

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number HB 148

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron O'Bannon

3. Committee Appropriations

4. Title Certificate of Public Need Exemption

5. Summary/Purpose: This bill requires the Virginia Department of Health to issue a request for applications for 10 new nursing facility beds in Planning District 15 (Richmond area) to a nursing facility who meets specific conditions. The Commissioner of Health is directed to accept and review applications and may issue certificates of public need (COPN) for the addition of these 10 beds.

6. Fiscal Impact Estimates are: Final

Expenditure Impact:

(Item 297 Subprogram 45610)

Fiscal Year	Dollars	Positions	Fund
2010	\$0	0.0	GF
2010	\$0	0.0	NGF
2011	\$115,904	0.0	GF
2011	\$143,322	0.0	NGF
2012	\$135,571	0.0	GF
2012	\$135,571	0.0	NGF
2013	\$139,638	0.0	GF
2013	\$139,638	0.0	NGF
2014	\$143,827	0.0	GF
2014	\$143,827	0.0	NGF
2015	\$148,142	0.0	GF
2015	\$148,142	0.0	NGF
2016	\$152,586	0.0	GF
2016	\$152,586	0.0	NGF

7. Budget amendment necessary: Yes, Item 297, Medicaid Program Services.

8. Fiscal implications: The bill will have an impact on the Medicaid program. This fiscal impact assumes that any beds approved outside the COPN process, which is administered by the Virginia Department of Health, will result in additional Medicaid reimbursable days. The nursing facility most likely to qualify for this exception has beds that are currently available and could be converted to nursing facility beds almost immediately. So this fiscal impact assumes the beds will be available as Medicaid nursing facility beds on July 1, 2010. Based on current statewide statistics from DMAS, this fiscal impact assumes an occupancy rate of

91.16 percent and a Medicaid utilization rate of 61.45 percent. The average Medicaid reimbursement per day in FY 2011 is projected to be \$128.25.

The actual dollar estimates are based on the number of bed days each year (10 beds multiplied by 365 days = 3,650 bed days). The number of bed days is reduced by applying the statewide occupancy rate of 91.16 percent and then further reduced to reflect the Medicaid Utilization rate of 61.45 percent. This results in the potential for 2044.65 additional Medicaid reimbursable bed days each year. The FY 2011 estimated Medicaid reimbursement per day is \$128.25. Therefore, FY 2011 total costs are \$262,226 (2,044.65 bed days multiplied by \$128.25 per day) and the general fund share is \$115,904. The general fund share is not the typical 50 percent of costs due to federal stimulus. For FY 2011 the state match rate for Medicaid is 44.2 percent. Beginning in FY 2012 the match rate returns to the typical 50 percent state and 50 percent federal match.

In FY 2012 the costs are higher because the Medicaid reimbursement per day is projected to increase 3.4 percent, which is based on the current Medicaid forecast of expenditures. In FY 2013 and beyond the Medicaid reimbursement per day is assumed to increase by three percent each year.

9. Specific agency or political subdivisions affected: Virginia Department of Health and the Department of Medical Assistance Services.

10. Technical amendment necessary: No.

11. Other comments: SB 58, introduced by Senator Martin, is a companion bill.

Date: 02/1/10 mst

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