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

#### PUBLISHED: 1/23/2025 4:43 PM

#### ORIGINAL

Bill Number:HB2662Patron:AnthonyBill Title:Health care credentialing and billing oversight; Hospital Oversight Fund established;<br/>Independent Credentialing Review Board established; Medicaid Billing Oversight Task Force<br/>established; reports.

**Bill Summary:** Establishes a Hospital Oversight Fund, Independent Credentialing Review Board, and Medicaid Billing Oversight Task Force to fund and carry out oversight of credentialing, as that term is defined in the bill, for health care providers and Medicaid billing. The bill establishes protections for whistleblowers that report unsafe medical practices, fraudulent billing, or noncompliance with credentialing standards to the Department of Health; directs the Department to establish and maintain a statewide database for health care provider credentialing; and authorizes the Department to enter into public-private partnerships to conduct compliance audits.

### Budget Amendment Necessary: Yes Items Impacted: 276

**Explanation:** Any impact on expenditures is determined by funding appropriated to the Hospital Oversight Fund or revenues received pursuant to the provisions of the bill.

**Fiscal Summary:** The provisions of this legislation would have a fiscal impact on the Virginia Department of Health to establish an independent credentialing database. Currently, VDH's Office of Licensure and Certification (OLC) has an online application system for its existing licensure programs for medical care facility providers (e.g., hospitals, nursing homes, hospice home care organizations); this system automates much of the previously manual licensing processes, has electronic payment options, and brings transparency to licensing operations for applicants and the public. VDH would incur costs for its IT vendor to modify the application portal to create an independent credentialling database with applications for an initial license, a renewed license, or key changes in licensing record (e.g., change of location, change of capacity).

### **Expenditure Impact:**

Agency	FY2025	FY2026	FY2027	<u>FY2028</u>	FY2029	FY2030
VDH		\$600,000	\$90,000	\$90,000	\$90,000	\$90,000
TOTAL		\$600,000	\$90,000	\$90,000	\$90,000	\$90,000

**Fiscal Analysis:** The provisions of the legislation create in the state treasury a special nonreverting fund to be known as the Hospital Oversight Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose and any hospital oversight fees received by the Department shall be paid into the state treasury and credited to the Fund. Support for an

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independent credentialing database is determined by any funding provided or fee revenue received. It is unknown how much support will be provided or how much any potential fee revenue will generate.

In order to comply with the provisions of the bill, VDH's IT vendor has estimated that there would be a onetime implementation cost of at least \$600,000 and an annual cost of \$90,000 for operation, maintenance, and post-deployment enhancement support that a new provider type would create.

Additionally, VDH would have the option to hire third-party auditors to ensure compliance with credentialling standards. VDH cannot determine the cost of hiring third-party auditors at this time, because OLC has not partnered with any third-party auditor organizations before.

VDH would also need to create the Independent Credentialing Review Board for which VDH would facilitate meetings and provide administrative support. VDH would also be required to partner with the Medicaid Billing Oversight Task Force within the Office of the Attorney General in order to monitor Medicaid billing practices. These costs can be absorbed by existing agency resources.

VDH indicated that the cost of promulgating regulations pursuant to the requirements of the proposed legislation will be less than \$5,000 and can be absorbed by existing agency staffing and resources.

Other: None.