

Department of Planning and Budget 2022 Fiscal Impact Statement

1. **Bill Number:** SB340

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

2. **Patron:** Barker

3. **Committee:** Education and Health

4. **Title:** Freestanding emergency departments.

5. **Summary:** Requires the Board of Health to promulgate regulations related to freestanding emergency departments, defined in the bill as facilities located in the Commonwealth that (i) provide emergency services, (ii) are owned and operated by a licensed hospital and operate under the hospital's license, and (iii) are located on separate premises from the primary campus of the hospital. The bill also requires freestanding emergency departments to make certain disclosures to patients, in advertisements, and on any online platforms associated with such emergency department.

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

7. **Fiscal Impact Estimates:** See item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	\$32,850		01000
2024	\$32,850		01000
2025	\$32,850		01000
2026	\$32,850		01000
2027	\$32,850		01000
2028	\$32,850		01000
2029	\$32,850		01000

8. **Fiscal Implications:** The provisions of this legislation would have a fiscal impact on the Virginia Department of Health and the VCU Health System Authority.

Virginia Department of Health

Since freestanding emergency departments, as defined in the bill, are located on separate premises from the hospital under whose license it operates, VDH medical facilities inspectors (MFIs) would have to travel to these additional locations when conducting inspections of hospitals. VDH's standard hospital inspection procedures require two MFIs per inspection per hospital; assuming there are 24 freestanding emergency departments statewide beginning in FY 2023, VDH would need additional resources. VDH estimates it would need \$2,012 for

state vehicles, \$13,648 for lodging (assuming shared accommodations), \$15,000 for meals and incidentals, and \$2,190 for gasoline. These expenditures are based on historical travel expenditures for the hospital program, though VDH's fiscal projections anticipate higher gasoline expenditures, reflecting the upward and sustained trend of increased gasoline prices. Lodging expenditure projections include hotel and sales tax and both the lodging, meals, and incidentals expenditure projects reflect a blend of high, middle, and low cost areas within Virginia since travel would be statewide.

Additionally, the provisions of the legislation contain details about the minimum requirements for freestanding emergency departments to be included in the Board's regulations. The Board anticipates that it may likely utilize the fast-track regulatory process under Code of Virginia § 2.2-4012.1, which would likely result in final regulations being published during FY 2023. This could lead to enforcement of these regulations in FY 2023 as well, which would result in the increased travel expenditures stated above.

VDH cannot absorb the provisions of this legislation within existing resources. The State Board of Health, the State Health Commissioner, or VDH does not have the authority to increase hospital licensure fees, as those fees are set in Code of Virginia § 32.1-130. There is also no authority to levy special assessments or other fees to offset the increased expenditures.

VCU Health System Authority

The VCU Health System Authority estimates that the changes mandated in this legislation would cause VCU Health System to incur approximately \$50,000 in additional costs. These costs are attributed in large part to the need to change the name from "Emergency Center at New Kent" to "Emergency Department at New Kent," as per the requirements in the bill. They would have to change existing wall and pylon signage, and would also be required to add additional signs at the registration desk, the waiting area, and additional vinyl lettering to exterior doors. Additionally, they would have to update digital properties (website, Google My Business, etc.), internal systems (Epic and Workday), and design assets, as well as all public marketing and educational materials (including videos) that currently exist. However, no budget amendment is necessary unless a decision is made to provide state support for the additional costs.

9. Specific Agency or Political Subdivisions Affected: Virginia Department of Health and the VCU Health System Authority.

10. Technical Amendment Necessary:

11. Other Comments: