

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number HB1290

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Reid

3. Committee Health, Welfare and Institutions

4. Title Abortion clinics; regulation and licensure as ambulatory surgery centers

5. Summary/Purpose:

HB 1290 would subject abortion clinics performing 25 or more abortions in a 12-month period to Virginia Department of Health (VDH) licensure and inspection. Such clinics would have to comply with the licensure requirements for ambulatory surgery centers.

6. Fiscal Impact Estimates are Preliminary:

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>GF</i>	<i>Dollars</i>		<i>Positions</i>
		<i>NGF (Fund 0200)</i>		
		<i>COPN</i>	<i>Licensing</i>	
2003-04	\$0	\$ 0	\$ 20,000	1.0
2004-05	\$0	34,259	56,007	1.5
2005-06	\$0	34,259	56,007	1.5
2006-07	\$0	34,259	56,007	1.5
2007-08	\$0	34,259	56,007	1.5
2008-09	\$0	34,259	56,007	1.5
2009-10	\$0	34,259	56,007	1.5

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>GF</i>	<i>Dollars</i>	
		<i>NGF*</i>	<i>Positions</i>
2003-04	\$0	\$ 0	N/A
2004-05	\$0	35,000	N/A
2005-06	\$0	35,000	N/A
2006-07	\$0	35,000	N/A
2007-08	\$0	35,000	N/A
2008-09	\$0	35,000	N/A
2009-10	\$0	35,000	N/A

**Fund 0200, COPN Fees & Licensure Fees*

7. Budget amendment necessary: Yes.

COPN Impact: Item 311 (Health Research, Planning, and Coordination – Program 40600; Fund 0200)

Licensure Impact: Item 319 (Regulation of Public Facilities and Services -Program 56100; Fund 0200)

8. Fiscal implications:

VDH has identified fourteen abortion clinics that meet the bill's criterion of performing 25 or more abortions annually. That number of facilities has remained static over the years. Because of facility licensure costs and the history of a stable number of facilities, no new clinics are expected in the future.

Anticipated Expenditures

COPN Reviews: HB 1290 would require proposed abortion clinics to obtain a Certificate of Public Need (COPN).

New Clinics. The average COPN application fee for an outpatient surgical hospitals/ambulatory care centers is \$20,000. Because it is unlikely that any new clinics would be established under this bill, no new expenditures are projected for processing COPN applications from new clinics.

Existing Clinics: Existing clinics would be allowed to submit COPN exemption requests (§32.1-102.2A.b and §32.1-102.2B). If all 14 existing clinics submitted such requests, VDH would incur additional costs to review and process the requests. One full-time staff person would be hired in the COPN program, at an annual cost of \$56,007 including salary, benefits, and minimal office equipment and supply costs.

It is anticipated that VDH's COPN office would need to begin preparing for these reviews in FY 2004, so \$20,000 in current fiscal year costs are estimated and include bringing the staff on board prior to July 1, 2004, and promulgating the necessary regulation updates.

Licensure: According to current licensure requirements, once such a clinic was classified as an ambulatory surgery center, a biennial inspection would be required. For the 14 abortion clinics, the annual workload for onsite inspections, complaint visits, and other associated staff time, including pre- and post inspection preparation, is estimated to equal 25 weeks of one Medical Facilities Inspector's time at an annual cost of \$34,359.

Anticipated Revenues

Licensing Fees: The current licensing fee for outpatient hospitals/ambulatory surgery centers is \$75 per year. However, §32.1-130C authorizes the Board to set licensure fees for these abortion clinics "as required to support the costs" of the licensure and inspection program. Licensing fees from the 14 abortion clinics could be set at \$2,500 to defray anticipated costs.

If all 14 affected facilities continued to apply for licensure, fee revenue would total \$35,000 a year, beginning in FY 2005. Those funds would accrue to the state's 0200 special fund.

COPN Fees: HB 1290 would require abortion clinics to obtain a Certificate of Public Need (COPN). The average COPN application fee for an outpatient surgical hospital is \$20,000. The Virginia Department of Health (VDH) anticipates that the clinics would apply for a COPN at the end of FY 2004. If all of the 14 existing clinics applied, total fee revenue would be \$280,000. To the extent that clinics do not apply for COPN approval, revenues would decline below the levels estimated above.

9. Specific agency or political subdivisions affected: Virginia Department of Health (VDH); Health Planning Agencies (HPAs), also known as Health Systems Agencies (HSAs)

10. Technical amendment necessary: No.

11. Other comments: If excess fee revenue remains at the end of a fiscal year after supporting budgeted spending, the funds are distributed as specified in Item 311.B.2 of the appropriation act. Depending on the overall fiscal picture, such funds would be retained to cover a month's operational needs in the subsequent year, revert to the general fund, or be passed on to the regional health planning organizations.

HB 1290 is similar to HB 114, except in its COPN provisions.

Date: 1/27/2004 rmc

Document: G:\LEGIS\2004 Fises\Fises By DPB\HB1290.DOC

c: Secretary of Health and Human Resources