

Department of Planning and Budget

2020 Fiscal Impact Statement

1. Bill Number: SB 503

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: Petersen

3. Committee: Education and Health

4. Title: Certificate of public need; conditions; civil penalty.

- 5. Summary:** Defines "COPN-conditioned community care" as charity care provided to indigent persons and health care services to individuals eligible for benefits under Title XIX of the Social Security Act, 42 U.S.C § 1396 et seq. and (i) requires the Commissioner of Health to condition a certificate of public need on the agreement of the applicant to provide a level of community care to patients in the applicant's service area and establish the total amount of community care necessary to satisfy the condition; (ii) provides for imposition of a civil penalty of up to \$100 per violation per day for failure to satisfy the conditions on a certificate of public need, but requires the Department of Health to waive the penalty in cases in which the certificate holder demonstrates, in accordance with regulations of the Board, that good faith efforts were made to comply with the conditions on a certificate but that the certificate holder was unable to satisfy the conditions of the certificate despite such good faith efforts; (iii) requires every certificate holder to develop a financial assistance policy that includes specific eligibility criteria and procedures for applying for charity care, which shall be provided to a patient at the time of admission or discharge or at the time services are provided, included with any billing statements sent to a patient, posted conspicuously in public areas of the medical care facility for which the certificate was issued, and posted on a website maintained by the certificate holder; and (iv) provides that when determining whether conditions imposed on a certificate of public need should be amended in response to a request submitted by the certificate holder, the Commissioner shall consider any changes in the circumstances of the certificate holder resulting from changes in the financing or delivery of health care services, including changes to the Commonwealth's program of medical assistance services, and any other specific circumstances of the certificate holder.

The bill also requires the Department of Health to establish an expedited review for certain projects involving addition of imaging equipment, addition of a new ambulatory or outpatient surgery center, addition of operating rooms at an existing ambulatory or outpatient surgery center, and addition of psychiatric beds or conversion of existing beds at a medical care facility to psychiatric beds and requires the Board of Health to include in regulations governing the certificate of public need program a provision for the development of review criteria and standards for specific medical care facilities and health care services for each

health planning region that take into account the unique needs and characteristics of such region.

6. **Budget Amendment Necessary:** See item #8.
7. **Fiscal Impact Estimates:** Indeterminate, see item #8.
8. **Fiscal Implications:**

Virginia Department of Health: The bill adds a mandate that the State Board of Health provide for the development of review criteria and standards for specific medical care facilities and health care services for each health planning region that take into account the unique needs and characteristics of such region. §32.1-102.3 of the Code of Virginia requires any decision to approve the issuance of a certificate of public need shall be consistent with the most recent applicable provisions of the State Medical Facilities Plan, which requires a review every four years. The new requirements would not increase the number of reviews performed. However, if the complexity of the reviews cause an increase in the workload related to the provisions of the bill, additional staff may be necessary in the future.

The Office of Licensure and Certification has stated that any increase in workload related to the expedited review process can be absorbed within existing resources.

Department of Medical Assistance Services: 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.

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.

9. **Specific Agency or Political Subdivisions Affected:** Virginia Department of Health.
10. **Technical Amendment Necessary:** No.
11. **Other Comments:** None.