

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

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ORIGINAL

Bill Number: SB1484ER

Patron: Srinivasan

Bill Title: Hospitals, nursing homes, or certified nursing facilities; licensure and inspection fees; fund.

Bill Summary: As amended, directs the State Board of Health to require in its regulations the establishment of fees for the issuance, change, or renewal of a hospital, or nursing home, license to cover the costs of operating the hospital and nursing home licensure and inspection program in a manner that ensures timely completion of inspections. The bill requires the Board to distribute the costs of operating the hospital and nursing home licensure and inspection program in an equitable manner across all hospitals or nursing homes and specifies that the amount of such fees shall change no more frequently than annually. The bill also creates the Hospital and Nursing Home Licensure and Inspection Program Fund to be used for the purposes of supporting the activities of the licensure and inspections requirements administered pursuant to current law. The bill directs the Board to adopt emergency regulations to implement the provisions of the bill related to the establishment of such fees and specifies that the provisions pertaining to the creation of the Fund shall not become effective until the Board adopts such emergency regulations.

Budget Amendment Necessary: See below **Items Impacted:** None.

Explanation: Once regulations are completed and new fees are determined, there will likely be a need for additional nongeneral fund appropriation to account for increases in fee revenue.

Fiscal Summary: This legislation would require VDH in its regulations to establish fees for the issuance, change, or renewal of a hospital, nursing home, or certified nursing facility license to cover the costs of operating the hospital and nursing home licensure and inspection program in a manner that ensures timely completion of inspections. Additionally, fee changes will only be allowed if expenditures from the Hospital and Nursing Home Licensure and Inspection Program Fund, plus any state or other funding sources appropriated for the hospital and nursing home licensure and inspection program, are shown to be more than 10 percent greater or less than the annual costs of operating the program.

Currently, the fee is \$1.50 per bed, with a minimum of \$75, but no more than \$500. For comparison, assuming an inpatient hospital has 100 beds, these are the fees collected by others states: Virginia \$150, Delaware \$200, West Virginia \$750, South Carolina \$1,000, North Carolina \$1,900, Tennessee \$2,080, Kentucky \$2,500.

Fiscal Analysis: The provisions of this legislation would require VDH to amend its regulations, which can be handled within existing resources.

VDH's hospital and nursing home licensure and inspection program receives \$1.7 million in general fund support and current fees bring in \$85,000 in revenue. VDH estimates that to fully fund the program to meet the current inspection need and frequency would have an overall cost ranging from \$2.8 to \$3.2 million. Therefore, VDH would set revenues sufficient to cover the costs of the program minus current support.

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Other: HB2255 is a similar bill.