

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

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ORIGINAL

Bill Number: HB2198ER

Patron: McQuinn

Bill Title: Prescribed pediatric extended care centers; licensure; regulation.

Bill Summary: Authorizes the Board of Health to license prescribed pediatric extended care centers, defined as nonresidential health care service centers that provides a link in the continuum of care for medically dependent or technologically dependent children. The bill establishes the scope of services offered by such centers and requirements for operation, management, staffing, facilities, and maintenance and directs the Board to promulgate regulations to implement the provisions of the bill. Additionally, as amended, the bill provides that the Commissioner may issue a summary order of suspension of a license to operate a prescribed pediatric extended care center. The bill has an effective date of July 1, 2026.

Budget Amendment Necessary: See below.

Items Impacted: 276 - Beginning FY27

Explanation: The bill has an effective date of July 1, 2026, so any budget amendment would fall outside the current biennium.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
			\$2,111,766	\$331,776	\$331,776	\$331,776
TOTAL			\$2,111,766	\$331,776	\$331,776	\$331,776

Fiscal Analysis: There will be a fiscal impact to create a new licensure category for prescribed pediatric extended care centers, however, the legislation does not allow VDH to charge a fee for these services. The cost of this new mandate cannot be absorbed by VDH's existing staff and resources. VDH would need general fund resources to meet the provisions of the bill.

VDH anticipates that there would be an initial population of 30 prescribed pediatric extended care centers (PPECCs). To handle this workload VDH maintains it would need two positions, Health Care Compliance Specialists, to serve as the PPECC inspection team. The two Health Care Compliance Specialists would be necessary to process applications, serve as a primary point of contact for the licensure program, conduct licensure inspections of PPECCs, and investigate complaints lodged against PPECCs. VDH estimates that the total costs for two Health Care Compliance Specialists II would be \$213,760. This cost includes a salary of \$73,542 and fringe benefit costs of \$33,338. Other costs for the Health Care Compliance Specialists II would be the cost of a state-issued computer (\$3,000), other equipment (\$300), and supplies (\$300), or \$3,600 per person for year one, and an annual cost after year one of \$1,200. Additionally, VDH would need to expend funds annually to cover the cost for each Health Care Compliance Specialist II travel expenses of a state-issued vehicle (\$1,440), lodging (\$6,590), gasoline (\$1,053), and meals and incidentals (\$1,920).

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Currently, VDH's Office of Licensure and Certification (OLC) has an online application system for its existing licensure programs for medical care facility providers (hospitals, home care organizations, etc.). This system automates 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 a new provider type for PPECCs with applications for an initial license, a renewed license, or key changes in licensing record (e.g., change of location, change of capacity). The IT vendor has estimated that it would be a one-time implementation cost of \$1,774,000. The IT vendor is also estimating that the annual cost of added operation, maintenance, and post-deployment enhancement support that a new provider type would create is \$90,000. Finally, the two FTEs would need a software license to access the application system, which has an annual cost of \$2,400 per person or \$4,800 total.

VDH indicated that the cost of promulgating PPECC regulations will be less than \$5,000 and can be absorbed by existing agency staffing and resources. Additionally, any costs for the commissioner to issue an summary order of suspension can be handled within existing resources.

Other: None.