Office of Regulatory Management

Economic Review Form

Agency name	Department of Medical Assistance Services
Virginia Administrative Code (VAC) Chapter citation(s)	12 VAC 30-80
VAC Chapter title(s)	Methods and Standards for Establishing Payment Rate; Other Types of Care
Action title	Emergency Room Charges
Date this document prepared	August 21, 2023
Regulatory Stage (including Issuance of Guidance Documents)	Final Exempt

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

(1) Direct & Indirect Costs & Benefits (Monetized)	Pursuant to a federal court order (*Va. Hosp. & Healthcare Assoc. et al. v. Roberts et al*., No. 3:20-cv-00587-HEH), the Department of Medical Assistance Services (DMAS) must remove language in 12VAC30-80-30 and 12VAC30-80-36 that was authorized in Item 313.AAAAA of the 2020 Acts of the Assembly. Item 313.AAAAA of the 2020 Acts of the Assembly required DMAS to allow the pending, reviewing and the reducing of fees for avoidable emergency room claims for codes 99282, 99283 and 99284, both physician and facility. The department utilized the avoidable emergency room diagnosis code list currently used for Managed Care Organization (MCO) clinical efficiency rate adjustments. If the emergency room claim was identified as a preventable emergency room diagnosis, the department directed the MCOs to default to the payment amount for code 99281, commensurate with the acuity of the visit. (This also applied to fee-for-service.) Direct costs: Based on data from DMAS' actuary and Budget Division, the direct cost for both managed care and fee-for-service is approximately $8 million dollars for the remainder of SFY2024. DMAS is not aware of any quantifiable direct benefits at this time. From a qualitative perspective, the regulations will bring DMAS in compliance with the lawsuit decision. DMAS is not aware of any indirect costs or benefits at this time.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Approximately $8 million dollars for the remainder of SFY2024.	(b) Undefined
(3) Net Monetized Benefit	DMAS is not aware of any quantifiable net monetized benefits at this time.	
(4) Other Costs & Benefits (Non-Monetized)	Undefined	
(5) Information Sources	DMAS' actuary and Budget Division.	

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	The changes being made by this regulatory action are required to comply with the decision of a lawsuit. Maintaining the status quo is not an option.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Net Monetized Benefit		
(4) Other Costs & Benefits (Non-Monetized)		
(5) Information Sources		

Table 1c: Costs and Benefits under Alternative Approach(es)

(1) Direct & Indirect Costs & Benefits (Monetized)	The changes being made by this regulatory action are required to comply with the decision of a lawsuit. An alternative approach is not an option.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Net Monetized Benefit		
(4) Other Costs & Benefits (Non-Monetized)		
(5) Information Sources		

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	Hospitals will now receive the full reimbursement. No other local partners will not incur any direct costs or benefits of the regulatory changes contained in the regulatory action.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) See Table 1a above.	(b) Undefined.
(3) Other Costs & Benefits (Non-Monetized)		
(4) Assistance		
(5) Information Sources		

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	There are no direct or indirect costs to families.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)		
(4) Information Sources		

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	There are no direct or indirect costs to small businesses.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)		
(4) Alternatives		
(5) Information Sources		

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
12VAC30-80-30	**(M/A):**	16	0	4	-4
	(D/A):	0	0	0	0
	(M/R):	47	0	0	0
	(D/R):	0	0	0	0
				Grand Total of Changes in Requirements:	**(M/A):-3**
					(D/A):0
					(M/R):0
					(D/R):0

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
12VAC30-80-36	**(M/A):**	32	0	9	-9
	(D/A):	0	0	0	0
	(M/R):	12	0	0	0
	(D/R):	0	0	0	0
				Grand Total of Changes in Requirements:	**(M/A):-9**
					(D/A):0
					(M/R):0
					(D/R):0