

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 30-50 Amount, Duration, and Scope of Medical and Remedial Care and Services**  
**Department of Medical Assistance Services**  
**Town Hall Action/Stage: 4693 / 7866**  
May 25, 2017

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### Summary of the Proposed Amendments to Regulation

Pursuant to Chapter 780 of the 2016 Acts of the Assembly, the Director (Director) of the Department of Medical Assistance Services (DMAS) proposes to provide Medicaid coverage of annual low-dose computed tomography (LDCT) lung cancer screening as a preventive measure, in the absence of symptoms, for at-risk beneficiaries.

### Result of Analysis

The benefits likely exceed the costs for all proposed changes.

### Estimated Economic Impact

Under the current regulation DMAS does not cover LDCT screening for adults as a preventive service under Medicaid. The Director proposes to specify that “Low-dose computed tomography lung cancer screening shall be covered annually for individuals between the ages of 55 years and 80 years who are current smokers, have quit smoking within the last 15 years, or have a history of smoking at least one pack of cigarettes per day for 30 or more years.”

Lung cancer is by far the leading cause of cancer deaths accounting for 26% of all cancer deaths nationwide.<sup>1</sup> Each year, more people die of lung cancer than of colon, breast, and prostate

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<sup>1</sup> Source: U.S. National Institutes of Health, National Cancer Institute

cancers combined.<sup>2</sup> Nationally, individuals with lung cancer have a five-year relative survival rate of 54 percent if cancer is diagnosed in its earliest (localized) stage.<sup>3</sup> Unfortunately, most lung cancers have spread widely and are at an advanced stage by the time that they are first detected, making them very difficult to treat or cure. In Virginia, only 19% of lung cancers were diagnosed at the localized stage between 2007 and 2011.<sup>4</sup>

LDCT can be used to screen for those at high risk for lung cancer and help detect cancer earlier, thus lowering the risk of death. These screenings are safe for the patient, using lower amounts of radiation than a standard chest scan and not requiring the use of intravenous contrast dye.<sup>5</sup> A large clinical trial conducted by the U.S. National Institutes of Health, National Cancer Institute(the National Lung Screening Trial) compared LDCT screenings to standard chest X-rays in people at high risk of lung cancer to ascertain if these scans could help lower the risk of dying from lung cancer. The researchers concluded that LDCT scans provided more detailed pictures than chest x-rays and are better at finding small abnormalities in the lungs.<sup>6</sup> Additionally, certain cancer cells were detected at the earliest stage more frequently by LDCT screenings than by standard chest X-rays.<sup>7</sup> The researchers also found that people who got LDCT had a 16% lower chance of dying from lung cancer than those who got chest x-rays.<sup>8</sup>

Thus to the extent that covering LDCT lung cancer screening as a preventive measure in the absence of symptoms for at-risk beneficiaries leads to increased use of early LDCT use, the proposal would likely somewhat increase lung cancer survival rates in the Commonwealth. The annual cost for covering the LDCT lung cancer screening has been estimated to be \$118,650 annually.<sup>9</sup> The benefits of likely increased survival rates would for most observers exceed the estimated costs.

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<sup>2</sup> Source: "Lung Cancer Prevention and Early Detection." American Cancer Society. Feb. 6, 2015

<sup>3</sup> Source: American Cancer Society. "Cancer Facts & Figures 2014."

<sup>4</sup> Source: Virginia Cancer Registry. Based on combined 2007-2011 data. Incidence rates are age-adjusted to the 2000 U.S. standard population; Percent of Local Stage cancers reported using the Derived Summary Staging System.

<sup>5</sup> Source: "Lung Cancer Prevention and Early Detection." American Cancer Society. Feb. 6, 2015

<sup>6</sup> Source: NIH, National Cancer Institute. National Lung Screening Trial, NLST Study Facts. Sep. 8, 2014.

<sup>7</sup> Ibid

<sup>8</sup> Ibid

<sup>9</sup> The \$118,650 figure is the amount listed in the state budget for this service.

**Businesses and Entities Affected**

The proposed amendment potentially affects healthcare facilities that provide lung cancer screenings and Medicaid recipients between the ages of 55 years and 80 years who are current smokers, have quit smoking within the last 15 years, or have a history of smoking at least one pack of cigarettes per day for 30 or more years.

**Localities Particularly Affected**

The proposed amendment does not disproportionately affect particular localities.

**Projected Impact on Employment**

The proposed amendment may have a positive impact on employment for technicians who conduct LDCT lung cancer screenings.

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

The proposed amendment does not 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 does not significantly affect costs for small businesses.

**Alternative Method that Minimizes Adverse Impact**

The proposed amendment does not adversely affect small businesses.

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

The proposed amendment does not adversely affect businesses.

**Localities:**

The proposed amendment does not adversely affect localities.

**Other Entities:**

The proposed amendment does 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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