

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB 663

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

2. Patron: Kilgore

3. Committee: Counties, Cities and Towns

4. Title: Reimbursement of costs necessary to examine, review, and supervise a cooperative agreement.

5. Summary: Requires parties who have applied to the Department of Health for approval of a cooperative agreement to pay all costs incurred to examine the initial application and, in the event that the cooperative agreement is approved, all costs incurred for the review and ongoing supervision of the cooperative agreement by the State Health Commissioner.

6. Budget Amendment Necessary: Yes, see item 8.

7. Fiscal Impact Estimates: See item 8.

7a. Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2018 | \$318,751 | 6 | Nongeneral |
| 2019 | \$624,518 | 6 | Nongeneral |
| 2020 | \$624,518 | 6 | Nongeneral |
| 2021 | \$624,518 | 6 | Nongeneral |
| 2022 | \$624,518 | 6 | Nongeneral |

7b. Revenue Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i> |
|--------------------|----------------|-------------|
| 2018 | \$318,751 | Nongeneral |
| 2019 | \$624,518 | Nongeneral |
| 2020 | \$624,518 | Nongeneral |
| 2021 | \$624,518 | Nongeneral |
| 2022 | \$624,518 | Nongeneral |

8. Fiscal Implications: This bill would have a fiscal impact on the Commonwealth. The Governor's introduced budget includes funding for the Department of Health (VDH) for the active supervision of a cooperative agreement in Southwest Virginia beginning FY 2019 and beyond. If the proposed amendment is not included in the introduced budget, than the Commonwealth will incur the full cost to implement the provisions of the bill.

The provisions of the bill would allow VDH to seek the full reimbursement for services from parties involved. According to the Code of Virginia §15.2-5384.1 J, VDH can only seek reimbursement of up to \$75,000 per recipient per year for the ongoing monitoring and support of the cooperative agreement provided the agency. This amount would not be sufficient to adequately provide the level of monitoring that is required.

The personnel resources necessary to conduct the active monitoring of the cooperative agreement does not currently exist within the Virginia Department of Health. To meet the staffing needs for the active monitoring of any cooperative agreement in southwest Virginia, six additional staff are expected to be needed:

- One program manager dedicated solely to the monitoring of the cooperative agreement (total compensation: \$99,544)
- One information technologist for the systems needed to manage the large volume of data collected in the monitoring (total compensation: \$75,981)
- One analyst to assist in the analysis of the data and to serve as the liaison (total compensation: 86,438)
- One complaint intake specialist devoted solely to the receipt of cooperative agreement and merger specific complaints and complaints related to the subject facilities (total compensation \$86,265)
- Two medical facilities inspectors to field investigate the complaints (total compensation x 2: \$166,250).

Additionally an outside consultant with a background in health facility mergers and population health is included for an estimated cost of \$42,800 (80 hours at \$535/hr). There is an initial computer set up at the current VITA rate of \$6,429, which is refreshed every three years per policy, and annual computer support costs of \$15,840. Travel estimates include quarterly trips for the program manager, complaint visits for two health care compliance specialists, two state vehicles and gas for the travel involved, totaling an estimated \$51,400 annually. Therefore the total impact for the provisions of the bill is \$624,518.

However, since FY 2018 is already six months in, the estimated costs for the first year for personnel expenses, computing expenses, consulting expenses, and travel can halved, but the set up costs for the computing system will still be incurred in full. The expenses for FY 2018 would be \$315,505.

9. Specific Agency or Political Subdivisions Affected:

10. Technical Amendment Necessary:

11. Other Comments: