

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: SB437

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

2. Patron: Vogel

3. Committee: Education and Health

4. Title: **Licensure of abortion clinics**

5. Summary: Requires all abortion clinics, defined as any facility other than a hospital or an ambulatory surgery center in which 25 or more first trimester abortions are performed in any 12-month period, to be licensed and to comply with the requirements currently in place for ambulatory surgery centers except the requirement for a certificate of public need. The Board of Health may also waive certain structural requirements.

6. Fiscal Impact Estimates:

6a. Expenditure Impact:

| | <i>Dollars</i> | | |
|--------------------|----------------|------------|------------------|
| <i>Fiscal Year</i> | <i>GF</i> | <i>NGF</i> | <i>Positions</i> |
| 2008 | - | - | 0.00 |
| 2009 | \$47,600 | - | 0.00 |
| 2010 | - | \$42,100 | 0.00 |
| 2011 | - | \$42,100 | 0.00 |
| 2012 | - | \$42,100 | 0.00 |
| 2013 | - | \$42,100 | 0.00 |

6b. Revenue Impact:

| | <i>Dollars</i> | | |
|--------------------|----------------|------------|------------------|
| <i>Fiscal Year</i> | <i>GF</i> | <i>NGF</i> | <i>Positions</i> |
| 2008 | - | - | 0.00 |
| 2009 | \$47,600 | - | 0.00 |
| 2010 | - | \$42,100 | 0.00 |
| 2011 | - | \$42,100 | 0.00 |
| 2012 | - | \$42,100 | 0.00 |
| 2013 | - | \$42,100 | 0.00 |

7. Budget Amendment Necessary: Yes.

8. Fiscal Implications: This legislation, if passed, will require that all abortion clinics be licensed and in compliance with the requirements currently in place for ambulatory surgery centers effective June 30, 2008. The legislation would also require onsite licensing inspections (on a biennial basis) and complaint investigations at abortion clinics. There are

currently 20 known abortion clinics and physician offices providing abortion services in Virginia. It is not expected that there will be any increase in the number of clinics, as this number has remained constant for some years. Given its existing workload, the Virginia Department of Health's (VDH) Office of Licensure and Certification (OLC) cannot absorb the costs of establishing and implementing this new regulatory program.

As noted above, the legislation requires a biennial inspection, as such, VDH estimates an annual workload of 10 - 12 onsite inspections, 20 onsite complaint investigations (average of two complaints received per provider), as well as a significant number of responses to public inquiries and requests for information. Inasmuch as there are only 20 such clinics in the state, this legislation will not require a full-time Inspector position. However, considering the amount of pre-inspection and post-inspection preparation time, as well as the statewide travel required, existing staff cannot absorb the additional workload. Therefore a part-time Medical Facilities Inspector will be needed to manage the program. This estimate is based upon the fact that it takes a full working week to complete an onsite outpatient surgical hospital inspection and/or a complaint investigation with the related documentation. The average annual salary for OLC Medical Facilities Inspectors is approximately \$52,000, or \$25 per hour. Wage employees are limited to 1500 hours of work annually and receive no employee benefits. The cost of a wage Medical Facilities Inspector at \$25.00 per hour for 1500 hours is \$37,500. There would be one-time costs of \$1,500 for promulgating new licensing regulations, \$1,500 for employee recruitment, and \$2,500 for computer and office equipment. Annual operating costs are estimated to be \$4,600, which includes \$1,000 for office space, \$300 for training, \$3,000 for travel, and \$300 for communications and supplies. Total start up costs in FY 2009 would be \$47,600 and would need to be paid from the general fund. Thereafter, the program would cost approximately \$42,100 per year and be supported by the licensure and inspection fees.

Since there are approximately 20 abortion clinics subject to licensing, the annual licensing fee would need to be \$2,105 per provider to make the program self-supporting, which is well in excess of the current \$75 annual fee charged to ambulatory surgical centers.

9. Specific Agency or Political Subdivisions Affected: Virginia Department of Health

10. Technical Amendment Necessary: No.

11. Other Comments: Legislation is identical to HB 894.

Date: 1/16/2008 lrj

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cc: Secretary of Health and Human Resources