

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB 534

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Orrock

3. Committee: Health, Welfare and Institutions

4. Title: Certificate of Public Need; exemption from Request for Applications process

5. Summary: The bill would grant the Commissioner of Health the authority to approve an application for Certificate of Public Need (COPN) on a case by case basis without a Request for Applications (RFA) having first been issued. Currently, the commissioner can only accept applications as a result of an RFA for new nursing facility beds and hospital inpatient psychiatric or substance abuse beds.

6. Budget Amendment Necessary: No, because the projected fiscal impact is outside of the 2012-14 biennium.

7. Fiscal Impact Estimates: Final.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	\$322,790	0.0	GF
2015	\$322,790	0.0	NGF
2016	\$332,473	0.0	GF
2016	\$332,473	0.0	NGF
2017	\$342,448	0.0	GF
2017	\$342,448	0.0	NGF
2018	\$352,721	0.0	GF
2018	\$352,721	0.0	NGF

8. Fiscal Implications: This fiscal impact assumes the same fiscal impact as HB 269, which is based on a general perception of a shortage of inpatient psychiatric beds and that additional beds will be added resulting in additional Medicaid expenditures. No impact is assumed for additional nursing facility beds or substance abuse beds because it is unknown if there is any interest by providers in adding nursing facility and substance abuse beds. Based on information from the Department of Medical Assistance Services (DMAS) there are only a limited number of providers who would be interested in providing new inpatient psychiatric

beds. While the number of new beds is unknown, DMAS expects at least a minor number of new beds will be added. Therefore, this fiscal impact assumes 15 additional beds are approved by the Commissioner of Health starting in FY 2015. The Virginia Department for Health could approve more than 15 beds, but there is limited information available to assume any higher number.

The fiscal impact estimate is based on 522 additional inpatient psychiatric bed days per year (15 beds x 365 days x 62.7 percent occupancy rate x 15.2 percent Medicaid utilization), beginning in FY 2015. The estimated Medicaid rate per day is \$1,236.74 per bed day (the rate is assumed to increase three percent each year thereafter). This results in a fiscal impact of \$645,580 (\$322,790 GF) in FY 2015.

9. Specific Agency or Political Subdivisions Affected: Department of Medical Assistance Services and the Virginia Department for Health.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/20/12

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