

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

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ORIGINAL

Bill Number: HB717ER

Patron: Willett

Bill Title: Nursing homes; application to Commissioner of Health for change of operator license, civil penalty

Bill Summary: Requires a person taking over the daily operations and management of a nursing home when change of ownership or control occurs to apply to the Commissioner of Health for a change of operator license. The bill establishes the requirements for the application for and for the granting of such license and establishes a civil penalty for failing to provide the Commissioner with information or documentation, effectuating a change of operator without applying for a change of operator license, or providing fraudulent information on an application for a change of operator license.

Budget Amendment Necessary: Yes

Items Impacted: 279

Explanation: The Virginia Department of Health (VDH) requires additional resources to comply with the provisions of this legislation, attributable to Item 279 (Health Research, Planning, and Coordination).

Fiscal Summary: VDH reports that the provisions of this legislation would have a fiscal impact as it would require the Office of Licensure and Certification (OLC) to update an existing portal to receive applications for change of ownership licenses. It is expected that general fund support would be needed to cover this cost. Additionally, the bill requires that VDH investigate any allegation that a change of ownership has occurred without submission of an application or an application submitted was fraudulent. It is unknown how many allegations would require investigation. Should fee revenue generated be insufficient to cover these costs, additional general fund support would be required.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
VDH (601) Portal	-	\$250,000	\$0	\$0	\$0	\$0
VDH (601) Investigations	-	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
VDH (601) Investigations	-	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Revenue Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
General Fund	-	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate

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Fiscal Analysis: OLC currently operates a portal to receive applications for licensure. This portal would need to be modified to accept applications for change of ownership and receive the relevant information. Based on estimates from VDH's contractor, the cost of modifications to the portal would be approximately \$250,000 as a one-time expense in the first year. It is expected that VDH would require general fund support for this effort, as insufficient fee revenue would be generated in the first year to cover this cost.

VDH reports that compliance with the bill's new regulatory requirements is expected to occur during the normal course of nursing home inspections. However, the agency maintains that should allegations of misconduct related to change of ownership licenses require investigation additional resources would be required. The agency cannot estimate the potential number of allegations or investigations; therefore, this cost is indeterminate. However, the agency reports that such investigations are likely to require the skill set of a forensic accountant (with an estimated annual cost of \$160,000). The provisions of the legislation allow the VDH to charge a fee per application. Should this fee revenue prove insufficient to cover additional OLC costs, then general fund support would be needed.

This legislation does not have a fiscal impact on the Department of Medical Assistance Services (DMAS). DMAS currently completes a provider screening as prescribed in the bill. The agency will need to ensure that it obtains the updated license as part of the change of ownership application process.

The bill may result in additional state revenues from civil penalties of up to \$2,000 per occurrence. The magnitude of any such revenues is indeterminate, as it depends on the frequency of violations and enforcement actions.

Other: The Senate budget (279#3s) and the House budget (279#1h) provide funding for the anticipated cost of this legislation.