

## Department of Planning and Budget 2003 Fiscal Impact Statement

**1. Bill Number** SB772

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron** Cuccinelli**3. Committee** Education and Health**4. Title** Definition of hospitals; certain facilities to be regulated as hospitals**5. Summary/Purpose:**

This legislation amends Section 32.1-123 of the *Code of Virginia* to include in the definition of outpatient surgical hospitals, any clinic or facility that performs 25 or more abortions annually. The bill stipulates that such facilities would be subject to all the state licensing requirements of Article 1 (Hospital and Nursing Home Licensure and Inspections), Chapter 5 (Regulation of Medical Care Facilities and Services), of Title 32.1, Health, for outpatient surgical hospitals. The clinics/facilities that are impacted by the bill for licensing are considered physician offices. Physicians are currently subject to licensing and oversight by the Board of Medicine, Department of Health Professions (DHP). As an outpatient surgical hospital, a abortion clinic/facility would also have to submit an application for a Certificate of Public Need (COPN).

**6. Fiscal Impact Estimates are:** Preliminary**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	\$34,250	0.5 FTE	Licensure – General Fund
	Some Contractual	0.0 FTE	COPN-Special Funds
2004-05	\$34,250	0.5 FTE	Licensure – General Fund

**6b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	\$1,050	n/a	License Fees - Fund 0200
	upto \$280,000	n/a	COPN Fees - Fund 0200
2004-05	\$1,050	n/a	Special (Fund 0200)

**7. Budget amendment necessary:** Yes – Item 314 (Regulation of Public Facilities and Services – Program 56100)**8. Fiscal implications:**

This fiscal impact statement is based on the current estimate of 14 abortion clinics in the state that would meet the bill's criteria of performing 25 or more abortions annually. If enacted,

further research would be necessary to confirm whether other clinics/facilities meet the criteria.

Once classified as an outpatient surgical hospital, a biennial inspection of each clinic would be required in accordance with the state licensure program. A typical licensure inspection takes the equivalent of one week's time of one Medical Facilities Inspector. For the 14 abortion clinics, the annual workload for on-site inspections, complaint visits, and other associated staff time including pre and post inspection preparation is estimated to be the equivalent of 25 weeks' time for one Medical Facilities Inspector at an annual cost of \$34,250.

The existing licensing fee for outpatient hospitals is \$75 per year, which will generate \$1,050 in annual revenue from the 14 abortion clinics.

This bill would also require abortion clinics to obtain a Certificate of Public Need (COPN). The average COPN application fee for an outpatient surgical hospital is \$20,000. If all of the existing 14 clinics submitted COPN applications in FY2004, the total revenue would amount to \$280,000. The Virginia Department of Health would incur some additional costs associated with the review and processing of those 14 COPN applications but would not require additional classified staff. Based on the Budget Bill (and the 2002 Appropriation Act), any excess COPN revenues beyond the agency's COPN expenses are paid to the Health Systems Agencies.

***Revision:***

Currently, Sec. 32.1 -27, Code of Virginia, provides that any violation of a provision of Title 32.1 or a regulation of the Board of Health shall be a Class 1 misdemeanor. The proposed legislation would provide for additional requirements and restrictions in Title 32.1. As a result, it could result in additional persons convicted of a Class 1 misdemeanor and sentenced to jail terms.

Anyone convicted of a Class 1 misdemeanor is subject to a sentence of up to 12 months in jail. There is not enough information available to reliably estimate how many additional inmates in jail could result from this proposal. Any increase in jail population will increase costs to the state. The Commonwealth pays the localities \$8.00 a day for each misdemeanorant or otherwise local responsible prisoner held in a jail. It also funds most of the jails' operating costs, e.g. correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board, the estimated total state support for local jails averaged \$31.86 per inmate, per day in FY2001.

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

- 10. Technical amendment necessary:** No.

- 11. Other comments:** This bill is identical to HB1645. The fiscal impact is comparable to the fiscal impact of the following bills: HB2365, HB2367, HB2368, HB2369, and HB2370.

**Date:** 01/21/03/laf

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cc: Secretary of Health and Human Resources