

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB1230

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: Heretick

3. Committee: Health, Welfare and Institutions

4. Title: Certificate of public need; determination of need.

5. Summary: Provides that, for the purpose of determining public need for a proposed project in cases in which a provider or affiliated group of providers holds a market share of 55 percent or more for a type of service or medical care facility in a planning district, a proposed project involving the same type of service or medical care facility in the same planning district shall be presumed to be a project that fosters institutional competition that benefits the area to be served while improving access to essential health care services for all persons in the area to be served, absent evidence to the contrary. The bill also provides that, for the purpose of determining public need for a proposed project in cases in which a provider or affiliated group of providers holds a market share of 85 percent or more, the proposed project shall be deemed to be a project that fosters institutional competition that benefits the area to be served while improving access to essential health care services for all persons in the area to be served.

6. Budget Amendment Necessary: See item #8.

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

8. Fiscal Implications: While it is assumed that legislation impacting Virginia's Certificate of Public Need (COPN) law may have fiscal implications for the Department of Medical Assistance Services (DMAS), as one of the largest purchasers of health care services in Virginia, there is insufficient data to provide a definitive estimate of the cost impact of most proposed COPN legislation. For example, this legislation may help to prevent monopolistic regional practices by providers, but it may also delay needed access to care in the future.

Under any scenario, it is unlikely that most COPN changes would have a direct fiscal impact on Medicaid in the biennium in which it is proposed due to the time needed for implementation and the delayed recognition of costs in Medicaid payment rates. Any significant costs are not likely to occur for three to five years and, even then, such costs would be difficult to estimate based on the unknowns associated with multiple COPN process and coverage changes and the rapidly evolving nature of the healthcare system.

This Virginia Department of Health has indicated that they will not need additional resources for the provisions of the bill.

9. Specific Agency or Political Subdivisions Affected: Department of Medical Assistance Services.

10. Technical Amendment Necessary: None.

11. Other Comments: None.