

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 30-80 Methods and Standards for Establishing Payment Rates; Other Types of Care**

**Department of Medical Assistance Services**

**Town Hall Action/Stage: 4471/7374**

March 21, 2016

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

The proposed regulation will clarify reimbursement methodology for targeted case management for certain groups and remove obsolete language.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

Prior to September 2013, the Centers for Medicare and Medicaid Services (CMS) required the Department of Medical Assistance Services (DMAS) to specifically address the reimbursement methodology for targeted case management for high risk pregnant women, infants, and children up to age two; seriously mentally ill adults, emotionally disturbed children, and youth at risk of serious emotional disturbance; and individuals with intellectual or developmental disability. DMAS adopted specific language in the state plan reflecting the reimbursement methodologies for these groups and CMS approved the changes on September 10, 2013. The changes requested by CMS simply clarified then existing methodology in practice and had no effect on reimbursement rates. DMAS now proposes to incorporate the specific language that has been in the state plan and that has been followed in practice since 2013 into the

regulation. Thus, no significant economic effect is expected other than improving the clarity of the regulation.

In addition, the proposed changes will remove obsolete references to community mental health services in the targeted case management section. The community mental health services and regulations included targeted case management in the past, but both the services and regulations have been amended to remove those references on January 30, 2015.<sup>1</sup> However, the references to targeted case management have been inadvertently left in the current regulation. The obsolete references to community mental health services are now being removed from these case management regulations to remove the conflict between the sections. This change is also not expected to create any significant economic effect other than improving the clarity of the regulation.

### **Businesses and Entities Affected**

The providers of targeted case management include Virginia Department of Health, 40 Community Services Boards, and approximately 98 private support coordinators.

### **Localities Particularly Affected**

The proposed changes apply statewide.

### **Projected Impact on Employment**

No 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.”

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<sup>1</sup> See <http://townhall.virginia.gov/l/ViewStage.cfm?stageid=6536>

### **Costs and Other Effects**

Most of the support coordinators are small providers. The proposed amendments do not impose costs on them but will benefit them by improving the clarity of the regulation.

### **Alternative Method that Minimizes Adverse Impact**

No adverse impact on small businesses is expected.

### **Adverse Impacts:**

#### **Businesses:**

The proposed amendments do not have an adverse impact on non-small businesses.

#### **Localities:**

The proposed amendments will not adversely affect localities.

#### **Other Entities:**

The proposed amendments 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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