

Department of Planning and Budget

2007 Fiscal Impact Statement

1. Bill Number: HB 2155

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: O'Bannon, III

3. Committee: Health, Welfare and Institutions

4. Title: Certificate of Public Need; eliminates regional health planning

5. Summary/Purpose: Eliminates regional health planning agencies from the Certificate of Public Need (COPN) review process; exempts all equipment valued at less than \$500,000 from the requirement of a COPN; increases the review threshold for capital expenditures; streamlines the approval process by increasing the number of facilities and services for which the Commissioner may issue COPNs in response to a request for applications only; creates a reporting requirement in § 32.1-102.4, requiring facilities holding a certificate to report specified information related to patient and charity care volumes, expenditures, and revenues and establishes penalties for failure to report; allows the Department to refuse to accept an application that is not complete for a current review cycle; and makes other changes to streamline the COPN review and approval process.

6. Fiscal Impact Estimates are Preliminary: See Item #8.

Expenditure Impact:

	<i>Dollars</i>		
<i>Fiscal Year</i>	<i>GF</i>	<i>NGF</i>	<i>Positions</i>
2007-08	(\$333,072)	(\$277,500)	3.0*
2008-09	(\$333,072)	(\$277,500)	3.0*
2009-10	(\$333,072)	(\$277,500)	3.0*
2010-11	(\$333,072)	(\$277,500)	3.0*
2011-12	(\$333,072)	(\$277,500)	3.0*
* These positions would be supported with special fund savings associated with eliminating regional health planning agencies (RHPA). This savings has been netted from the NGF savings identified.			

7. Budget amendment necessary: Yes. The language in item 290 regarding the annual (\$333,072) and supplemental excess special funds for the regional health planning agencies (RHPA) would need to be eliminated. In addition, language earmarking \$31,250 for the GF would need to be modified.

8. Fiscal implications: Eliminating the RHPA would generate a GF savings of \$333,072 that is given to RHPAs each year. In addition, COPN revenue provided to the RHPA (approximately \$880,000) last year in "excess fee revenues" from the COPN program could also be captured less the cost of two additional positions to handle the increased workload that would be assumed by the Virginia Department of Health (VDH), such as conducting

public hearings around the state. The cost to VDH would be approximately \$135,000 annually for these two positions, which includes salaries, benefits (25% salaries), equipment, communications, supplies and travel expenses.

This legislation would no longer require the COPN authorization of Lithotripsy, nuclear medicine imaging, and the relocation of on site beds, which would increase capital expenditures by \$15 million. Therefore, VDH's workload would be reduced by approximately eight projects and revenues by \$148,000 beginning in FY 2008.

The bill also expands the request for application (RFA) process to include radiation therapy, stereotactic radiosurgery, neonatal special care, obstetrical services, medical rehabilitation services, psychiatric services, and long term acute care hospitals, which would increase the number of services subject to the RFA process from one to nine. There are approximately 60 annual projects in these new RFA project categories. The request for RFA applications process is currently limited to nursing facility and extended care beds. Expanding the RFA process is expected to reduce by one third (20 applications) the number of COPN applications in these categories. The elimination of these COPN review applications would reduce revenues by approximately \$400,000 in application fees beginning in FY 2008. It would require approximately 1.5 positions to administer the existing RFA process involving nursing facility and extended care beds. Adding more service categories to the RFA process would require one additional position in FY 2008. The cost to VDH would be approximately \$67,500 annually for a Project Review Analyst, which includes salary, benefits (25% salaries), equipment, communications, supplies and travel expenses.

9. Specific agency or political subdivisions affected: Virginia Department of Health

10. Technical amendment necessary: No.

11. Other comments: No.

Date: 1/29/07

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cc: Secretary of Health and Human Resources