

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number** SB 146

**House of Origin** ☒ Introduced ☐ Substitute ☐ Engrossed

**Second House** ☐ In Committee ☐ Substitute ☐ Enrolled

**2. Patron** Cuccinelli

**3. Committee** Education and Health

**4. Title** Definition of hospitals; abortion facilities to be regulated as hospitals.

**5. Summary/Purpose:**

SB 146 defines "hospital," for the purposes of the Board of Health's regulatory requirements, to include "any clinic or other facility performing 25 or more abortions per year."

**6. Fiscal Impact Estimates are preliminary:**

**6a. Expenditure Impact:**

	<i>Dollars</i>		
<i>Fiscal Year</i>	<i>GF</i>	<i>NGF</i>	<i>Positions</i>
2003-04	\$0	*	0.0 FTE
2004-05	\$34, 359	\$0	0.5 FTE
2005-06	\$34, 359	\$0	0.5 FTE
2006-07	\$34, 359	\$0	0.5 FTE
2007-08	\$34, 359	\$0	0.5 FTE
2008-09	\$34, 359	\$0	0.5 FTE
2009-10	\$34, 359	\$0	0.5 FTE

\*Some contractual services costs for one-time COPN reviews; can probably be absorbed.

**6b. Revenue Impact:**

	<i>Dollars</i>		
<i>Fiscal Year</i>	<i>GF</i>	<i>NGF**</i>	<i>Positions</i>
2003-04	\$0	\$280,000	N/A
2004-05	\$0	\$1,050	N/A
2005-06	\$0	\$1,050	N/A
2006-07	\$0	\$1,050	N/A
2007-08	\$0	\$1,050	N/A
2008-09	\$0	\$1,050	N/A
2009-10	\$0	\$1,050	N/A

\*\*Fund 0200, COPN Fees & Licensure Fees

**7. Budget amendment necessary:** Yes. Item 319, Program 56100, Regulation of Public Facilities and Services

**8. Fiscal implications:**

Fourteen abortion clinics are known to meet the bill's criterion of performing 25 or more abortions annually. That number of facilities has remained static over the years. Because of the costs incurred to become licensed, as well as the history of stable number of facilities, no new clinics are expected in the future.

**Anticipated Expenditures**

***COPN Reviews:*** The Department of Health would incur some additional costs associated with the review and processing of 14 initial COPN applications near the end of FY 2004. Because existing staff can absorb that activity, the additional cost is expected to be minimal.

***Licensure:*** According to current licensure requirements, once such a clinic was classified as an outpatient surgical hospital, a biennial inspection of clinics would be required. A typical licensure inspection takes the equivalent of one week's time of one Medical Facilities Inspector. For the 14 abortion clinics, the annual workload for onsite inspections, complaint visits, and other associated staff time including pre- and post inspection preparation is estimated to equal 25 weeks of one Medical Facilities Inspector's time at an annual cost of \$34,359. The cost of licensure processing can be absorbed by the Department of Health.

**Anticipated Revenues**

***Licensing Fees:*** The licensing fee for outpatient hospitals is \$75 per year. Licensing fees from 14 clinics would total \$1,050 in annual revenue to the state's 0200 special fund.

***One-time COPN Fees:*** SB 146 would require abortion clinics to obtain a Certificate of Public Need (COPN). The average COPN application fee for an outpatient surgical hospital is \$20,000. The Virginia Department of Health (VDH) anticipates that the clinics would apply for a COPN at the end of FY 2004. If all of the 14 existing clinics applied, total fee revenue would be \$280,000. To the extent that clinics do not apply for COPN approval, revenues would decline below the levels estimated above.

**9. Specific agency or political subdivisions affected:** Virginia Department of Health (VDH); Health Systems Agencies (HSAs)

**10. Technical amendment necessary:** No

**11. Other comments:** If excess fee revenue remains at the end of a fiscal year after supporting budgeted spending, the funds are distributed as specified in Item 311 of the appropriations act. Depending on the overall fiscal picture, such funds would be retained to cover a month's operational needs in the subsequent year, revert to the general fund, or be passed on to the regional health planning organizations.

SB 146 is comparable to HB 116 in effect, though they amend different portions of *Code* language.

**Date:** 1/16/04 / RMC

**Document:** G:\LEGIS\2004 Fises\Fises By DPB\SB146.DOC

c: Secretary of Health and Human Resources