Office of Regulatory Management

Economic Review Form

Agency name	Department of Behavioral Health and Developmental Services (DBHDS)
Virginia Administrative Code (VAC) Chapter citation(s)	12VAC35-107
VAC Chapter title(s)	Residential and Inpatient Service Specific Chapter
Action title	Regulatory Restructuring - Residential Services (Part 2 of 7)
Date this document prepared	12/17/2025
Regulatory Stage (including Issuance of Guidance Documents)	NOIRA

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)	Chapter 107, Residential and Inpatient Service Specific Chapter, applies specifically to providers that are licensed by DBHDS and provide 24-hour support in conjunction with care and treatment or a training program in a setting other than a hospital or training center. Residential services provide a range of living arrangements from highly structured and intensively supervised to relatively independent requiring a modest amount of staff support and monitoring. The purpose of this chapter is to reduce the effects of regulatory accumulation on firms providing residential services by restructuring fractured regulations applicable to residential treatment providers into one cohesive chapter. This regulatory overhaul will reduce the administrative burden providers face while navigating the Virginia Administrative Code as well as the licensing specialists that provide technical assistance to providers navigating the once fractured and disjointed regulatory body. The following regulatory changes are anticipated to result in a direct or indirect monetary cost or benefit: Costs: • 12VAC35-107-40, 12VAC35-107-50, 12VAC35-107-90: One-time providers compliance costs: updating assessment, screening tools, and progress notes forms. Estimated per-provider one-time staff and administrative time: 5-10 hours. At an assumed cost of $30/hour for total compensation: $150-$300. • 12VAC35-107-300: Providers must maintain, inspect, and clean wood burning heating devices, this can result in an annual cost between $200-$400. • 12VAC107-350: Cost to install outdoor lighting if not installed can range between $75-$125 per light fixture. Benefits: • 12VAC35-107-150: A reduced regulatory requirement from mandatory tuberculosis testing to tuberculosis training. Tuberculosis training is free and provided by VDH. Tuberculosis screening can cost between $35-$55 depending on the type of screening. This results in a cost savings of $35-$55 per person. • Restructuring the entirety of 12VAC35-105 is to achieve the goal of reducing the effects of regulatory accumulation on firms as well as reducing the impact of fragmented regulatory accumulation on licensing staff at DBHDS. Staff surveys revealed that licensing specialists spend an average of 6.5 hours per week answering technical questions regarding licensing

	regulations from providers. The average annual compensation package for licensing staff is $107,400 which translates to an hourly rate of $51.63, thus 6.5 hours spent assisting providers navigate licensing regulations comes to an annual department expenditure of $536,664.37 after accounting for indirect Medicaid reimbursement for licensing work**.** Regulatory restructuring is projected to save the Department and thus taxpayers $536,664.37 dollars.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) $825	(b) $536,709.37
(3) Net Monetized Benefit	$535,884.37	
(4) Other Costs & Benefits (Non-Monetized)	Benefits: • 12VAC35-107-10, 12VAC35-107-20, 12VAC35-107-30: These sections contain existing code sections that have been reorganized to be chapter specific, this will benefit both providers and licensing staff because the services-based regulations are will no longer be displayed in a disorganized manner. • 12VAC35-107-40: this will benefit providers by allowing them to better understand the individuals they are treating through a more comprehensive screening process. • 12VAC35-107-50: This will benefit providers by allowing them to better understand the individual they are treating through a more comprehensive assessment process. • 12VAC35-107-70: This section distinguished between initial verses comprehensive assessment and builds on ISP training and implementation standards to ensure public protection, this increased clarification on ISP minimum requirements will save providers time who may need to seek clarification by paying for an administrative staff person to call the DBHDS licensing office to seek clarification. • 12VAC35-107-90: New language details specific requirements to be included for documenting process notes for individuals, this will benefit providers by ensuring progress notes and services are consistent and accurate. • 12VAC35-107-100: Benefit of clarifying when discharge planning should occur to be most beneficial to the individual serve will help staff discharge planners. Costs:	

	• 12VAC35-107-100: There is now a time limit for when discharge plans should be completed. Discharge plans are required no later than 48 hours prior to discharge.
(5) Information Sources	Tuberculosis Training Information Tuberculosis Screening Cost Maintenance of Wood Burning Heating Devices Installing Light Fixture

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

(1) Direct & Indirect Costs & Benefits (Monetized)	The new Residential Licensing chapter contains regulations specific to residential treatment, group homes, supervised living, ICF/IID, sponsored residential homes, neurobehavioral services, and substance abuse (substance use disorder) residential treatment. Prior to the regulatory overhaul, licensing regulations were unorganized, confusing, and difficult for providers to navigate. Regulatory accumulation resulted in a buildup unorganized regulatory code caused significant burdens for both providers and licensing specialists within DBHDS. Maintenance of the status quo would result in continued waste of resources by both providers and licensing staff communicating with each other; providers seeking technical assistance due to unorganized and sprawling Virginia Administrative Code and licensing staff providing assisting providers navigate an unorganized and sprawling administrative code. Table 1a describes the savings the regulatory restructuring will bring taxpayers by reducing the time licensing staff responds to provider questions about the regulations under the status quo. Maintaining the regulations as they currently exist will continue to cost taxpayers $536,664.37 annually.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) $536,664.37	(b) $0
(3) Net Monetized Benefit	-$536,664.37	
(4) Other Costs & Benefits (Non-Monetized)	Non-monetary costs: Maintaining the existing code will ensure the continuation of providers spending time on the phone with DBHDS licensing specialists attempting to understand the code that regulate the services they provide instead of focusing on the successful operation of their practice. Non-monetary benefits: There are not expected to be any non-monetary benefits as a result of maintaining the existing regulatory structure.	

(5) Information Sources	

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

(1) Direct & Indirect Costs & Benefits (Monetized)	The alternative approaches to these regulatory actions include not implementing regulatory changes or clarifications, thus leaving providers, individuals served, and their families with information that is not updated or in the best interest for the care of individuals served.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) $0	(b) $0
(3) Net Monetized Benefit		
(4) Other Costs & Benefits (Non-Monetized)		
(5) Information Sources		

<u>Impact on Local Partners</u>

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)	There are not expected to be any monetary costs or benefits to local partners as a result of new regulations. Direct Costs: None Indirect Costs: None Direct Benefits: None Indirect Benefits: None	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits

	(a) $0	(b) $0
(3) Other Costs & Benefits (Non-Monetized)	There are not expected to be any non-monetary costs or benefits to local partners as a result of new regulations.	
(4) Assistance		
(5) Information Sources		

<u>Impacts on Families</u>

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 not expected to be any monetary costs or benefits to families as a result of new regulations. Direct Costs: None Indirect Costs: None Direct Benefits: None Indirect Benefit: None	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) $0	(b) $0
(3) Other Costs & Benefits (Non-Monetized)	There are not expected to be any non-monetary costs or benefits to families as a result of new regulations.	
(4) Information Sources		

<u>Impacts on Small Businesses</u>

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

<table>
<tr><td>(1) Direct & Indirect Costs & Benefits (Monetized)</td><td colspan="2">There are not expected to be any monetary costs or benefits to small businesses as a result of new regulations.

Direct Costs: None

Indirect Costs: None

Direct Benefits: None

Indirect Benefits: None</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>(2) Present Monetized Values</td><td>Direct & Indirect Costs</td><td>Direct & Indirect Benefits</td></tr>
<tr><td></td><td>(a) $0</td><td>(b) $0</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td>(3) Other Costs & Benefits (Non-Monetized)</td><td colspan="2">There are not expected to be any non-monetary costs or benefits to small businesses as a result of new regulations.</td></tr>
<tr><td>(4) Alternatives</td><td colspan="2"></td></tr>
<tr><td>(5) Information Sources</td><td colspan="2"></td></tr>
</table>

<u>Changes to Number of Regulatory Requirements</u>

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
	(M/A):				
	(D/A):				
	(M/R):				
	(D/R):				
				Grand Total of Changes in Requirements:	(M/A):
					(D/A):
					(M/R):
					(D/R):

Key:

Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:

(M/A): Mandatory requirements mandated by federal and/or state statute affecting the agency itself

(D/A): Discretionary requirements affecting agency itself

(M/R): Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

(D/R): Discretionary requirements affecting external parties, including other agencies

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved*	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved*	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden

Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	**Original Word Count**	**New Word Count**	**Net Change in Word Count**

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).