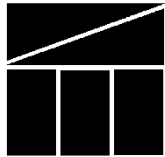


Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

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 -70 Methods and Standards for Establishing Payment Rates - Inpatient Hospital Services

12 VAC 30-80 Methods and Standards for Establishing Payment Rates; Other Types of Care

Department of Medical Assistance Services

Town Hall Action/Stage: 4905 / 8050

March 16, 2018

Summary of the Proposed Amendments to Regulation

On behalf of the Board of Medical Assistance Services, the Director of the Department of Medical Assistance Services proposes to amend the regulations to reflect supplemental payments for private hospital partners of Type One hospitals by adding qualifying hospitals. Type One hospitals are state-owned university teaching hospitals. The University of Virginia (UVA) and Virginia Commonwealth University hospital systems are the two current Type One hospital systems.

Result of Analysis

The proposed amendment creates a net benefit.

Estimated Economic Impact

Medicaid provides supplemental payments to service providers above what they receive for an individual service. Supplemental payments include disproportionate share hospital and upper payment limit payments and are a critical funding source for many safety net providers. States can fund the non-federal share of these payments through various mechanisms. Currently, the State Plan for Medical Assistance Services (State Plan) allows supplemental payments to

three private partners of state teaching hospitals, but the current regulations do not reflect that authority and the reimbursement limits.

Until recently, only UVA-partner Culpeper Hospital was provided supplemental payments. UVA also has a minority ownership in Haymarket and Prince William hospitals. These two hospitals were added to the State Plan and were approved by the Centers for Medicare and Medicaid in October 2017.¹ The two hospitals have already received \$3,391,500 in supplemental payments. The proposed action adds the names of all three hospitals and their inpatient and outpatient reimbursement limits for supplemental payments to be consistent with the State Plan. The proposed amendments do not affect payments and requirements in practice, but are beneficial in that they improve clarity concerning supplemental payments for readers of the regulation.

Businesses and Entities Affected

The proposed amendments pertain to Culpeper Hospital, Haymarket Hospital, and Prince William Hospital.

Localities Particularly Affected

The proposed amendments particularly affect Culpeper and Prince William Counties.

Projected Impact on Employment

The proposed amendments do not affect total employment.

Effects on the Use and Value of Private Property

The proposed amendments do not significantly affect the use and value of private property.

Real Estate Development Costs

The proposed amendments do 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

¹ Source Department of Medical Assistance Services

(ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

Costs and Other Effects

The proposed amendments do not significantly affect costs for small businesses.

Alternative Method that Minimizes Adverse Impact

The proposed amendments do not adversely affect small businesses.

Adverse Impacts:

Businesses:

The proposed amendments do not adversely affect businesses.

Localities:

The proposed amendments do not adversely affect localities.

Other Entities:

The proposed amendments do 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 Number 17 (2014). 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.