

## Department of Planning and Budget 2010 Fiscal Impact Statement

**1. Bill Number:** HB 393

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

**2. Patron:** Lohr**3. Committee:** Education and Health**4. Title:** Abortion clinics; licensure and regulation

**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 regulated by the Board of Health.

**6. Fiscal Impact Estimates:** Final.**a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010	\$0	0.00	
2011	\$47,600	0.5	GF
2012	\$42,100	0.5	NGF
2013	\$42,100	0.5	NGF
2014	\$42,100	0.5	NGF
2015	\$42,100	0.5	NGF
2016	\$42,100	0.5	NGF

**b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010	\$0	
2011	\$42,100	NGF
2012	\$42,100	NGF
2013	\$42,100	NGF
2014	\$42,100	NGF
2015	\$42,100	NGF
2016	\$42,100	NGF

**7. Budget Amendment Necessary:** Yes, Item 285 (Health Research, Planning, and Coordination) in HB/SB 30. Budget amendment is needed for start-up costs in FY 2011 and nongeneral fund appropriation each year to account for the new revenue collected from the licensing and inspection fees.

**8. Fiscal Implications:** This legislation requires that all abortion clinics performing 25 or more first trimester abortions a year be licensed and in compliance with the requirements

currently in place for ambulatory surgery centers effective June 30, 2010. The bill 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 2 complaints received per provider), as well as a significant number of responses to public inquiries and requests for information. Since there are only 20 such clinics in the state, the legislation would 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 \$25.00 per hour. Wage employees are limited to 1,500 hours of work annually and receive no employee benefits. The cost of a wage Medical Facilities Inspector at \$25.00 per hour for 1,500 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, \$300.00 for training, \$3,000 for travel, and \$300.00 for communications and supplies. Total start up costs in FY 2011 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.

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

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** With 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. This fee is well in excess of current \$75.00 annual fee charged to ambulatory surgical centers. HB 393 does require the Board of Health to promulgate regulations to develop a fee structure that would support the costs of the abortion clinic licensure and inspection program. Budget language in HB/SB 30, along with HB 842, proposes increases to VDH's OLC fees as well.

**Date:** 2/4/2010 lrj

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