

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number HB267H1

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

2. Patron Cole

3. Committee Health, Welfare and Institutions

4. Title Certificate of public need.

5. Summary/Purpose: Certificate of public need. Authorizes the relocation and replacement of, and the addition of, up to 56 new nursing home beds, to any nursing home facility in Planning District 16 that is composed of no more than 35 nursing home beds. This authorization may occur when the facility to be replaced is the only nursing home licensed and operating in the city or county within Planning District 16 and the replacement facility will be located in the same city or county as the facility to be replaced.

6. Fiscal Impact Estimates are Final.

6a. Expenditure Impact: (subprogram 45610)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$0	0	GF
2006-07	\$0	0	NGF
2007-08	\$0	0	GF
2007-08	\$0	0	NGF
2008-09	\$539,537	0	GF
2008-09	\$539,537	0	NGF
2009-10	\$1,122,237	0	GF
2009-10	\$1,122,237	0	NGF
2010-11	\$1,167,126	0	GF
2010-11	\$1,167,126	0	NGF
2011-12	\$1,213,811	0	GF
2011-12	\$1,213,811	0	NGF

7. Budget amendment necessary: No, since the fiscal impact is not until the 2008-2010 biennium.

8. Fiscal implications: Assuming that the bill results in a certificate of public need being granted for 56 new nursing home beds, there would be an impact on the Medicaid program, but not until the next biennium. According to the Virginia Department of Health, Brooke Nursing Center in Stafford County is the only nursing facility that meets the qualifications in HB 267H1 and, if the COPN is approved, the new beds would probably not be operational until January 2009 (SFY 2009). In the most recently available data for 2004, Brooke Nursing

Center had an occupancy rate of 87.88% and a Medicaid utilization rate of 96.52%. Assuming the same occupancy and Medicaid utilization rates, a projected rate of \$140.35 million in SFY 2007, and 4% annual rate increases, the annual cost in SFY 2009 would be \$2.6 million.

Historically the patient pay responsibility represents 18% of total cost with the Department of Medical Assistance Services (DMAS) paying 82% of the cost. This results in a total cost for DMAS of approximately \$2.2 million for a full year in FY 2009. The cost estimate assumes only 50% of this cost for SFY 2009 since the new beds are not expected to be operational until January 2009. The rates are increased 4% annually for inflation after FY 2009.

9. Specific agency or political subdivisions affected: Virginia Department of Health and Department of Medical Assistance Services.

10. Technical amendment necessary: None.

11. Other comments: None.

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cc: Secretary of Health and Human Resources