

## Department of Planning and Budget

### 2019 Fiscal Impact Statement

**1. Bill Number:** HB2722

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

**2. Patron:** Watts

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

**4. Title:** Continuing care retirement communities; accessing medical assistance; certificate of public need.

**5. Summary:** Provides that a nursing facility in a continuing care retirement community in Planning District 8 and registered with the State Corporation Commission may be certified for participation in the Virginia Medical Assistance Program without regard to any condition on a certificate of public need, so long as not more than 25 percent of the nursing home beds located in the facility, or 15 of the facility's nursing home beds, whichever is fewer, are occupied by individuals receiving benefits at any given time. Currently, such nursing homes may be certified for participation in the Virginia Medical Assistance Program without regard to any condition on a certificate of public need, so long as not more than 10 percent of the nursing home beds located in the facility are occupied by individuals receiving benefits.

**6. Budget Amendment Necessary:** See item #8.

**7. Fiscal Impact Estimates:** Indeterminate, see item #8.

**8. Fiscal Implications:** The fiscal impact this bill would have on the commonwealth cannot be determined. There is insufficient data to provide a definitive estimate of the cost impact of the proposed legislation on the Medicaid program. DMAS is the largest purchaser of health care services in Virginia and the payer of approximately two of every three residents in nursing facilities. New nursing facility beds result in additional costs for the Commonwealth as the methodology incorporates a capital component in the rate. Moreover, the addition of bed supply would likely reduce occupancy rates thereby reducing the economies of scale currently in place and increasing per patient day costs. Finally, because all other services and equipment are being excluded from COPN review as well, there could be increased costs to Medicaid associated with increased utilization of services due to their widespread availability. Under any scenario, it is unlikely that any COPN change would have a direct fiscal impact in the 2018-2020 biennium due to the time needed for implementation and the delayed recognition of costs in Medicaid payment rates. Moreover, fiscal implications will be limited since this bill includes restrictions on the expansion of beds. This bill would not have a fiscal impact on the Virginia Department of Health.

**9. Specific Agency or Political Subdivisions Affected:** None.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.