

Department of Planning and Budget 2023 Fiscal Impact Statement

1. **Bill Number:** HB2435

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Hodges

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

4. **Title:** Hospital price transparency; enforcement; plans of correction; civil penalty

5. **Summary:** Grants the Department of Health authority to impose a plan of correction on hospitals that fail to comply with hospital price transparency requirements. The bill imposes a civil penalty on noncompliant hospitals. Hospitals that violate price transparency requirements may be reported to the Consumer Protection Division of the Office of the Attorney General.

6. **Budget Amendment Necessary:** Yes, item 292.

7. **Fiscal Impact Estimates:** Final.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2024	\$476,661	3	01000
2025	\$476,661	3	01000
2026	\$476,661	3	01000
2027	\$476,661	3	01000
2028	\$476,661	3	01000
2029	\$476,661	3	01000
2030	\$476,661	3	01000

8. **Fiscal Implications:** VDH asserts that the provisions of this bill will increase the workload of the agency's hospital licensure program. There are currently over 170 licensed hospitals in Virginia that will be subject to the new state hospital price transparency requirements that will go into effect on July 1, 2023. As such, VDH expects additional workload associated with the added oversight and enforcement responsibilities. The existing program staff are fully utilized and cannot absorb these additional duties. As such, the agency maintains that three additional full-time positions would be required to handle the increase in workload. The three full-time positions would be one Program Administrative Specialist III (\$171,715) and one Health Care Compliance Specialist II (\$124,337) and one Hearing and Legal Services Officer III (\$180,609). These estimates include expected salary, fringe benefits and related

nonpersonal services costs (i.e. computer, supplies, etc.). The following provides more detail as to the expected role of each position:

- The Program Administrative Specialist III would be responsible for assisting in planning, preparation, and resource allocation for informal fact-finding conferences, communicating with the U.S. Centers for Medicare and Medicaid Services on complaints and issues about federal price transparency received by VDH, monitoring implementation of corrective action plans, monitoring the timely payment of civil monetary penalties (CMPs), and transferring CMPs to the general fund.
- The Hearing and Legal Services Officer III would be responsible for presiding at informal fact-finding proceedings for hospitals that disputed VDH's initial determination that they failed to meet the price transparency requirements and/or disputed the administrative sanction proposed; this FTE would also be responsible for writing a recommendation to the State Health Commissioner regarding the final disposition of the matter for the Commissioner's approval or denial, in whole or in part.
- The Health Care Compliance Specialist II would be responsible for conducting offsite inspections in response to complaints, conducting routine offsite inspections as part of the biennial licensure process, collecting and preserving evidence of noncompliance, and writing inspection reports.

VDH indicated that the cost of creating a new chapter of regulations to implement the provisions of the bill will be less than \$5,000 and can be absorbed by existing agency staffing and resources.

This would not have a fiscal impact on the Department of Medical Assistance Services.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.