

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB 1283

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: Martin, Stephen H.

3. Committee: Education and Health

4. Title: Certificate of public need; eliminates regional health planning agencies and adds an exception

5. Summary: The proposed legislation eliminates regional health planning agencies and adds an exception to the definition of project to exclude (i) an increase in the total number of non-nursing home beds in an existing general hospital, psychiatric hospital, or rehabilitation hospital or operating rooms in an existing general hospital; (ii) the introduction of open heart surgery at a hospital that registers the new service and performed at least 1,100 adult inpatient or outpatient cardiac catheterizations, including at least 400 therapeutic catheterizations, or discharged at least 800 patients with the principal diagnosis of ischemic heart disease during the 12 months immediately preceding such registration; and (iii) the introduction of intermediate- or specialty-level neonatal special care services at an existing medical care facility that registers the new service and delivered more than 1,000 infants in the 12 months immediately preceding such registration.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2015	-	-
2016	-	-
2017	\$991,843	General
	\$991,843	Nongeneral
2018	\$2,043,197	General
	\$2,043,197	Nongeneral
2019	\$3,156,739	General
	\$3,156,739	Nongeneral
2020	\$4,335,255	General
	\$4,335,255	Nongeneral
2021	\$4,465,313	General
	\$4,465,313	Nongeneral

- 8. Fiscal Implications:** While it varies by hospital and service, approximately 14 percent of the hospital services furnished in the state are reimbursed by Medicaid. An increase in utilization or cost per unit will increase Medicaid expenditures. Under this bill, some hospitals will likely increase beds and operating room capacity that otherwise would have been denied under current COPN regulations. It is unlikely that the bill would have any impact in FY 2016 as hospitals would have to develop and implement capital plans before capacity is actually increased. Therefore, no budget amendment is necessary. However, the Department of Medical Assistance Services (DMAS) estimates the exemptions provided in this bill would gradually increase inpatient and outpatient hospital expenditures beginning in FY 2017 with the full impact phasing in over four years. FY 2020 reflects the total estimated cost of the bill. The amounts in item 7 assume three percent annual growth in base hospital expenditures.

The Virginia Department of Health is still determining the potential implications of the proposed legislation. Should the agency provide any information regarding additional fiscal implications then this fiscal impact statement will be revised accordingly.

9. Specific Agency or Political Subdivisions Affected:

Virginia Department of Health
Department of Medical Assistance Services

10. Technical Amendment Necessary: No

11. Other Comments: This bill is a companion to HB 2177.

Date: 1/26/15