

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 30-120 – Part VI Waiver Services: Mandatory Managed Care
Department of Medical Assistance Services
Town Hall Action/Stage: 4742/7800
January 25, 2017

Summary of the Proposed Amendments to Regulation

On behalf of the Board of Medical Assistance Services (Board), the Director of the Department of Medical Assistance (DMAS) proposes to amend this regulation on waived services to conform it to the Board’s fast track addiction recovery treatment (ARTS) regulation which has been submitted to the Registrar and will be published in the Virginia Register of Regulations (Volume 33, Issue 12) on February 6, 2017.¹ Needed changes to this regulation were inadvertently omitted from that initial regulatory action.

Result of Analysis

Benefits likely outweigh costs for these proposed changes.

Estimated Economic Impact

Chapter 780 (Item 306-MMMM) of the 2016 Acts of the Assembly² directs DMAS “to provide coverage of inpatient detoxification, inpatient substance abuse treatment, residential detoxification, residential substance abuse treatment and peer support services in the Fee-for-Service and Managed Care Delivery Systems.” Chapter 780 also directed DMAS to make

¹ <http://townhall.virginia.gov/L/ViewStage.cfm?stageid=7734>

² More information on this mandate can be found at <http://townhall.virginia.gov/L/viewmandate.cfm?mandateid=743>

programmatic changes so that substance abuse treatment services are paid the same as medical and mental health services (within the limits of the funding appropriated for that purpose). Most of these changes were made in a fast track action that has completed executive branch review and is now awaiting publication. Changes that were necessary to conform this regulation (12 VAC 30-120) to the ARTS regulation were inadvertently left out of that action. Consequently, the Director now proposes to remove language and regulatory references that will soon be obsolete and replace them with references to the regulatory language promulgated with the ARTS regulation. No entities are likely to incur costs on account of these changes. Interested parties will benefit from soon to be obsolete language and references being removed as they may cause confusion.

Businesses and Entities Affected

These proposed regulatory changes will affect locally run Community Services Boards and Behavioral Health Authorities (CSBs/BHAs), inpatient hospitals, some physicians and nurse practitioners, case managers, residential treatment facilities, group homes and outpatient clinics as well as all Medicaid recipients. DMAS reports that there are currently 1.1 million Medicaid recipients in the Commonwealth and that there are 39 CSBs and one BHA run by various localities in the Commonwealth.

Localities Particularly Affected

Locally run CSBs/BHAs and their staff will likely be disproportionately affected by this proposed regulation.

Projected Impact on Employment

These proposed regulatory changes are unlikely to affect employment in the Commonwealth.

Effects on the Use and Value of Private Property

These proposed regulatory changes are unlikely to affect the use or value of private property in the Commonwealth.

Real Estate Development Costs

These proposed regulatory changes are unlikely to affect real estate development costs in the Commonwealth.

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

These proposed regulatory changes are unlikely to affect any small business in the Commonwealth.

Alternative Method that Minimizes Adverse Impact

No small businesses will be adversely affected by these proposed regulatory changes.

Adverse Impacts:**Businesses:**

Businesses in the Commonwealth are unlikely to experience any adverse impacts on account of this proposed regulation.

Localities:

No localities are likely to incur costs on account of these proposed regulatory changes.

Other Entities:

These proposed regulatory changes are unlikely to affect other entities in the Commonwealth.

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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