

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

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ORIGINAL

Bill Number: SB1064

Patron: Hashmi

Bill Title: Relocation, conversion, and addition of beds in medical care facilities; application for certificate of public need; expedited review.

Bill Summary: Expands the State Board of Health's procedures for expedited review of applications for certificates of public need for certain projects to include the relocation or conversion of beds from, or the addition of beds to, an already existing medical facility, as well as the establishment of a new psychiatric medical care facility by an existing medical care facility.

Budget Amendment Necessary: No.

Items Impacted: None.

Fiscal Summary: The provisions of this legislation would a minimal fiscal impact on the Virginia Department of Health. Any impact on the Department of Medical Assistance Services cannot be determined.

Fiscal Analysis: The average number of COPN requests over the last ten years that would be subject to the requirements of the proposed legislation is 2.8 a year, ranging from 0 to 6 COPN requests. The largest number of COPN applications for expedited review of psychiatric projects that VDH has ever received in a year is 6. Therefore, any increase in workload for these additional projects can be handled within existing resources.

Additionally, VDH indicated that the cost of amending the regulations will be less than \$5,000 and can be absorbed by existing agency staffing and 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), 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. However, it is unlikely that COPN changes for swing bed utilization at Critical Access Hospitals (CAH) would have a direct fiscal impact on Medicaid for the biennium. DMAS does not provide payment for skilled nursing or intermediate care facility services to swing-bed hospitals (Source: 12VAC30-10-580(D)). It is also assumed that other Medicaid funding sources that reimburse for uncompensated care costs, such as disproportionate share hospitals lump sum payments, would not be impacted by the COPN legislation since eligible CAHs currently receive payment.

Other: None.