Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

PUBLISHED: 1/20/2025 11:26 AM **ORIGINAL**

Bill Number: SB1203 **Patron:** Head
Bill Title: Certificate of public need; expedited application and review; medical deserts.

Bill Summary: Establishes an expedited application and review process for certificates of public need for projects that will serve a medical desert, defined in the bill. The bill directs the State Health Commissioner to issue a final determination for the application no later than 90 days after the public comment period expires and no later than 120 days after the request for expedited application and review has been received. The bill also directs governing bodies of localities to establish a local review process to determine whether an applicant may seek an expedited application and review process for any certificate of public need for projects that will serve a medical desert.

Budget Amendment Necessary: Indeterminate **Items Impacted:** 276
Explanation: While the total fiscal impact cannot be determined, any fiscal impact on the Virginia Department of Health will occur in Item 276 - Certificate of Public Need (40608).

Fiscal Summary: Any anticipated impact is indeterminate.

Fiscal Analysis: This legislation would have an impact on the Virginia Department of Health to review expedited applications for COPN projects that will serve a medical desert, however, the total amount cannot be determined. Any impact on the Department of Medical Assistance Services cannot be determined.

Virginia Department of Health: While this legislation may increase the number of COPN applications annually for projects that will serve a medical desert, it is unknown how many will choose to apply. The current certificate of public need (COPN) application fee is 1% of the projected capital expense of the project, with the fee not less than $1,000 nor more than $20,000. The total impact on the Virginia Department of Health will be determined by the number of additional COPN applications as a result of the passage of this legislation.

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 isolate based on the unknowns associated with multiple COPN process and coverage changes and the rapidly evolving nature of the healthcare system.

Other: HB2119 introduced by Delegate Walker is a companion bill.