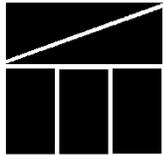


Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes  Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



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

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**12 VAC 30-40 Eligibility Conditions and Requirements**  
**Department of Medical Assistance Services**  
**Town Hall Action/Stage: 4413/7795**  
March 30, 2017

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

The proposed regulation conforms to section 6012(d) of the federal Deficit Reduction Act (2005) by clarifying that annuities purchased before February 8, 2006, but modified after that date are subject to all requirements applicable to annuities purchased after February 8, 2006.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

Section 6012(d) of the Deficit Reduction Act (2005) (DRA) amended rules for treatment of annuities in several aspects when determining Medicaid eligibility. The amended federal rules were incorporated into this regulation on August 9, 2006. In 2012, the U.S. Department of Health and Human Services Office of Inspector General audited Virginia's progress in implementing certain provisions of the DRA's requirements for the handling of annuities. Virginia reported successful implementation of all requirements with the exception of one. The one, overlooked requirement was that the regulatory language did not specify annuities, regardless of their purchase dates, be subject to asset transfer rules if certain modifications are made to them after February 8, 2006. This regulatory action cures that oversight by adding language to conform to the requirements of DRA.

The proposed regulation is beneficial in that it improves the consistency between this regulation and the federal law. Since Virginia has already been treating the annuities according to federal law, no other significant economic effect is expected.

**Businesses and Entities Affected**

178 annuities were purchased or modified by Medicaid recipients since 2006. How many of the 178 were purchased before 2006 and modified thereafter is not known.

**Localities Particularly Affected**

The proposed regulation does not disproportionately affect particular localities.

**Projected Impact on Employment**

No significant impact on employment is expected.

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

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

**Real Estate Development Costs**

No impact on real estate development costs is expected.

**Small Businesses:****Definition**

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

**Costs and Other Effects**

The proposed regulation does not introduce any costs or other effects on small businesses.

**Alternative Method that Minimizes Adverse Impact**

No adverse impact on small businesses is expected.

**Adverse Impacts:****Businesses:**

The proposed amendment does not have an adverse impact on non-small businesses.

**Localities:**

The proposed amendment will not adversely affect localities.

**Other Entities:**

The proposed amendment will not adversely affect other entities.

**Legal Mandates**

**General:** The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

**Adverse impacts:** Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

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