

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB1606

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; psychiatric beds and services.

5. Summary: Eliminates 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. The bill also directs the Department of Health to develop a plan for an expedited permitting process for psychiatric beds consistent with the State Medical Facilities Plan by July 1, 2019.

6. Budget Amendment Necessary: See item 8.

7. Fiscal Impact Estimates: Preliminary, see item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	30,772	0	General
2019	61,544	0	General
2020	61,544	0	General
2021	61,544	0	General
2022	61,544	0	General
2023	61,544	0	General
2024	61,544	0	General

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2018	(30,772)	Nongeneral
2019	(61,544)	Nongeneral
2020	(61,544)	Nongeneral
2021	(61,544)	Nongeneral
2022	(61,544)	Nongeneral
2023	(61,544)	Nongeneral
2024	(61,544)	Nongeneral

Virginia Department of Health:

The bill shifts the focus away from the Certificate of Public Need (COPN) process to a new permitting process. Over the past four years, based on COPN applications for psychiatric or substance abuse services, it is estimated that five projects will be exempted from COPN review by this bill. The average application fee for psychiatric or substance abuse services related COPN requests for the same period was \$12,309, with a fee range of \$1,000 to \$20,000. As a result, the fees associated with the five projects that would be lost per year is \$61,544 NGF.

The bill, as amended, requires the development of an expedited permitting process, but provides no authority to establish fees for permitting, as a result VDH would need general fund support to maintain program operations. On average, one project review analyst can review 18 projects per year and the COPN program currently has three project review analysts reviewing 53 related COPN projects. Permitting five requests per year likely could be absorbed with existing resources. However, the loss of five permitting projects per year would not warrant a reduction in positions.

Department of Medical Assistance Services (DMAS):

The provisions of this bill would not have a fiscal impact on DMAS.

Department of Behavioral Health and Developmental Services:

The agency has stated that the provisions of the bill would likely have no impact. Currently, as a condition of COPN, a psychiatric hospital has to agree to provide indigent care and services to patients requiring specialized care. The bill would allow psychiatric hospitals to be established without meeting this provision. However, this condition has had no impact on the number of temporary detention orders that private hospitals admit now. Removing this requirement will likely have little impact for the State Hospital admissions rate.

- 9. Specific Agency or Political Subdivisions Affected:** The Department of Medical Assistance Services, the Department of Behavioral Health and Developmental Services, and the Virginia Department of Health.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.