

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. **Bill Number:** HB628

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Orrock

3. **Committee:** Committee Referral Pending

4. **Title:** Certificate of public need; hospitals licensed by the Department of Behavioral Health.

5. **Summary:** Excludes from the list of medical care facilities for which a certificate of public need is required hospitals licensed as a provider by the Department of Behavioral Health and Developmental Services. The bill excludes the following from the list of projects for which a certificate of public need is required for certain medical care facilities: (i) an increase or relocation of psychiatric beds licensed by the Department, (ii) the introduction of any psychiatric service when such medical care facility has not provided such service in the previous 12 months, and (iii) the conversion of beds to psychiatric beds. The bill also modifies the list of projects for which a certificate of public need is required for certain medical care facilities by requiring a certificate for the conversion of any psychiatric inpatient beds to nonpsychiatric inpatient beds. Under current law, a certificate is required for the conversion of a psychiatric bed to a nonpsychiatric bed only when the psychiatric bed was approved pursuant to a Request for Applications (RFA).

6. **Budget Amendment Necessary:** Indeterminate.

7. **Fiscal Impact Estimates:** See 8 Below.

8. **Fiscal Implications:** The costs to the Virginia Department of Health (VDH) to amend regulations is estimated to be less than \$5,000, which can be absorbed within existing resources. The remaining costs of the bill cannot be determined because VDH does not have readily available data to estimate the potential volume of additional Certificate of Public Need (COPN) requests annually and cannot estimate whether it can be absorbed with existing resources. VDH's COPN program is fee-supported, and the removal of psychiatric projects may negatively impact this program. Based on historical data, VDH estimates that the COPN program would lose an estimated \$53,914 annually as a result of this legislation.

Per the Appropriations Act, the COPN program cannot retain more than one month's operating expenses; all excess revenue over that amount (which is approximately \$100,000) 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.

There is no expected impact on the Department of Behavioral Health and Developmental Services as the agency anticipates that applications and modifications can be completed with existing staff resources within the Office of Licensing.

9. Specific Agency or Political Subdivisions Affected: Virginia Department of Health, Department of Behavioral Health and Developmental Services.

10. Technical Amendment Necessary: No.

11. Other Comments: None.