

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

12 VAC 5-410 Regulations for the Licensure of Hospitals in Virginia

Department of Health

Town Hall Action/Stage: 4484/7401

December 11, 2015

Summary of the Proposed Amendments to Regulation

The State Board of Health (Board) proposes to add a clarifying sentence to this regulation in order to reflect changes to federal regulations.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

This regulation specifies that “Each hospital shall have an organized medical staff responsible to the governing body of the hospital for its own organized governance and all medical care provided to patients.” The federal Centers for Medicare and Medicaid Services revised 42 C.F.R. § 482.22 (b) in 2014 to add § 482.22 (b)(4) which permits a hospital that is part of a hospital system consisting of multiple, separately certificated hospitals to participate in a unified, integrated medical staff that the hospital system utilizes for two or more of its member hospitals. In order to clarify that the federal rule applies in the Commonwealth, the Board proposes to add the following sentence to the regulation: “Nothing in this provision shall prevent hospitals which are a part of a hospital system from having a unified and integrated medical staff as permitted by 42 C.F.R. § 482.22 (b) (4).” The proposed addition of clarifying language will

not affect any requirements, but will provide a small benefit in that it will reduce potential confusion and associated time wasted in determining how hospitals may be organized.

Businesses and Entities Affected

The proposed amendment potentially affects the 106 licensed hospitals and critical access hospitals within the Commonwealth.

Localities Particularly Affected

The proposed amendment does not disproportionately affect particular localities.

Projected Impact on Employment

The proposed amendment will not significantly affect employment.

Effects on the Use and Value of Private Property

The proposed amendment is unlikely to significantly affect the use and value of private property.

Real Estate Development Costs

The proposed amendment does not affect real estate development costs.

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 amendment is unlikely to significantly affect small businesses.

Alternative Method that Minimizes Adverse Impact

The proposed amendment will not adversely affect small businesses.

Adverse Impacts:**Businesses:**

The proposed amendment will not adversely affect 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.

lsg