

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, as engrossed, 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. The bill would become effective on January 1, 2005.

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	\$ 0	1.0
2004-05	\$0	56,007	17,500	1.5
2005-06	\$0	56,007	34,259	1.5
2006-07	\$0	56,007	34,259	1.5
2007-08	\$0	56,007	34,259	1.5
2008-09	\$0	56,007	34,259	1.5
2009-10	\$0	56,007	34,259	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 and ensure that the clinics met the criteria for exemption as established in the bill. 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.

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. These costs are reduced by half in FY 2005 based on the enrolled bill's implementation date of January 1, 2005.

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 apply for an exemption from the Certificate of Public Need (COPN) requirement. It is currently expected that the clinics would generally be able to meet the criteria and as such, no additional COPN fee revenue is projected as a result of the legislation.

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: In effect, the additional COPN exemption review expenses for VDH would reduce the amount of annual excess COPN application fee revenue that remains at the end of a fiscal year after supporting VDH COPN operations. The remaining funds are distributed as specified in Item 311.B.2 of the appropriation act. The likely effect of this proposal, if no funding is provided, is to reduce funds passed to the regional health planning organizations by the amount by which expenditures exceed revenues.

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

Date: 2/11/2004 rmc

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c: Secretary of Health and Human Resources