



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 30-50; 60; 80; 120; 130 – Amount Duration, and Scope of Medical and Remedial Care Services; Standards Established and Methods Used to Assure High Quality of Care; Methods and Standards for Establishing Payment Rates-Other Types of Care; Waivered Services; Amount, Duration, and Scope of Selected Services
Department of Medical Assistant Services
January 20, 2014

Summary of the Proposed Amendments to Regulation

The proposed regulations establish uniform and specific standards for diagnosis and provision of applied behavior analysis services for children.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The proposed regulations establish Medicaid coverage for applied behavior analysis services for children under the authority of the Early and Periodic Screening, Diagnosis and Treatment program. To be covered for this service, children must have autism or autism spectrum disorders, or other similar developmental delays as demonstrated by their lack of communication skills or lack of interaction with their environments. These services are already covered by Medicaid. However, the proposed regulations define the applied behavior analysis service and specify that providers be licensed by the Board of Medicine as a licensed behavior analyst or by the Department of Behavioral Health and Developmental Services to provide Outpatient services with Applied Behavior Analysis track. This action also specifies standards for medical necessity, service-specific provider assessments, individual service plans, care coordination, clinical supervision, and other standards to assure quality. With the proposed changes, Medicaid's coverage of applied behavior analysis services will be differentiated from coverage of community mental health and other developmental services.

In fiscal year 2013, 524 individuals received these services at a cost of approximately \$12.2 million. However, since applied behavior analysis services are currently covered, no significant additional expenditures to cover these services are expected. Currently, provision of this service is evaluated on a case-by-case basis. Thus, the main effect of the proposed changes is establishing clear criteria for Medicaid payment of these services and to provide appeal and legal support. Uniform criteria for determining the medical need for applied behavior analysis services is also expected to help protect the health, safety, and welfare of the affected children and to ensure the quality of services. In addition, the establishment of uniform standards may reduce administrative costs that are currently incurred to evaluate the provision of these services on a case-by-case basis.

On the other hand, providers of applied behavior analysis services will be required to be licensed by the Board of Medicine as licensed behavior analysts or by the Department of Behavioral Health and Developmental Services to provide Outpatient Services with Applied Behavior Analysis Track. An agency that currently provides these services under an Intensive In-Home license will need to apply for and receive a modification to its license to add Outpatient services, with an Applied Behavior Analysis Track, in order to continue receiving Medicaid payment for their services. At this time, DMAS does not have an estimate for the potential costs to make this modification to a provider's license. Finally, the applied behavior analysis services will be excluded from Medicaid managed care contracts and reimbursed by Medicaid directly on a fee-for-service basis.

Businesses and Entities Affected

The proposed changes will mainly affect 245 individual and 38 agency providers of behavioral analysis services. Based on the most recent utilization information, approximately 500 individuals are expected to receive these services annually.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

Additional cost of modifying an existing license may discourage some providers from continuing to provide these services. However, the significance of this potential adverse impact on employment is not known.

Effects on the Use and Value of Private Property

The additional cost of modifying an existing license is likely to reduce profits and the asset value of the affected providers. However, the significance of this potential adverse impact is not known.

Small Businesses: Costs and Other Effects

The Department of Medical Assistance Services estimates that majority of the current providers are small businesses. The costs and other effects discussed above apply to them.

Small Businesses: Alternative Method that Minimizes Adverse Impact

There is known alternative that minimize the adverse impact while accomplishing the same goals.

Real Estate Development Costs

No significant 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.