

Department of Planning and Budget 2008 Fiscal Impact Statement

1. **Bill Number** HB 1498

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. **Patron** Kilgore

3. **Committee** Education and Health

4. **Title** Certificate of public need exemption

5. **Summary/Purpose:** The bill provides for the Virginia Department of Health (VDH) to issue a request for applications for 120 new nursing facility beds in Planning District 3 (Mount Rogers) when the department has determined, in its "Nursing Home Facility Beds and Utilization - Facility Fiscal Years Ending in 2006" analysis, that at least one nursing facility in Planning District 3 is licensed for 120 beds but operated no Medicaid-certified beds in 2006.

VDH may accept applications for 120 nursing home or nursing facility beds and may issue a certificate of public need for an increase of 120 new beds in which nursing facility or extended care services are to be provided to establish a new facility in Planning District 3. Consideration must be given in issuing any certificate of public need for the 120 beds to an applicant that proposes to establish a new nursing facility located within three miles of the boundary of the county seat or within the county seat of the county adjacent to the city or county in which is sited any facility in Planning District 3 determined by VDH, in its "Nursing Home Facility Beds and Utilization - Facility Fiscal Years Ending in 2006" analysis, to be licensed for 120 beds but that operated no Medicaid-certified beds in 2006.

6. **Fiscal Impact Estimates are:** Final.

Expenditure Impact:

(Item 306, Service Area 45610)

Fiscal Year	Dollars	Positions	Fund
2009	\$0	0.0	GF
2009	\$0	0.0	NGF
2010	\$0	0.0	GF
2010	\$0	0.0	NGF
2011	\$0	0.0	GF
2011	\$0	0.0	NGF
2012	\$1,681,849	0.0	GF
2012	\$1,681,849	0.0	NGF
2013	\$1,739,032	0.0	GF
2013	\$1,739,032	0.0	NGF
2014	\$1,798,160	0.0	GF
2014	\$1,798,160	0.0	NGF

7. **Budget amendment necessary:** No, the fiscal impact of this bill occurs in the out-years and not in the 2008-10 biennium.
8. **Fiscal implications:** This bill has no fiscal impact on VDH but does impact the Medicaid budget in the Department of Medical Assistance Services (DMAS). DMAS assumes that any beds approved outside the COPN process will result in additional Medicaid reimbursable days. The beds are not likely to be in service until FY 2012. Based on current statewide statistics, DMAS assumes an occupancy rate of 91.20 percent and a Medicaid utilization rate of 63.82 percent. Using the average DMAS reimbursement per day increased by 3.4 percent a year, the average DMAS payment per day would be \$131.94 in FY 2012.
9. **Specific agency or political subdivisions affected:** Virginia Department of Health and the Department of Medical Assistance Services.
10. **Technical amendment necessary:** No.
11. **Other comments:** None.

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cc: Secretary of Health and Human Resources