

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: 4982/8182**

August 30, 2018

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

The Board of Medical Assistance Services (Board) proposes to clarify existing Medicaid rates, methodologies, and billing units for dental and community mental health services.

#### **Result of Analysis**

The benefits likely exceed the costs for the proposed regulation.

#### **Estimated Economic Impact**

This regulation contains details about rates, methodologies, and billing units for dental and community mental health services. Some of these details are not as clearly stated as they could have been and may be confusing. For example, the proposed new language specifies that one unit of therapeutic day treatment is 2 to 2.99 hours; two units are 3 to 4.99 hours; and 5 plus hours per day are three units. Without the additional detail, it is difficult to find out what the billing unit for services are. In fact, according to the Department of Medical Assistance Services (DMAS), the Centers for Medicare and Medicaid has requested the proposed clarifications. The proposed new language does not represent any change in current rates, methodologies, or units of service. Thus, the proposed regulation is not expected to create a significant economic impact other than improving the clarity of the regulation.

**Businesses and Entities Affected**

According to DMAS, the proposed regulation applies to 2,055 dental and 1,700 community mental health providers.

**Localities Particularly Affected**

The proposed regulation does not disproportionately affect particular localities.

**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**

The proposed regulation does not affect real estate development costs.

**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**

Many of the affected providers are likely to be small businesses. The proposed regulation clarifies their rates, methodologies, and billable units of service.

**Alternative Method that Minimizes Adverse Impact**

The proposed regulation does not adversely affect small businesses.

**Adverse Impacts:****Businesses:**

The proposed regulation does not adversely affect businesses.

**Localities:**

The proposed regulation does not adversely affect localities.

**Other Entities:**

The proposed regulation does 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 14 (as amended, July 16, 2018). 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.