

## Department of Planning and Budget 2007 Fiscal Impact Statement

1. **Bill Number:** HB 2276

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

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

2. **Patron:** Harry R. Purkey

3. **Committee:** Health, Welfare and Institutions

4. **Title:** Certificate of public need

5. **Summary/Purpose:** Establishes a two part review process for contested and uncontested applications; reduces review period for contested applications to 90 days and uncontested applications to 60 days; reduces fees for certificates of public need to a maximum of \$10,000 for contested applications and \$5,000 for uncontested applications. Establishes requirement that final and complete certificate of public need applications may be no more than 20 pages in length. Applies provisions concerning personal interests in transactions to members of regional health planning agencies and requires members of regional health planning agencies to file personal disclosure statements.

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

**Expenditure Impact:**

	<i>Dollars</i>		
<i>Fiscal Year</i>	<i>GF</i>	<i>NGF</i>	<i>Positions</i>
2007-08	\$1,227,500	-	5.0
2008-09	\$1,227,500	-	5.0
2009-10	\$1,227,500	-	5.0
2010-11	\$1,227,500	-	5.0
2011-12	\$1,227,500	-	5.0

7. **Budget amendment necessary:** Yes.

8. **Fiscal implications:** This bill sets limitations on certificate of public need (COPN) fees that are charged by the Virginia Department of Health (VDH). The language of the bill states that "such fees shall not be less than \$1,000 nor exceed the lesser of one percent of the proposed expenditure for the project or 20,000 to (\$10,000) for contested applications or \$5,000 for uncontested applications. VDH estimates that this action would reduce fees by approximately \$890,000 or 55.64 percent leaving the agency insufficient funds to support the COPN program and support the RHPAs. This amount would have to be replaced with general fund dollars to maintain existing operations.

In addition, this legislation reduces the total time frame available for the review of Certificate of Public Need (COPN) requests from 190 days to between 30 and 60 days and reduces the COPN application fees to less than half their current level. While the bill reduces the time

available for reviewing projects it does not reduce the number of projects requiring review. Essentially, the bill reduces the review time from 10 days to 5 days.

The Virginia Department of Health (VDH) estimates this it would need to double its current COPN staff (from five to ten) to assure that all project reviews complied with the time frame required by this bill. The cost to VDH would be approximately \$67,500 annually per position, assuming an average annual salary of \$50,000 for a Project Review Analyst plus benefits, and equipment, communications, supplies, and travel costs. The cost for five positions would be \$337,500 in FY2008 and beyond. This amount would have to be support with general fund per the fee limitation imposed by this legislation, see below.

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

**10. Technical amendment necessary:** No

**11. Other comments:** None

**Date:** 1/29/07

**Document:** HB2276.doc

cc: Secretary of Health and Human Resources