

**Department of Planning and Budget**  
**2026 General Assembly Session**  
**State Fiscal Impact Statement**

---

**PUBLISHED: 2/5/2026 10:41 AM**

**ORIGINAL**

**Bill Number:** HB1201

**Patron:**

**Bill Title:** Certificate of public need; exception for independent outpatient or ambulatory surgery facilities.

**Bill Summary:** Creates an exception from the requirement to obtain a certificate of public need for facilities for outpatient or ambulatory surgery with up to three operating rooms that are not affiliated with a hospital. The bill requires hospitals to obtain a certificate of public need before acquiring an excepted facility.

**Budget Amendment Necessary:** See below

**Items Impacted:** 279

**Fiscal Summary:** The provisions of this legislation would decrease revenue received by the Virginia Department of Health's Certificate of Public Need (COPN) program. VDH indicates that there is an insufficient decrease in workload to eliminate program staff and the program cannot absorb the lost revenue. As such, additional general fund dollars are needed to maintain current operations.

**General Fund Expenditure Impact:**

<b>Agency</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>	<b>FY2030</b>	<b>FY2031</b>
VDH (601)	-	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000

**Revenue Impact:**

<b>Agency</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>	<b>FY2030</b>	<b>FY2031</b>
VDH (601)	-	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)

**Fiscal Analysis:** VDH's COPN program is primarily fee-supported, and the removal of facilities providing outpatient or ambulatory surgery may negatively impact program operations. Over the last five years, the COPN program has received a total of 15 Outpatient Surgical Hospital applications, for an average of three per year. The application fees average approximately \$20,000. Based on historical data, VDH estimates that the COPN program would lose an \$60,000 annually as a result of this legislation.

Per the Appropriations Act, the COPN program cannot retain more than three month's operating expenses; all excess revenue over that amount is required to be given to the sole remaining regional health planning agency, Health Systems Agency of Northern Virginia (HSANV). Because the COPN program cannot retain sufficient excess revenue, it is adversely impacted when fee revenue falls short during a state fiscal year. Any reduction in workload associated with the loss of processing three applications per year is not sufficient to warrant a decrease in positions. VDH would need general fund appropriation to offset revenue losses so as not to impact program operations.

**Department of Planning and Budget**  
**2026 General Assembly Session**  
**State Fiscal Impact Statement**

---

While it is assumed that legislation impacting Virginia's 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:** None