

Department of Planning and Budget 2007 Fiscal Impact Statement

1. **Bill Number:** HB 2546

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. **Patron:** Clark N. Hogan

3. **Committee:** Passed Both Houses

4. **Title:** Definition of projects that require certificate of public need

5. **Summary/Purpose:** Increases the amount of capital expenditure subject to certificate of public need (COPN) requirements from \$5 to \$15 million. However, capital expenditures between \$5 and \$15 million shall be registered with the Commissioner pursuant to regulations developed by the Board of Health. The Commissioner may approve a significant change in cost for an approved project that exceeds the authorized capital expenditure by more than 20 percent if the cost increases are reasonable, necessary, and are not the result from any material expansion of the project. The amount specified shall be revised effective July 1, 2008, and annually thereafter to reflect inflation using appropriate measures incorporating construction costs and medical inflation.

6. **Fiscal Impact Estimates are Indeterminate:** See item #8.

Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>		<i>Positions</i>
	<i>GF</i>	<i>NGF</i>	
2006-07	-	-	0.0
2007-08	-	-	0.0
2008-09	-	(\$100,000)	0.0
2009-10	-	(\$100,000)	0.0
2010-11	-	(\$100,000)	0.0
2011-12	-	(\$100,000)	0.0

7. **Budget amendment necessary:** Yes. Beginning in FY 2009, Health, Research, Planning and Coordination (40600).

8. **Fiscal implications:** According to the Virginia Department of Health (VDH), the COPN program receives approximately 110 applications that require review annually. The number of projects under \$15 million is approximately five annually. A reduction of these project reviews represents 4.5% of the total annual project review workload and would not warrant a reduction in COPN staff. However, the elimination of these five projects will reduce application fee revenue by approximately \$100,000 beginning in FY 2009. A reduction of \$100,000 in fee revenue can be absorbed by the COPN program without any adverse impact

on operations. Fees are calculated as prescribed in law at 1.0% of the proposed expenditure for the project not to exceed \$20,000.

9. Specific agency or political subdivisions affected: Five Regional Health Planning Agencies, Virginia Department of Health, and the Board of Health

10. Technical amendment necessary: No.

11. Other comments: No.

Date: 3/19/2007

Document: HB2546.doc

cc: Secretary of Health and Human Resources