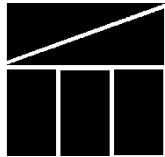


Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

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

12 VAC 30-130 Amount Duration and Scope of Selected Services
Department of Medical Assistance Services
Town Hall Action/Stage: 5081 / 8329
November 9, 2018

Summary of the Proposed Amendments to Regulation

The Board of Medical Assistance Services (Board) proposes to repeal the regulation for the Virginia Independent Clinical Assessment Program (VICAP).

Result of Analysis

The benefits likely exceed the costs for the proposed regulation.

Estimated Economic Impact

The board proposes to repeal the VICAP regulation. The VICAP was designed to better manage access to several Community Mental Health Rehabilitative Services (CMHRS) by requiring providers to obtain an independent clinical assessment to determine that these CMHRS services were clinically appropriate. These services were Intensive In-Home Services, Therapeutic Day Treatment, and Mental Health Skill Building for individuals up to the age of 21.

The VICAP was implemented in 2011 as an interim measure until the Department of Medical Assistance Services (DMAS) could finalize a contract with a behavioral health services administrator (BHSA). The community services boards (CSBs) were partners with the Commonwealth conducting VICAP assessments. In fiscal year 2016, a monthly average of 1,700 unique members were assessed for services at a cost of \$5.2 million.

In a memo to providers dated August 30, 2016, DMAS concluded:¹

Based on a comprehensive review of Magellan's [BHSA] current administrative functions and the Department's evaluation of data relative to VICAP assessments, DMAS has determined that the VICAP is no longer needed to ensure appropriate access to services. Given Magellan's functions including medical necessity review, level of care assessment, and authorization of services, the role previously fulfilled by CSBs can now be fulfilled by Magellan within its existing process. Therefore, starting December 1, 2016, VICAP assessments will not be required to access Medicaid community mental health services and DMAS will not reimburse for VICAPs conducted on or after December 1, 2016.

In lieu of a VICAP assessment, CMH providers will document medical necessity for each individual in accordance with specific service definitions as defined in the Magellan agreement and DMAS provider policy manuals.

Since the termination of the VICAP in 2016, as allowed in the budget mandates of Item 301 OO and Item 301PP of Chapter 665 of the 2015 Acts of Assembly², DMAS allocated the funds to be used in standardizing the care coordination requirements for individuals needing a residential level of care. This was the implementation of the Independent Assessment and Care Coordination Team (IACCT) on July 1, 2017.

DMAS has also been in the process of transitioning the CMHRS services into contracted Medicaid Managed Care Organizations (MCOs). Responsibility for the management of CMHRS services for individuals enrolled in Commonwealth Coordinated Care (CCC) Plus was transitioned from the BHSA to the CCC Plus MCOs on January 1, 2018. CMHR Services were included in the Medicaid Managed Care Program, Medallion 4.0, beginning on August 1, 2018 with regional rollouts. Individuals enrolled in the Medallion 3.0 Managed Care program and the

¹

<https://www.ecm.virginiamedicaid.dmas.virginia.gov/WorkplaceXT/getContent?impersonate=true&id={78F5CC12-BA98-48C8-9429-084A813E1976}&vsId={B114AB78-512B-42F6-ACD9-F87A630D8C54}&objectType=document&objectStoreName=VAPRODOS1>

² <https://budget.lis.virginia.gov/item/2015/1/HB1400/Chapter/1/301/>

Family Access to Medical Insurance Security (FAMIS) program will transition to Medallion 4.0 statewide by December 31, 2018.

Since the VICAP was effectively terminated in 2016, the repeal of this regulation is not expected to create any economic impact upon promulgation beyond improving the consistency between the regulatory language and the current practice. When the termination was implemented in 2016, however, VICAP expenditures received by CSBs until that time were effectively redirected to the contracted BHSA to help fund the IACCT process for children needing residential treatment. The BHSA, and starting January 1, 2018, the Medicaid MCOs are now fulfilling the functions including medical necessity review, level of care assessment and authorization of services.

Businesses and Entities Affected

The proposed repeal of the regulation is not expected to affect any specific entity upon promulgation but likely to benefit the public and the providers by improving the consistency between practice and regulatory language.

Localities Particularly Affected

The proposed regulation does not disproportionately affect particular localities.

Projected Impact on Employment

No impact on employment is expected upon promulgation.

Effects on the Use and Value of Private Property

No impact on the use and value of private property is expected upon promulgation.

Real Estate Development Costs

No impact on real estate development costs is expected upon promulgation.

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

The proposed regulation will not have costs and other effects on small businesses upon promulgation.

Alternative Method that Minimizes Adverse Impact

The proposed regulation will not adversely affect small businesses upon promulgation.

Adverse Impacts:

Businesses:

The proposed regulation will not adversely affect businesses upon promulgation.

Localities:

The proposed regulation will not adversely affect localities upon promulgation.

Other Entities:

The proposed regulation will not adversely affect other entities upon promulgation.

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.