



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 30-70 –Methods and Standards for Establishing Payment Rates-Inpatient Hospital Services

Department of Medical Assistance Services

December 11, 2006

Summary of the Proposed Regulation

The proposed amendments will clarify the definition of “Medicaid utilization” used in calculating Disproportional Share Hospital payments and delete a duplicative sentence. The proposed changes have been in effect since September 4, 2006 under emergency regulations.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Pursuant to the Item 326 PPP of the 2005 Appropriation Act, the Department of Medical Assistance Services proposes to clarify the definition of “Medicaid utilization” used in calculating Disproportional Share Hospital payments. This change is proposed to better articulate the actual method of Disproportional Share Hospital payment calculations with no change in the method itself. Thus, no significant economic impact is expected other than the benefits that may result from avoiding potential confusions and misunderstandings.

The second proposed amendment deletes a duplicative sentence in the regulation. This proposed change is also not expected to create any significant economic impact other than reducing the regulatory language by one sentence.

The proposed changes have been in effect since September 4, 2006 under emergency regulations.

Businesses and Entities Affected

The proposed regulations apply to approximately 100 inpatient hospitals.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

The proposed regulations are not expected to have any impact on employment.

Effects on the Use and Value of Private Property

The proposed regulations are not expected to have any impact on the use and value of private property.

Small Businesses: Costs and Other Effects

None of the affected entities are believed to be a small business.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulations will not affect small businesses.

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.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, 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 adverse effect on small businesses, Section 2.2-4007.H 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.