

## Department of Planning and Budget

### 2023 Fiscal Impact Statement

**1. Bill Number:** SB1452

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

**2. Patron:** Newman

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

**4. Title:** Certificate of public need exemption; nursing home facility in Amherst County.

**5. Summary:** Directs the State Health Commissioner to accept and review applications and issue a certificate of public need for a new 90-bed nursing home facility, provided that such facility is located on the property of the former Central Virginia Training Center in Amherst County, given the unique and extenuating circumstances of this potential facility.

**6. Budget Amendment Necessary:** No.

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

**8. Fiscal Implications:** The total fiscal impact of this legislation, as amended, cannot be determined. COPN regulations, which are promulgated under the authority of Article 1.1 (§ 32.1-102.1 *et seq.*) of Chapter 4 of Title 32.1 of the Code of Virginia, prescribe an application fee of the lesser of 1.0% of the proposed capital expenditure or cost increase for the project or \$20,000. However, the provisions of this legislation state that “Notwithstanding Article 1.1 (§ 32.1-102.1 *et seq.*) of Chapter 4 of Title 32 of the Code of Virginia and any applicable regulations”; which would mean that the applicable application fee cannot be assessed for this project. This would result in a potential loss in revenue estimate to be \$20,000 or less per application. While it cannot be determined the size of the capital project, it is assumed that any loss of revenue associated with COPN application fees can be absorbed within existing resources.

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 isolate 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:** The Virginia Department of Health and the Department of Medical Assistance Services.

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

**11. Other Comments:** None.