Department of Planning and Budget
2022 Fiscal Impact Statement

1. **Bill Number:** SB201

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

2. **Patron:** Favola

3. **Committee:** Education and Health

4. **Title:** Hospitals; financial assistance; payment plans.

5. **Summary:** Requires hospitals to screen every uninsured patient, defined in the bill, to determine the patient's household income and whether the individual is eligible for financial assistance under the hospital's financial assistance plan; provides that no hospital shall require any uninsured patient who is eligible for financial assistance under the hospital's financial assistance plan and determined to have a household income that is less than or equal to 200 percent of the federal poverty level to pay any amount for emergency medical care; requires every hospital to make a payment plan available for every uninsured patient who is determined to be eligible for financial assistance pursuant to the hospital's financial assistance plan and caps such payment at four percent of the patient's monthly household income; prohibits hospitals from engaging in extraordinary collection actions against an uninsured patient who owes a debt for medical services or the estate of a deceased person; and requires hospitals to report data and information regarding charity care, discounted care, and financial assistance provided under the hospital's financial assistance policy to the nonprofit organization with which the Department of Health has entered into a contract for the compilation, storage, analysis, and evaluation of data.

6. **Budget Amendment Necessary**: Yes, item 292 (VDH) and item 66 (OAG).

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

7a. Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2023			
2024	$447,633	3	General
2025	$447,633	3	General
2026	$447,633	3	General
2027	$447,633	3	General
2028	$447,633	3	General
2029	$447,633	3	General

7b. Revenue Impact:

Fiscal Year	*Dollars*	*Fund*
2023		

2024	(283,997)	Nongeneral
2025	(283,997)	Nongeneral
2026	(283,997)	Nongeneral
2027	(283,997)	Nongeneral
2028	(283,997)	Nongeneral
2029	(283,997)	Nongeneral

8. Fiscal Implications: The provisions of this legislation will have a fiscal impact.

Virginia Department of Health

The Virginia Department of Health (VDH) anticipates that this legislation will result in an increased workload for VDH's existing hospital licensure program. Currently, VDH does not exercise oversight for hospital billing practices and operations and it is anticipated that undertaking this action will increase the volume of consumer complaints. However, the State Board of Health, the State Health Commissioner, and VDH do not have the authority to increase hospital licensure fees, as those fees are set in Code of Virginia § 32.1-130. As such VDH does not have a way to offset anticipated expenditure increases with additional revenue. There are currently 172 inpatient and outpatient hospitals in Virginia, which are not evenly distributed across the state, which would all be subject to the new requirements set forth in SB201. VDH does not have the ability to absorb the provisions of this legislation within existing resources.

VDH anticipates the need for three Health Care Compliance Specialist II, to conduct complaint inspections, which necessitates statewide travel. VDH used expenditure data for current Health Care Compliance Specialist positions to project the expenditures for three new positions in that same role. It was estimated that these positions would have an annual salary of $73,422 and a fringe benefit of $41,276, for a total of $114,698 per FTE. This salary reflects the 75th percentile for that role title and current fringe benefit rates. Additionally, each position would need a state-issued cellphone ($650), a state-issued computer ($3,000), other equipment ($300), supplies ($300), and general liability/surety/workers compensation ($650). For travel expenses, for each FTE, VDH anticipates expenditures for a state-issued vehicle ($4,000), lodging ($17,411), gasoline ($833), and meals and incidentals ($7,369).

VDH anticipates higher gasoline expenditures based on the upward and sustained trend of increased gasoline prices. Expenditure projections for lodging, meals, and incidentals is based on 111 nights of travel per FTE per year, and reflect a blend of high, middle, and low cost areas within Virginia these positions would have to conduct statewide travel. Lodging expenditure projections include hotel and sales tax.

Virginia Commonwealth University Health System Authority

The Virginia Commonwealth University Health System Authority (VCU Health System) anticipates approximately $8.0 million in lost revenue each year as a result of this bill. This bill prohibits hospitals from engaging in extraordinary collection actions to recover a debt for medical services; however, the bill does not define extraordinary collection action. Currently, the VCU Health System is subject to the Virginia Set-Off Debt Collection Program, which allows them to collect from state lottery prize winnings and state income tax refunds to satisfy patient debts. VCU Health System collects approximately $6.0 million annually from the Set-Off Debt Collection Program. Additionally, § 8.01-66.9, Code of Virginia, currently permits VCU Health System to place liens on patients' personal injury proceeds. Currently, VCU Health System collects approximately $2.0 million annually from such liens. VCU Health System anticipates that these existing collection actions may be prohibited under "extraordinary collection actions," and the hospital would permanently lose those sources of annual revenue.

<u>Office of the Attorney General</u>
This bill impacts the Division of Debt Collection's (DDC) revenue by reducing the amount commissions received from hospital collections. DDC is "self-funded" from the contingency fees it charges on the recoveries obtained for client agencies on their outstanding receivables. In this regard, DDC operates more like a business or private law firm and less like a government entity funded by tax dollars. Right now under Code Section 2.2-518, the OAG has flexibility to charge any contingency fee rate "up to 30%" of the amounts the section collects. If the VCU Health System is prohibited from asserting medical liens under Code 8.01-66.9 under this proposed legislation, it will result in a loss of revenue totaling at least $283,997 per year. This impacts DDC as this loss of revenue will likely result in at least two positions that may not have funding. However it is not easy to eliminate two positions as the claim specialist and attorneys all work on a myriad of cases beyond the medical liens work that may be lost by this bill

9. **Specific Agency or Political Subdivisions Affected:** The Virginia Department of Health, the Office of the Attorney General, and Virginia Commonwealth University Health System.

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

11. **Other Comments:** None.