would generate only \$1,050 (14 annual license fees at \$75 per license) toward the additional cost to the outpatient hospital licensure program.

The more significant impact of the bill would be on the certificate of public need (COPN) program. By redefining the term "medical care facility" to exclude hospitals performing twenty-five or more abortions per year this legislation would exempt all hospitals that perform 25 or more abortions annually from COPN regulation. Revenue from COPN application fees have averaged just over \$1,000,000 annually in recent years and just over half of this is attributable to hospital applications. Since only a relative few number of hospitals perform fewer than 25 abortions in a year, this bill would exempt most all hospitals and reduce the COPN revenues by an estimated \$530,000. These revenues support the agency's COPN program expenses, with any excess revenue going to the regional Health Systems Agencies. Of the 7.5 positions in the COPN program 4.0 positions would be eliminated due to this reduction in applications and revenue. Of the total \$530,000 reduction in revenue, an estimated reduction of \$296,800 in agency expenditures would occur through the elimination of the four positions and associated support costs including equipment, supplies and costs associated with the COPN review process. The remaining \$233,200 reduction in revenue would represent a reduction in funds paid to the regional Health Systems Agencies.

The nongeneral fund expenditure and revenue figures in item #6 represent the net of the \$1,050 in new licensing revenue and the \$530,000 in reduced COPN application revenue.

9. Specific agency or political subdivisions affected:

Virginia Department of Health

10. Technical amendment necessary: No.

11. Other comments: None

Date: 1/24/01/kwm

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cc: Secretary of Health and Human Resources

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