

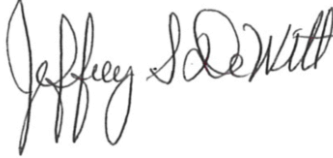
Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** November 6, 2019

**SUBJECT:** Fiscal Impact Statement - Certificate of Need Fee Reduction Act of 2019

**REFERENCE:** Bill 23-183, Draft Committee Print as shared with the Office of Revenue Analysis on November 4, 2019

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**Conclusion**

Funds are not sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill. The bill will cost \$352,000 in fiscal year 2020.

**Background**

All persons proposing to offer or develop new institutional health service or obligate capital expenditures for a medical or health asset are required to apply for a Certificate of Need (CON) from the Department of Health's State Health Planning and Development Agency (SHPDA). A CON demonstrates a public need for the new health service, facility, or expenditure. Along with the application, CON applicants must pay an application fee of three percent of the proposed capital expenditure. Fees range from a minimum \$5,000 to a maximum \$300,000 per applicant.

The bill requires<sup>1</sup> SHPDA to refund all CON application fees paid by Vision to Learn. Vision to Learn plans to provide free eye glasses to children and youth in the District of Columbia attending a public school, public charter school, or private school. The bill also requires<sup>2</sup> SHPDA to waive and refund

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<sup>1</sup> By amending Section 21 of the Health Services Planning Program Re-Establishment Act of 1996, effective April 9, 1997 (D.C. Law 11-191; D.C. Official Code § 44-420).

<sup>2</sup> Id.

The Honorable Phil Mendelson

FIS: Bill 22-183, "Certificate of Need Fee Reduction Act of 2019," Draft Committee Print as shared with the Office of Revenue Analysis on November 4, 2019

the \$52,050 CON application fee paid by Iona Senior Services for a project located at 3303 Stanton Road, SE.

The bill establishes<sup>3</sup> a maximum CON application fee that can be collected from Community of Hope for a project located at 2120 Bladensburg Road, NE. The maximum fee is set at \$5,000.

### **Financial Plan Impact**

Funds are not sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill. The bill will cost \$352,000 in fiscal year 2020.

CON fee revenue is collected and deposited into a non-lapsing State Health Planning and Development Fund (Fund)<sup>4</sup> which is used to cover the annual salary and operating expenses of SHPDA. The bill will reduce the amount of revenue deposited into the Fund in fiscal year 2020 which will prevent SHPDA from having sufficient funds to cover the cost of its salary and operating expenses. To ensure that SHPDA can meet its annual budgetary obligations, the agency will need an additional \$352,000 in fiscal year 2020 to offset lost revenue.

<b>Health Impact Assessment Program Establishment Act of 2019</b>					
<b>Total Fiscal Impact</b>					
	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Total</b>
Vision to Learn	\$5,000	\$0	\$0	\$0	\$5,000
Iona Senior Services	\$52,050	\$0	\$0	\$0	\$52,050
Building Hope	\$295,000	\$0	\$0	\$0	\$295,000
<b>Total Cost</b>	<b>\$352,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$352,000</b>

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<sup>3</sup> Id.

<sup>4</sup> D.C. Official Code § 44-420.01.