

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: SB 265

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

2. Patron: Whipple

3. Committee: Education and Health

4. Title: Hospice and home health care; licensure

5. Summary: Amends hospice licensure standards to include the same exemptions applicable to home care organizations, and allow inspections of both types of facilities exempt from licensure. The bill also prohibits new home care organizations from being licensed until July 1, 2012, but allows the Commissioner of Health to issue a request for and accept applications for: (i) the establishment of home care organizations in federally designated Health Professional Shortage Areas or (ii) home care organizations approved for payments for home health or personal care services by the Department of Medical Assistance Services prior to July 1, 2010.

6. Fiscal Impact Estimates: Preliminary. See item #8.

a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010	\$0	0.00	
2011	\$30,000	0.00	NGF
2012	\$30,000	0.00	NGF
2013	\$150,000	1.00	NGF
2014	\$150,000	1.00	NGF
2015	\$150,000	1.00	NGF
2016	\$150,000	1.00	NGF

b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010	\$0	
2011	\$30,000	NGF
2012	\$30,000	NGF
2013	\$50,000	NGF
2014	\$50,000	NGF
2015	\$50,000	NGF
2016	\$50,000	NGF

7. Budget Amendment Necessary: Yes, Item 285 (Health Research, Planning, and Coordination) in HB/SB 30.

8. Fiscal Implications: This bill seeks to enact the following provisions:

(i) Exempts hospice providers from licensure upon obtaining Medicare certification. There are approximately 100 licensed hospice providers in Virginia. It is reasonable to assume all 100 providers are either currently Medicare certified, or in the process of seeking Medicare certification and reimbursement. Since hospices are inspected on a biennial basis, this bill would reduce the Virginia Department of Health (VDH) onsite inspection workload by approximately 50 inspections per year. Licensed hospices pay an annual licensing fee of \$500.00. Accordingly, there would also be a reduction in licensing fees of approximately \$50,000 annually. **HB/SB 30 and HB 842 propose to increase the current hospice inspection fee from \$500.00 to \$650.00. If the fee increase is approved, the reduction in licensing fees would be (\$65,000) annually.**

ii) Repeals the exemption for personal care providers enrolled in the Department of Medical Assistance Services (DMAS) and receiving DMAS reimbursement. Based on discussion with DMAS officials, it is estimated there may be as many as 200 personal care providers enrolled in DMAS that would be required under this bill to be licensed by VDH as home care organizations (HCO). Licensed home care providers that offer personal care must also offer skilled home health services to be eligible for Medicare certification and seek exemption from state licensure. It is assumed that all of the estimated 200 personal care providers would fall into this category and would not be eligible to seek licensure exemption. An additional 200 licensed HCOs would mean the need to conduct 100 onsite inspections annually and \$100,000 in licensing fees. **HB/SB 30 and HB 842 propose to increase the current hospice inspection fee from \$500.00 to \$650.00. If the fee increase is approved, the annual increase in licensing fees would be \$130,000.**

(iii) Requires the State Health Commissioner to notify DMAS whenever any license is revoked, suspended, or expired for termination of the Medicaid provider agreement. This provision would have no fiscal impact.

(iv) Adds language regarding inspections of exempted certified providers only to the extent necessary to ensure public health and safety. This provision would require VDH to investigate complaints against exempted HCOs. It is estimated that the number of complaints requiring an onsite investigation would not be significant.

(v) Allows the Board to assess a re-certification fee on providers seeking re-certification. It is estimated the net revenue increase associated with this provision would be insignificant.

(vi) Provides that the commissioner may petition the jurisdictional circuit court regarding identified non-licensed home care providers, and

(vii) Directs that a moratorium on new providers extend until July 2012. The number of new licensed HCO has historically been approximately 40 providers per year. This provision could possibly reduce the number of annual HCO inspections by - 40 inspections in FY 2011 and FY 2012, and reduce licensing revenues by (\$20,000) each year. **HB/SB 30 and HB 842 propose to increase the current hospice inspection fee from \$500.00 to \$650.00. If the fee increase is approved, the reduction in licensing fees would be (\$26,000) annually.**

SB 265 results in a net increase of approximately \$30,000 in fees in FY 2011 and FY 2012; and a net revenue increase of \$50,000 beginning in FY 2013. There will be a cost of approximately \$3,000 per inspection; an increase in expenditures of \$30,000 (with increase of 10 additional inspections) in FY 2011 – FY 2012 and \$150,000 increase in expenditures beginning in FY 2013. The addition of a medical facility inspector would be needed to conduct the 50 additional inspections beginning in FY 2013. The increase in revenue of \$50,000 in FY 2013 would not be sufficient to offset the increase in expenditures of \$150,000 during the same period.

FY 2011 – FY 2012

	(+ / -) # of Inspections Annually	+/- Annual Fee Revenue	+/- Annual Expenditures (3K per inspections)
Bill Provisions			
Exempt Hospice	-50	(\$50,000)	
Repeal Personal Care Exemption	100	\$100,000	
Moratorium New HCO	-40	(\$20,000)	
Total	10	\$30,000	\$30,000

FY 2013 – FY 2016

Exempt Hospice	-50	(\$50,000)	
Repeal Personal Care Exemption	100	\$100,000	
Total	50	\$50,000	\$150,000

9. Specific Agency or Political Subdivisions Affected: Virginia Department of Health and Department of Medical Assistance Services

10. Technical Amendment Necessary: No.

11. Other Comments: The expenditure and revenue impacts assume the current licensure and inspection fee of \$500.00 for home care organizations. HB/SB 30 and HB 842 propose to increase the licensure and inspection fee to \$650.00. If the fee is ultimately increased to \$650.00, the expenditure and revenue impacts would be slightly higher than the preliminary estimates shown in item #6.

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