

Department of Planning and Budget

2022 Fiscal Impact Statement

1. Bill Number: SB205

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|------------------------|---------------------------------------|--|------------------------------------|
| House of Origin | <input type="checkbox"/> Introduced | <input checked="" 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; expedited review process.

5. Summary: Requires the Department of Health to establish an expedited review process 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. The bill also amends the definition of "charity care" and defines "health care service" and "indigent."

The Department of Health (the Department) shall convene a work group to include representatives of the Virginia Association of Free and Charitable Clinics, the Virginia Hospital and Healthcare Association, the Medical Society of Virginia, the Virginia Orthopaedic Society, and other relevant stakeholders to make recommendations of funding options to alleviate the risk of financial insolvency for public and private hospitals with fewer than 100 licensed beds in the event of a future public health emergency. In making its recommendations, the work group may consider innovative funding mechanisms, any process for hospitals to receive direct grants from the Department, and an examination of the schedule of fees for applications for certificates of public need. The work group shall report its recommendations to the Chairmen of the Senate Committee on Education and Health and the House Committee on Health, Welfare and Institutions by November 1, 2022.

6. Budget Amendment Necessary: See item 8.

7. Fiscal Impact Estimates: See item 8.

8. Fiscal Implications: The provisions of this bill would not have a fiscal impact on the Virginia Department of Health. Any fiscal impact to amend regulations or convene a workgroup can be handled 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. DMAS is continuing to assess the impact of this bill and this statement may be revised based on the outcome of this analysis.

9. Specific Agency or Political Subdivisions Affected: None.

10. Technical Amendment Necessary: No.

11. Other Comments: VDH can absorb the cost to promulgate regulations for the provisions of a single bill with existing resources. However, if a large number of bills become law with a requirement that VDH promulgate or modify regulations, then VDH indicates it will need additional resources to handle the increase in workload.