

Department of Planning and Budget

2003 Fiscal Impact Statement

1. Bill Number HB1621

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

2. Patron Hamilton

3. Committee Health, Welfare and Institutions

4. Title Certificate of Public Need; regulations authorizing single application; proposed cancer care centers

5. Summary/Purpose:

The bill amends §32.1 -102.2 of the Code of Virginia to direct the Board of Health to promulgate regulations for the certificate of public need (COPN) program to allow a "comprehensive cancer center" to file as a single application a request to establish a center for the provision of cancer diagnosis and treatment services such as, but not limited to, computed tomography scanning, magnetic resonance imaging, nuclear medicine imaging, positron emission tomographic imaging and radiation therapy.

6. Fiscal Impact Estimates are:

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03			
2003-04	\$4,750	0.00	0200-COPN Revenue
2004-05	\$3,750	0.00	0200-COPN Revenue

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03			
2003-04	\$100,000	n/a	0200-COPN Revenue
2004-05	\$100,000	n/a	0200-COPN Revenue

7. Budget amendment necessary: No (see fiscal implications regarding the disposition of excess COPN revenue)

8. Fiscal implications:

The bill bundles the diagnostic imaging and radiation services that would be included under the umbrella of a comprehensive cancer center into a single COPN review cycle. Diagnostic imaging services, such as computed tomography scanning, magnetic resonance imaging, nuclear medicine imaging and positron emission tomographic imaging, are currently reviewed in a separate review cycle, with a separate COPN application fee. Likewise, radiation therapy services and equipment are reviewed in a separate cycle with a separate application fee.

Under the bill's provisions, a comprehensive cancer center applicant would be reviewed in one COPN review cycle and pay one fee, rather than two. The COPN application fee is generally \$20,000 for diagnostic imaging and radiation therapy services. The stated impacts assume up to 5 comprehensive cancer center applications are submitted in FY2004 and in FY2005 generating roughly \$100,000 in COPN fee revenue each year.

Reviewing five COPN applications would not result in any significant increase in expenditures for the Virginia Department of Health. The \$4,500 in expenses assumes an estimated \$750 in recording fees for the informal fact finding conference for each project, or a total of \$3,750 for the five applications that are estimated. One -time cost is estimated at \$1,000 for promulgating the changes in the COPN regulations is included in FY2004 only.

Based on language in the 2002 Appropriation Act (and the 2003 Budget Bill), any COPN application revenue in excess of associated COPN review expenses incurred by the Virginia Department of Health is paid to the five regional Health Systems Agencies. The appropriation authority to make such payments is established by the reappropriation of the prior fiscal year's excess COPN application revenue.

9. Specific agency or political subdivisions affected: Virginia Department of Health, Health Systems Agencies

10. Technical amendment necessary: No

11. Other comments: This bill is identical to SB1226.

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cc: Secretary of Health and Human Resources