



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**12 VAC 5-230 – State Medical Facilities Plan**  
**Virginia Department of Health**  
February 15, 2013

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### **Summary of the Proposed Amendments to Regulation**

In order to be consistent with a separate regulatory action (12 VAC 5-220), the proposed regulations updates the threshold methodology in these regulations for capital expenditure projects for which filing of an application for a Certificate of Public Need (COPN) is required.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

The proposed changes will update the threshold methodology for capital expenditure projects for which filing of an application for a COPN is required. The application threshold in these regulations has not been updated since 2008 and is \$15 million currently.

Section 32.1-102.1 of the Code of Virginia mandates that COPN application threshold is revised annually to reflect inflation. Pursuant to this requirement and through a separate regulatory action (12 VAC 5-220), the Board of Health proposes to adopt a methodology that will adjust the threshold automatically every year according to the Consumer Price Index published by the U.S. Department of Labor. The threshold calculated by the proposed methodology currently corresponds to \$17,608,697.

This proposed change merely updates the threshold methodology in these regulations to be consistent with the proposed methodology in COPN regulations. Thus, no significant economic impact is expected from this change other than preventing potential confusion among the regulated entities.

## **Businesses and Entities Affected**

The proposed regulations apply to entities that are required to apply for a COPN. There were four applications for capital projects last year.

## **Localities Particularly Affected**

The proposed changes apply throughout the Commonwealth.

## **Projected Impact on Employment**

No significant impact on employment is expected.

## **Effects on the Use and Value of Private Property**

No significant impact on the use and value of private property is expected.

## **Small Businesses: Costs and Other Effects**

No significant costs or other effects on small businesses are expected.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

No adverse impact on small businesses is expected.

## **Real Estate Development Costs**

No adverse impact on real estate development costs is expected.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, a determination of the public benefit, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has an adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and

other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.