



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 35-45 – Regulations for Providers of Mental Health, Mental Retardation, and Substance Abuse Residential Services for Children; Department of Mental Health, Mental Retardation and Substance Abuse Services

August 17, 2002

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Board of Mental Health, Mental Retardation and Substance Abuse Services proposes to repeal the existing *Mandatory Certification/Licensure Standards for Treatment Programs for Children* (12 VAC 35-40) and replace them with the proposed *Regulations for Providers of Mental Health, Mental Retardation, and Substance Abuse Residential Services for Children* (12 VAC 35-45). These regulations are an addendum to 22 VAC 42-10-10 et seq., *Standards for Interdepartmental Regulation of Children's Residential Facilities* (Standards) which are generic standards governing a wide variety of residential facilities licensed by the Departments of Mental Health, Mental Retardation and Substance Abuse Service, Social Services, Education and Juvenile Justice. The standards in this addendum, or "Mental Health Module" (Module) as it is operationally called, apply to all providers of residential treatment services for children who are mentally ill, mentally retarded or chemically dependent. Services covered by these regulations

include a wide range of residential services from small group homes to large residential treatment facilities.

Estimated Economic Impact

The Module has not been revised since 1992. Many of the provisions in the existing Module were outdated as a result of changes in current treatment practices and were either deleted or revised in the proposed Module to reflect current standards of care. Regulatory provisions in the existing Module that were in conflict with or duplicated other recently promulgated regulations were also deleted.

The majority of the changes will simply reorganize and streamline the regulatory requirements. Significant revisions were made to the provisions regarding behavior management and time out practices, but, according to the Department, the only new requirement is that time limits for time outs be developmentally appropriate. A new provision was included to require providers to monitor medication errors on a quarterly basis and use that information to aid in staff development. This is currently in the *Rules and Regulations for the Licensing of Providers of Mental Health, Mental Retardation, and Substance Abuse Services*, but is a new requirement for residential providers. According to the Department, this is one area where providers have many violations, and this is an attempt to require them to focus on these errors more systematically.

The Department anticipates no need for additional staff training or associated costs to implement the proposed regulations, and no significant financial impact on providers to achieve compliance, since the new requirements reflect current standards of care. By developing a clearer and updated regulation, the proposed action can be expected to result in a net economic benefit with no clear disadvantages.

Businesses and Entities Affected

As of June 24, 2002 there were 115 licensed providers affected by these regulations.¹

Localities Particularly Affected

No localities are particularly affected by the proposed regulation.

¹ Numbers provided by the Department of Mental Health, Mental Retardation, and Substance Abuse Services, 8/13/02.

Projected Impact on Employment

The proposed regulation is not anticipated to have a significant effect on employment in Virginia.

Effects on the Use and Value of Private Property

The proposed regulation is not anticipated to have a significant effect on the use and value of private property.