

## Department of Planning and Budget 2011 Fiscal Impact Statement

**1. Bill Number:** HB 1428

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

**2. Patron:**        Bell, Richard P.

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

**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. Budget Amendment Necessary:** Yes, Item 285 (Health Research, Planning, and Coordination).

**7. Fiscal Impact Estimates:** Preliminary.

**a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2011	\$0	0.00	
2012	\$210,700	2.00	GF
2013	\$158,600	2.00	GF
2014	\$158,600	2.00	GF
2015	\$158,600	2.00	GF
2016	\$158,600	2.00	GF
2017	\$158,600	2.00	GF

**b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2011	\$0	
2012	\$1,500	NGF
2013	\$1,500	NGF
2014	\$1,500	NGF
2015	\$1,500	NGF
2016	\$1,500	NGF
2017	\$1,500	NGF

**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. HB1428 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.

Based on the requirement for biennial inspections, VDH estimates an annual workload of 10 - 12 onsite inspections, and a substantial increase in the number of onsite complaint investigations (average of 10 complaints received per provider). In addition, a substantial number of public inquiries and requests for information would be expected. With 20 existing clinics in the state, and a projected 200 additional complaints to investigate, two full-time Inspectors would be required to manage the initial promulgation process and anticipated rush of public inquiries and requests for information, the pre and post-inspection/complaint investigation preparation time, and the routine statewide travel involved. The following cost 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 \$56,000, or \$72,800 x 2 for a total of \$145,600 with benefits. There will be one-time costs of \$1,500 for promulgating new licensing regulations, \$1,500 for employee recruitment, and \$5,000 (\$2,500 x 2) for office equipment. Annual operating costs are estimated to be \$2,000 for office space, \$1,200 for training, \$10,000 for travel, and \$1,000 for communications and supplies. Total start up costs in FY2012 would be \$166,600. Annual costs would be approximately \$158,600 thereafter.

In addition to the new full-time Inspectors, a wage Policy Analyst would also be required to help manage the initial promulgation process and anticipated rush of public inquiries and requests for information. The salary cost of a Policy Analyst in FY 2012 would be \$45,000 based on an hourly wage of \$30 for 1,500 hours. Operating costs for the Policy Analyst are estimated to be \$2,500 for office equipment, \$1,000 for office space, \$600 for training, \$2,500 for travel, and \$500 for communications and supplies. Total Policy Analyst costs in FY 2012 would be \$52,100. The Policy Analyst position would be eliminated at the end of FY 2012, depending on need.

In addition to known costs, it is likely that there could be significant legal costs as the state attempts to promulgate and implement any regulations resulting from the passage of the bill. Such costs cannot be determined at this time.

The estimated annual revenue collected by OLC would be \$1,500, which is based on the number of abortion clinics (20) x the current outpatient hospital inspection fee (\$75.00).

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

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

**11. Other Comments:** The Governor's introduced budget proposed an increase to the OLC fees beginning in FY 2012. The new OLC fee structure included an increase to the current outpatient hospital inspection fee from \$75.00 to \$700.00. If the proposed OLC fee structure and HB 1428 are both approved, the revenue impact of HB 1428 would increase from \$1,500 to \$14,000 annually.

**Date:** 1/24/2011

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