

Department of Planning and Budget

2016 Fiscal Impact Statement

1. Bill Number: HB 1420H1

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Farrell

3. Committee: Health, Welfare and Institutions

4. Title: Certificate of public need; repeals certain requirement involving psychiatric beds, etc.

5. Summary: Repeals the requirement for a certificate of public need for certain projects involving mental hospitals or psychiatric hospitals and intermediate care facilities established primarily for the medical, psychiatric, or psychological treatment and rehabilitation of individuals with substance abuse.

6. Budget Amendment Necessary: See item 8.

7. Fiscal Impact Estimates: See item 8.

8. Fiscal Implications: This bill would have a nongeneral fund impact on the Commonwealth. The Division of Certificate of Public Need reviews an average of 54 certificates of public need (COPN) requests per year, with an average of four COPN requests for psychiatric and substance abuse services. The average application fee for psychiatric and substance abuse services related COPN requests was \$9,762. The provisions of the bill would reduce the average number of COPN requests from 54 to 50, which would reduce application fee revenue by an average of \$39,048.

The bill also creates a new permitting process for such projects that are exempted from the COPN process. The provisions of the bill allow the Board of Health to set a fee for the new permitting process. Fees would be set at a level sufficient to adequately cover the cost of the permitting process and as a result replace lost COPN fee revenue. To the extent the fee varies from the previous COPN fee, there would be a minor nongeneral fund impact. VDH has sufficient nongeneral fund appropriation to accommodate such a change in fee revenue. This would enable the Department of Health to continue to meet the obligations of administering the COPN program and the new permitting process.

The Department of Behavioral Health and Developmental Services does not anticipate that the proposed language would result in an abundance of new providers and therefore sees no fiscal impact. The Department of Medical Assistance Services does not believe there is an impact to the agency because the Department of Health would likely approve the COPN

under normal circumstances if a medical facility applied to increase psychiatric beds due to a shortage. The legislation would not affect the results; it just removes the administrative requirement to file for a COPN.

9. Specific Agency or Political Subdivisions Affected: Department of Health.

10. Technical Amendment Necessary: No.

11. Other Comments: None.