



Economic Impact Analysis Virginia Department of Planning and Budget

**12 VAC 30-120 – Assisted Living Services for Individuals Receiving Auxiliary Grants
Residing in Adult Care Residences
Department of Medical Assistance Services
June 26, 2013**

Summary of the Proposed Amendments to Regulation

Pursuant to 2010 Acts of Assembly, Chapter 874, Item 297 VV, the Department of Medical Assistance Services (DMAS) proposes to repeal regulatory language for supplemental payments for regular and intensive assisted living services provided to auxiliary grant recipients.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

These regulations address assisted living services provided through Medicaid to individuals receiving an auxiliary grant. This waiver program was originally implemented in August 1996 with funding from both state and federal sources. In March 2000, the Centers for Medicare and Medicaid Services (CMS) discontinued the federal financial support for this waiver due to concerns about the program's operation. Following CMS's action, this program had been continued with state only funds. Prior to July 1, 2010, the program provided \$3 per day supplemental reimbursement for regular assisted living services and \$6 per day for intensive assisted living services from Virginia Medicaid for recipients in addition to the payments provided by the auxiliary grant.¹ However, 2010 Acts of Assembly, Chapter 874, Item 297 VV, terminated the supplemental funding for these services under Medicaid as of July 1, 2010. Because Medicaid providers are permitted up to one year from the date of service in which to submit their claims for reimbursement, operational regulations had been retained until June 30,

¹ The assisted living facility rate for auxiliary grant recipients was \$1,112 per month in 2010.

2011. Since that time has passed, DMAS proposes to repeal these regulations that are currently obsolete.

In 2010, there were about 1,100 individuals for whom approximately \$1.4 million in state only funds were paid to 248 assisted living facilities. However, no significant economic effect, other than removing potentially confusing obsolete language, is expected upon promulgation of these regulations because the funding had already been eliminated as of July 1, 2010. These regulations will simply effectuate the last step of the statutory mandate by removing currently obsolete regulations.

Businesses and Entities Affected

In 2010, when the state's funding for this service was terminated, there were about 1,100 individuals for whom these additional payments were made to approximately 248 assisted living facilities.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

No significant impact on employment is expected upon promulgation of these regulations since the funding for these services had already been eliminated as of July 1, 2010.

Effects on the Use and Value of Private Property

No significant impact on the use and value of private property is expected upon promulgation of these regulations since the funding for these services had already been eliminated as of July 1, 2010.

Small Businesses: Costs and Other Effects

There were approximately 278 providers providing services to auxiliary grant recipients. DMAS believes that most, if not all, are likely to be small businesses, due to the nature of this industry. However, the proposed repeal of these regulations will not impose costs on small businesses upon promulgation since the funding for these services had already been eliminated by the statutory mandate as of July 1, 2010.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed repeal of these regulations will not impose an adverse impact on small businesses upon promulgation since the funding for these services have already been eliminated by the statutory mandate since July 1, 2010.

Real Estate Development Costs

No effect on real estate development costs is expected.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, a determination of the public benefit, 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. Further, if the proposed regulation has an adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.