

## Department of Planning and Budget 2011 Fiscal Impact Statement

**1. Bill Number:** HB 2453

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

**2. Patron:** Garrett

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

**4. Title:** Certificate of public need exemption - nursing facility beds in Central Virginia

**5. Summary:** This bill requires the Virginia Department of Health to issue a request for applications for up to 50 new nursing facility beds in Planning District 11 (Central Virginia) to a nursing facility who meets specific conditions. The Commissioner of Health is directed to accept and review applications and may issue certificates of public need (COPN) for the addition of these 50 beds.

The bill has a second enactment clause that states the bill is an emergency and in force from passage.

**6. Budget Amendment Necessary:** No, because the fiscal impact begins in FY 2014, which is outside of the 2010-12 biennial budget.

**7. Fiscal Impact Estimates:** Final.

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2011	\$0	-	-
2012	\$0	-	-
2013	\$0	-	-
2014	\$713,017	-	GF
2014	\$713,017	-	Federal
2015	\$734,404	-	GF
2015	\$734,404	-	Federal
2016	\$756,450	-	GF
2016	\$756,450	-	Federal
2017	\$779,154	-	GF
2017	\$779,154	-	Federal

- 8. Fiscal Implications:** The bill will have an impact on the Medicaid program. This fiscal impact assumes that 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 exemption has plans to construct a new facility that will utilize an existing 44 beds and add 50 more beds between January 1, 2013 and January 1, 2014. So this fiscal impact assumes the 50 new beds will be available as Medicaid nursing facility beds on July 1, 2013. Based on current statewide statistics from the Department of Medical Assistance Services, this fiscal impact assumes an occupancy rate of 90.69 percent and a Medicaid utilization rate of 61.24 percent. The average Medicaid reimbursement per day in FY 2014 is projected to be \$140.69.

The actual dollar estimates are based on the number of bed days each year (50 beds multiplied by 365 days = 18,250 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 10,136 additional Medicaid reimbursable bed days each year. The FY 2014 estimated Medicaid reimbursement per day is \$140.69. Therefore, FY 2014 total costs are \$1,426,034 (10,136 bed days multiplied by \$140.69 per day) and the general fund share is \$713,017. The federal Medicaid match rate is 50 percent. In FY 2015 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:** SB 1434, introduced by Senator Smith, is a similar bill. However, it increases the number of nursing facility beds by 46.

**Date:** 1/26/11

**Document:** G:\Budget Dev 10-12\2011 Session\Executive Amendments\HB2453.Doc  
c: Secretary of Health and Human Resources