

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number HB2784

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Reid, J.

3. Committee: Health, Welfare, and Institutions.

4. Title: Licensure of Abortion Clinics.

5. Summary/Purpose: Requires all abortion clinics, defined as any facility, other than a hospital or an ambulatory surgery center, in which 25 or more first trimester abortions are performed in any 12-month period, to be licensed and to comply with the requirements currently in place for ambulatory surgery centers effective July 1, 2005. The bill also places proposed and existing abortion clinics under the certificate of public need (COPN) law after July 1, 2005. Existing abortion clinics will be required to apply annually to the Board of Health to obtain an exemption by providing a rationale for being excluded. The Commissioner of the Virginia Department of Health will determine whether existing abortion clinics have demonstrated sufficient cause to be excluded from the COPN requirements according to certain criteria. The Commissioner is also empowered to deny, suspend or revoke the license upon finding the clinic is in violation of state or federal law or regulations.

6. Fiscal Impact Estimates are: Preliminary.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>		<i>Positions</i>
	<i>GF</i>	<i>NGF</i>	
2004-05	\$1,000	\$0	0.0
2005-06	\$32,750	\$1,500	0.50 FTE
		(fund 0200)	(GF)
2006-07	\$32,750	\$1,500	0.50 FTE
		(fund 0200)	(GF)
2007-08	\$32,750	\$1,500	0.50 FTE
		(fund 0200)	(GF)
2008-09	\$32,750	\$1,500	0.50 FTE
		(fund 0200)	(GF)
2009-10	\$32,750	\$1,500	0.50 FTE
		(fund 0200)	(GF)

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>GF</i>	<i>Dollars</i>	<i>NGF</i>	<i>Positions</i>
2004-05		\$0	\$0	0
2005-06		\$0	\$1,500 (fund 0200)	0
2006-07		\$0	\$1,500 (fund 0200)	0
2007-08		\$0	\$1,500 (fund 0200)	0
2008-09		\$0	\$1,500 (fund 0200)	0
2009-10		\$0	\$1,500 (fund 0200)	0

7. **Budget amendment necessary:** Yes – Item # 319; Regulation of Public Facilities and Services (56100).

8. **Fiscal implications:** HB2784 would amend the Code to require onsite licensing inspections and complaint investigations at abortion clinics/facilities. There are currently 20 known abortion clinics and physician clinics and offices providing abortion services in Virginia. There may be more providers; however, further study would be needed to arrive at a more precise number. As an outpatient surgical hospital, abortion clinics would be inspected on a biennial basis. In order to meet the more stringent staffing, ancillary services, and physical plant requirements associated with being licensed as an outpatient surgical hospital, it is likely that existing abortion clinics would have to incur added costs.

It is estimated there would be an annual workload of 20 - 25 onsite inspections, complaint visits, and follow-up visits for Virginia Department of Health (VDH), as well as a significant workload related to responding to public inquiries and requests for information. Considering the amount of pre-inspection and post-inspection preparation time and statewide travel required there would be a need for a 0.50 FTE in VDH to manage the new program. This is based upon the assumption that there are generally 46 working weeks available per staff member, and it usually takes a full working week to complete an onsite outpatient surgical hospital inspection and the related documentation.

The cost of the program would be approximately \$34,250 annually. This figure assumes an annual salary of \$50,000 and includes the salary and benefits, as well as the equipment, communications, supplies, and travel costs for a 0.50 FTE. With 20 providers subject to licensing and the yearly cost of the licensing program estimated at \$34,250, the annual licensing fee would need to be increased to \$1,712.50 per provider to make the new program self-supporting. The existing licensing fee for outpatient hospitals is \$75, which means the total annual revenue that would be generated by licensing 20 abortion clinics would be \$1,500 (as noted in item #6).

There would be a one-time cost of \$1,000 for promulgating regulations that would come from the general fund. Promulgation of the necessary regulations by the Board of Health would require coordination with DHP, to avoid unnecessary duplication with respect to the regulatory oversight that DHP currently provides for these same services. In addition, the

inspections and complaint investigations conducted by VDH would need to be coordinated with DHP.

The bill also places proposed and existing abortion clinics under the certificate of public need (COPN) law after July 1, 2005. Existing abortion clinics would be required to apply annually to the Board of Health to obtain an exemption by providing a rationale for being excluded. The Commissioner of Health would determine whether existing abortion clinics have demonstrated sufficient cause to be excluded from the COPN requirements. It is unclear if any of the existing 20 abortion providers would fail to be exempted from COPN requirements by the Commissioner of Health. The average COPN application fee for an outpatient surgical hospital is \$20,000. It is assumed that the cost of obtaining COPN approval and meeting the licensing standards may deter some from furnishing abortion services, however, no estimate can be made with any certainty. Under these circumstances, it does not appear that additional VDH staff would be needed to process COPN exemptions for existing providers and/or to review new abortion projects.

9. Specific agency or political subdivisions affected: Virginia Department of Health;
Department of Health Professions

10. Technical amendment necessary: None.

11. Other comments: None.

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Cc: Secretary of Health and Human Resources