



Virginia Department of Planning and Budget **Economic Impact Analysis**

12 VAC 30-50 Amount, Duration, and Scope of Medical and Remedial Care and Services Department of Medical Assistance Services

Town Hall Action/Stage: 6288 / 10078

March 26, 2025

The Department of Planning and Budget (DPB) 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 19. The analysis presented below represents DPB's best estimate of the potential economic impacts as of the date of this analysis.¹

Summary of the Proposed Amendments to Regulation

Pursuant to Item 304.EEEE in the *2022 Appropriations Act*,² the Director of the Department of Medical Assistance Services (DMAS), on behalf of the Board of Medical Assistance Services, proposes to update the regulation for coverage of preventive care services for adult, full-benefit Medicaid individuals (non-expansion adults). This action is a housekeeping measure to align the regulatory text with changes already made pursuant to the Appropriation Act and the state plan, and to conform to existing practice.

Background

According to DMAS, full preventive services coverage has historically been available to all Medicaid and Family Access to Medical Insurance Security children and to all Medicaid expansion adults, while only limited preventive services coverage was available to non-expansion adults. The 2022 General Assembly has addressed this coverage gap for non-

¹ Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis 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.

² <https://budget.lis.virginia.gov/item/2022/2/HB30/Chapter/1/304/>.

expansion-adults by authorizing provision of full preventive services to these individuals as of July 1, 2022. Relatedly, Item 288.ZZZ of the 2024 *Appropriations Act*³ modified the 2022 language to address a language concern. This proposal would update the regulatory language to reflect the existing provision of preventive services to non-expansion adults.

Estimated Benefits and Costs

The primary impact of this action is to incorporate in the regulatory language the provision of preventive care services to non-expansion adults; this coverage has already been provided since July 2022 under the authority of the 2022 *Appropriation Act*. For fiscal year 2024, DMAS allocated \$62,446 in general funds and \$57,458 in federal funds as a result of the expanded coverage. However, the increase in expenditures was a direct result of the legislation rather than this proposed regulation.

Businesses and Other Entities Affected

The proposed regulatory text should help clarify the availability of full preventive care services for non-expansion adults for the readers of the regulation.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.⁴ An adverse impact is indicated if there is any increase in net cost or reduction in net benefit for any entity, even if the benefits exceed the costs for all entities combined.⁵ As noted above, the proposal would update the regulatory language to reflect the provision of preventive services to non-expansion adults. Thus, an adverse impact is not indicated.

³ <https://budget.lis.virginia.gov/item/2024/1/HB30/Enrolled/1/288/>.

⁴ Pursuant to Code § 2.2-4007.04(D): 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.

⁵ Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation. As a result, DPB has adopted a definition of adverse impact that assesses changes in net costs and benefits for each affected Virginia entity that directly results from discretionary changes to the regulation.

Small Businesses⁶ Affected:⁷

The proposed amendments do not adversely affect small businesses.

Localities⁸ Affected⁹

The proposed amendments do not introduce costs for localities nor do they particularly affect any locality more than others.

Projected Impact on Employment

The proposed amendments do not affect total employment.

Effects on the Use and Value of Private Property

No impact on the use and value of private property nor on real estate development costs is expected.

⁶ 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.”

⁷ 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.

⁸ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

⁹ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.