

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: SB 1141

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: Sturtevant

3. Committee: Education and Health

4. Title: Certificate of public need; psychiatric beds and services.

5. Summary: Repeals the requirement for a certificate of public need for certain projects involving mental hospitals or psychiatric hospitals and intermediate care facilities established primarily for the medical, psychiatric, or psychological treatment and rehabilitation of individuals with substance abuse. The bill creates a new permitting process for such projects, exempted from the certificate of public need process, that requires the Commissioner of Health to issue a permit upon the agreement of the applicant to certain charity care conditions and quality of care standards.

6. Budget Amendment Necessary: See item 8.

7. Fiscal Impact Estimates: See item 8.

8. Fiscal Implications: This bill may have a nongeneral fund impact on the Commonwealth. The Division of Certificate of Public Need at the Department of Health (VDH) reviews an average of 53 certificates of public need (COPN) requests per year, with an average of four COPN requests for psychiatric and substance abuse services. The average application fee for psychiatric and substance abuse services related COPN requests was \$9,762. The provisions of the bill would reduce the average number of COPN requests from 53 to 49, which would reduce COPN application fee revenue by \$39,047.

The bill also creates a new permitting process for such projects that are exempted from the COPN process. The provisions of the bill allow the Board of Health to set a fee for the new permitting process. Assuming that VDH implements a permitting fee equal to the previous COPN fee (\$9,762) there is no fiscal impact on the Commonwealth. To the extent the fee varies from the previous COPN fee, there would be a minor nongeneral fund impact. VDH has sufficient nongeneral fund appropriation to accommodate such a change in fee revenue. This would enable the Department of Health to continue to meet the obligations of administering the COPN program and the new permitting process.

The Department of Behavioral Health and Developmental Services does not anticipate that the proposed language would result in an abundance of new providers and therefore sees no

fiscal impact. The Department of Medial Assistance Services does not believe there is an impact to the agency because the Department of Health would be expected to approve the COPN anyway if a medical facility applied to increase psychiatric beds because there is a shortage. The legislation would not affect the results; it just removes the administrative requirement to file for a COPN.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.