

Department of Planning and Budget 2004 Fiscal Impact Statement

- 1. Bill Number** SB 197
- House of Origin** ☐ Introduced ☐ Substitute ☒ Engrossed
- Second House** ☐ In Committee ☐ Substitute ☐ Enrolled
- 2. Patron** Reynolds
- 3. Committee** Health, Welfare and Institutions
- 4. Title** Certificate of public need for medical care facilities; intermediate care for the mentally retarded

5. Summary/Purpose:

SB 197, as engrossed, would remove the requirement to obtain a certificate of public need (COPN) for small intermediate care facilities for the mentally retarded (ICF-MRs) that are located in areas identified as in need of residential services for this population in a plan developed by the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS).

6. Fiscal Impact Estimates are final

6a. Expenditure Impact: Yes, but indeterminate:

6b. Revenue Impact:

Revenue will be lost, affecting the regional health planning agencies, but that revenue is not currently appropriated, so there are no potential savings in the appropriation. (See Item 8, below.)

7. Budget amendment necessary: No

8. Fiscal implications:

Medical Assistance Impact (DMAS):

The Department of Medical Assistance Services (DMAS) indicates that SB 197 has no certain fiscal impact on the Medicaid program. However, if more ICF-MRs are built because of SB 197, Medicaid costs could increase. According to DMAS' "372" statistical report for FY 02, the Medicaid program paid an average of \$97,635 per patient year for such facilities.

Virginia Department of Health (VDH)

VDH will incur a one-time additional expense of \$1,500 for regulatory revision in FY2005, but that cost can be absorbed within the normal workload.

Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS)

DMHMRSAS reports that SB 197 does not affect its budget.

Regional Health Planning (Systems) Agencies

The larger impact will be a loss of revenue to the regional health planning agencies (“health systems agencies”). By reducing COPN fee revenue, the surplus passed on to these organizations will be reduced approximately \$50,000. Because such funding is not appropriated as such in the appropriation act, no budget amendment is necessary. (The Act provides that all surplus fee revenue not appropriated and spent by the VDH COPN program is passed on to these regional planning organizations, but the amount of money is not specified and is not appropriated.)

9. Specific agency or political subdivisions affected:

Virginia Department of Health (VDH)
The Department of Medical Assistance Services (DMAS)

10. Technical amendment necessary: No

11. Other comments: None

Date: 2/12/04 / RMC

Document: G:\LEGIS\2004 Fises\Fises By DPB\SB197E.DOC

c: Secretary of Health and Human Resources