

**Department of Planning and Budget
2008 Fiscal Impact Statement**

1. **Bill Number** HB 1532

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. **Patron** Hogan

3. **Committee** Health, Welfare and Institutions

4. **Title** Certificate of Public Need Exemption

5. **Summary/Purpose:** The bill requires the Virginia Department of Health (VDH) to issue a request for applications for additional nursing facility beds. VDH must accept applications and may issue certificates of public need for nursing home beds that would result in a 50 percent increase in the number of licensed nursing home beds for each nursing home that has reported to Virginia Health Information an average annual occupancy rate of 99 percent or higher for fiscal year 2006 and fiscal year 2007. The application must be filed on or before December 1, 2008, and approved additional nursing home beds may not be put into service prior to July 1, 2009.

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

Expenditure Impact:

(Item 306, Service Service 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	\$2,172,389	0.0	GF
2012	\$2,172,389	0.0	NGF
2013	\$2,246,250	0.0	GF
2013	\$2,246,250	0.0	NGF
2014	\$2,322,623	0.0	GF
2014	\$2,322,623	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). VDH has determined that four nursing homes would meet the requirements of the bill and the potential number of additional nursing home beds is 155. 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