

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB 1643

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

2. Patron: O'Bannon

3. Committee: Health, Welfare and Institutions

4. Title: Certificate of Public Need Exemption

5. Summary: This bill requires the Virginia Department of Health to accept and review applications for up to 10 new nursing facility beds in Planning District 15 (Richmond area) for a non-for-profit nursing facility with less than 60 beds. The Commissioner of Health may issue certificates of public need (COPN) for the addition of these 10 beds.

6. Budget Amendment Necessary: Yes, Item 297, Medicaid Program Services.

7. Fiscal Impact Estimates are: Final.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2012	\$134,400	0.0	GF
2012	\$134,400	0.0	NGF
2013	\$138,432	0.0	GF
2013	\$138,432	0.0	NGF
2014	\$142,585	0.0	GF
2014	\$142,585	0.0	NGF
2015	\$146,863	0.0	GF
2015	\$146,863	0.0	NGF
2016	\$151,269	0.0	GF
2016	\$151,269	0.0	NGF
2017	\$155,807	0.0	GF
2017	\$155,807	0.0	NGF

8. Fiscal Implications: The bill will have an impact on Medicaid expenditures if the certificate of public need is issued for 10 additional nursing home beds. This fiscal impact statement assumes the beds are approved. In addition, these estimates assume any beds approved outside the COPN process, which is administered by the Virginia Department of Health, will result in additional Medicaid reimbursable days. The nursing facility most likely to qualify for this exception has beds that are currently available and could be converted to nursing facility beds almost immediately. So this fiscal impact estimate assumes the beds will be available as Medicaid nursing facility beds on July 1, 2011.

Based on current statewide statistics from the Department of Medicaid Assistance Services (DMAS), these estimates assume an occupancy rate of 90.69 percent and a Medicaid utilization rate of 61.24 percent. The average Medicaid reimbursement per day in FY 2012 is projected to be \$132.61.

The actual dollar estimates are based on the number of bed days each year (10 beds multiplied by 365 days = 3,650 bed days). The number of bed days is reduced by applying the statewide occupancy rate of 90.69 percent and then further reduced to reflect the Medicaid utilization rate of 61.24 percent. This results in the potential for 2,027 additional Medicaid reimbursable bed days each year. The FY 2012 estimated Medicaid reimbursement per day is \$132.61. Therefore, FY 2012 total costs are \$268,800 (2,027 bed days multiplied by \$132.61 per day) and the general fund share is \$134,400. In FY 2013 and beyond the Medicaid reimbursement per day is assumed to increase by three percent each year.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/14/11

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c: Secretary of Health and Human Resources