Department of Planning and Budget
2022 Fiscal Impact Statement

1. **Bill Number:** HB93

   House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

   Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Head

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

4. **Title:** Home care organizations; changes the license renewal requirement.

5. **Summary:** Changes the license renewal requirement for home care organizations from an annual renewal to a triennial renewal. The bill prohibits the Department of Health, upon renewal of a home care organization license, from requiring home care organizations to submit financial documents other than those required for initial licensure.

6. **Budget Amendment Necessary**: Yes, item 292, program 40607.

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

7a. Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2023	$527,290		01000
2024	$787,000		01000
2025	$259,710		01000
2026	$527,290		01000
2027	$787,000		01000
2028	$259,710		01000
2029	$527,290		01000

7b. Revenue Impact:

Fiscal Year	*Dollars*	*Fund*
2023	($527,290)	02601
2024	($787,000)	02601
2025	($259,710)	02601
2026	($527,290)	02601
2027	($787,000)	02601
2028	($259,710)	02601
2029	($527,290)	02601

8. **Fiscal Implications:** The provisions of this bill would have a fiscal impact on the Virginia Department of Health (VDH) to change the renewal requirement for home care organizations (HCO) from an annual renewal to a triennial renewal. VDH would experience a loss in fee

revenue from the change in renewal frequency. Currently, HCO licensees renew annually on or before July 31st, with a licensure fee of $500. Based on its current licensee count of 1,574, VDH projects it would receive approximately $787,000 in licensure renewal fees from HCOs for the upcoming renewal period this summer. However, because licensure renewal happens during the transition from one state fiscal year to another, there is an uneven distribution of revenue across quarters. Based on deposit records from the last two years, 26% of fee revenue is received in in Q1, 7% in Q2, Q3, and 60% in Q4.

Furthermore, HCO licenses that were issued over the past year have an expiration date of July 31, 2022. Upon enactment of HB 93, all current HCO licensees would have to renew their current license; the difference being that they would receive a license expiring July 31, 2025 instead of July 31, 2023. Using this information and not assuming any increases in HCO licensee counts, VDH modelled the minimum expected revenue difference:

	Current Revenue	Post-HB 93 Revenue	Difference
SFY22 Q1	$204,620	$204,620	$-
SFY22 Q2	$55,090	$55,090	$-
SFY22 Q3	$55,090	$55,090	$-
SFY22 Q4	$472,200	$472,200	$-
SFY23 Q1	$204,620	$204,620	$-
SFY23 Q2	$55,090	$55,090	$-
SFY23 Q3	$55,090	$-	($55,090)
SFY23 Q4	$472,200	$-	($472,200)
SFY24 Q1	$204,620	$-	($204,620)
SFY24 Q2	$55,090	$-	($55,090)
SFY24 Q3	$55,090	$-	($55,090)
SFY24 Q4	$472,200	$-	($472,200)
SFY25 Q1	$204,620	$-	($204,620)
SFY25 Q2	$55,090	$-	($55,090)
SFY25 Q3	$55,090	$55,090	$-
SFY25 Q4	$472,200	$472,200	$-
SFY26 Q1	$204,620	$204,620	$-
SFY26	$55,090	$55,090	$-

Q2			
SFY26 Q3	$55,090	$-	($55,090)
SFY26 Q4	$472,200	$-	($472,200)
SFY27 Q1	$204,620	$-	($204,620)
SFY27 Q2	$55,090	$-	($55,090)
SFY27 Q3	$55,090	$-	($55,090)
SFY27 Q4	$472,200	$-	($472,200)
SFY28 Q1	$204,620	$-	($204,620)
SFY28 Q2	$55,090	$-	($55,090)
SFY28 Q3	$55,090	$55,090	$-
SFY28 Q4	$472,200	$472,200	$-
SFY29 Q1	$204,620	$204,620	$-
SFY29 Q2	$55,090	$55,090	$-
SFY29 Q3	$55,090	$-	($55,090)
SFY27 Q4	$472,200	$-	($472,200)

Additionally, VDH's expenditures for current services would not decrease along with revenues. VDH relies on prior year cash balances to supplement new revenue collection for the HCO licensure program. Without the necessary funding to replace the lost revenue, VDH would have to reduce its workforce, which would jeopardize current services. HCOs are currently subject to a biennial inspection schedule (subsection A of 12VAC5-381-80). As of January 2022, 88% of HCO biennial inspections are past due. VDH's HCO inspection team is supported by four inspectors and each inspector can complete an average of 65 inspections annually, or 260 in total for the team. This is short of the 787 due each year and does not take into account any additional complaint inspections (approximately 60 annually) or initial licensure inspections (approximately 350 annually). While VDH has been prioritizing complaint inspections and initial licensure inspections; given the workload that existing staff can accomplish, it is taking 16 to 24 weeks from the date an applicant is ready for inspection for it to be conducted. VDH already has insufficient staff to conduct all required inspections and cannot cut expenditures to offset the revenue loss without jeopardizing the public health, safety, and welfare.

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

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** None.