

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: HB 2030

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|------------------------|--|-------------------------------------|------------------------------------|
| House of Origin | <input checked="" type="checkbox"/> Introduced | <input type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| Second House | <input type="checkbox"/> In Committee | <input type="checkbox"/> Substitute | <input type="checkbox"/> Enrolled |

2. Patron: Byron, Kathy J.

3. Committee: Health, Welfare and Institutions

4. Title: Certificate of public need; requirement, definition of project to qualify

5. Summary: The proposed legislation adds a minimum value threshold of \$1.0 million for which the addition by an existing medical care facility of any medical equipment for the provision of cardiac catheterization, computed tomographic (CT) scanning, stereotactic radiosurgery, lithotripsy, magnetic resonance imaging (MRI), magnetic source imaging (MSI), open heart surgery, positron emission tomographic (PET) scanning, radiation therapy, stereotactic radiotherapy, proton beam therapy, or other specialized service designated by the State Board of Health by regulation shall constitute a project for which a certificate of public need (COPN) is required. Currently, the addition of any such medical equipment, regardless of the equipment's value, constitutes a project for which a certificate of public need is required. The bill also provides that no certificate of public need shall be required for a project if no objection to the application is raised at a public hearing, or for the addition by an existing medical care facility of any medical equipment that is limited in use to a specific, specialized service or category of providers that has been exempt from the requirements of a certificate of public need in accordance with regulations of the Board of Health. The bill also requires the Commissioner of Health to develop recommendations for specific types and categories of equipment that is limited in use to a specific, specialized service or category of health care provider, the addition of which by an existing medical facility shall be exempt from the requirement for a certificate of public need, and shall report such recommendations to the General Assembly by November 1, 2015.

6. Budget Amendment Necessary: No

7. Minimal Fiscal Impact

8. Fiscal Implications: The Virginia Department of Health (VDH) reports that the \$1.0 million minimum threshold added by this bill would primarily impact small, single entity providers of computed tomography (CT) scan and magnetic resonance imaging (MRI) services. VDH has indicated that the bill is not expected to have any significant impact on its staff or operations. The Department of Medical Assistance Services (DMAS) estimates that it would experience a minimal annual cost increase (less than \$15,000) once the provisions of this bill are fully implemented and impacted providers are able to expand services without a COPN

requirement. However, no increases are expected in FY 2016 as it is assumed that providers and facilities would need to time to develop budget plans to procure the new equipment.

9. Specific Agency or Political Subdivisions Affected:

Virginia Department of Health
Department of Medical Assistance Services

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/23/15