

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. **Bill Number:** HB241

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

2. **Patron:** McQuinn

3. **Committee:** Health and Human Services

4. **Title:** Prescribed Pediatric Extended Care Centers; licensure; regulation.

5. **Summary:** Authorizes the Board of Health to license prescribed pediatric extended care centers. 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.

6. **Budget Amendment Necessary:** Yes, item 292.

7. **Fiscal Impact Estimates:**

7a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2024	\$947,132	2	01000
2025	\$447,132	2	01000
2026	\$447,132	2	01000
2027	\$447,132	2	01000
2028	\$447,132	2	01000
2029	\$447,132	2	01000
2030	\$447,132	2	01000

8. **Fiscal Implications:** The provisions of this legislation would have a fiscal impact on the Virginia Department of Health (VDH) to create a licensure program for Prescribed Pediatric Extended Care Centers (PPECCs). The bill states that, “No person shall establish or operate a Center without a license issued by the Board pursuant to this article.” VDH would be responsible for issuing these licenses.

VDH cannot absorb the increase in workload to establish and operate a new licensure program within existing resources. Additionally, as the bill does not provide a mechanism for VDH to collect application fees for licensure, VDH would need general fund support. VDH estimates that there will be an initial batch of 30 PPECC applicants. To handle this workload VDH would need two Health Care Compliance Specialists to process applications, serve as a primary point of contact for the licensure program, conduct licensure inspections of PPECCs, and investigate any complaints lodged against PPECCs. Each position is estimated to cost

\$133,761 including salary and fringe (\$267,522 for two positions). Additionally, VDH would need to expend funds to cover the cost for each Health Care Compliance Specialist II travel expenses of a state-issued vehicle or a rental vehicle (\$2,500), lodging (\$3,295), gasoline (\$750), and meals and incidentals (\$960). Yearly phone, IT, other equipment, supplies, and general liability/surety/workers compensation costs for the Health Care Compliance Specialist II are \$4,900 per person. Total additional costs are \$12,405 per position (\$24,810 for two positions).

VDH's Office of Licensure and Certification has an online application system for its existing licensure programs for medical care facility providers (hospitals, home care organizations, etc.) This system automates manual licensing processes, has electronic payment options, and brings transparency to licensing operations for applicants and the public. Since this system predates HB 241, 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 (change of location, change of capacity, etc). The IT vendor has estimated that it would be a one-time cost of \$500,000. The IT vendor estimates that the annual costs of operation, maintenance, and post-deployment support that a new provider type would create is \$150,000. 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 indicates that the cost of promulgating PPECC regulations will be less than \$5,000 and can be absorbed by existing agency staffing and resources.

9. Specific Agency or Political Subdivisions Affected: The Virginia Department of Health.

10. Technical Amendment Necessary: No.

11. Other Comments: None.