



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**12 VAC 5-90 – Regulations for Disease Reporting and Control**  
**Department of Health**  
October 21, 2011

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### **Summary of the Proposed Amendments to Regulation**

The State Board of Health proposes that data reported into the Centers for Disease Control and Prevention's National Healthcare Safety Network (NHSN) for the Centers for Medicare and Medicaid Services Hospital Inpatient Quality Reporting Program shall be shared, through the NHSN, with the department.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

Section 32.1-35.1 of the Code of Virginia mandates that the acute care hospitals report nosocomial (healthcare-associated) infections to the Centers for Disease Control and Prevention's National Healthcare Safety Network and release their infection data to the Board which in turn may release the data to the public. The legislative mandate requires the Board to determine the types of infections to be reported and the patient populations to be included.

Pursuant to the Code of Virginia, the State Board of Health (the Board) proposes that data reported into the Centers for Disease Control and Prevention's (CDC) NHSN for the Centers for CMS Hospital Inpatient Quality Reporting Program shall be shared, through the NHSN, with the department.

In 2011, CMS began requiring hospitals to use the CDC's NHSN to report all central line associated bloodstream infections in intensive care units in order to maximize their reimbursement for Medicare and Medicaid services. In 2012, CMS will expand those requirements to include the reporting of data on Catheter-Associated Urinary Tract Infections

and Surgical Site Infections related to colon and abdominal hysterectomy procedures. CMS is also proposing additional reporting requirements for both acute care and long-term care facilities, to be rolled out over the next several years.

Hospitals have strong incentives to comply CMS's disease reporting requirements as their reimbursement for Medicare and Medicaid services is contingent on reporting. Virginia Department of Health (VDH) believes that all hospitals required to report to CMS for Medicare and Medicaid reimbursement are already doing so. Since the proposed regulations provide VDH with access to data already being reported, no direct economic impact on hospitals is expected.

However, access to reported data is expected to demand more administrative resources from VDH which anticipates allocating approximately eight days (two days each quarter) of full time staff annually for this requirement. VDH believes that the current staffing level made possible by federal funding through July 2012 would be able to absorb the increased workload in terms of the retrieval and analysis of data reported and dissemination of the same data to public if requested. After July 2012, the requirement could place a financial hardship on the agency. VDH plans to pursue any available opportunities for funding to support the necessary staff resources. If none are available, existing staff may be forced to absorb the responsibilities.

The proposed changes are expected to be beneficial by allowing VDH to have a means of measuring patient safety in hospitals, with the goal of helping to reduce the occurrence of healthcare-associated infections, without adding new reporting requirements for Virginia hospitals. The proposed regulations are also expected to benefit the public by enabling them to make informed healthcare choices by providing information that can be used as a proxy for hospital quality.

## **Businesses and Entities Affected**

The proposed regulations will require 90 acute care hospitals to report healthcare-associated infection data to the Board.

## **Localities Particularly Affected**

The proposed regulations apply throughout the Commonwealth.

## **Projected Impact on Employment**

The proposed regulations are expected to increase the labor demand by VDH by about eight days of full time staff per year in order to retrieve, analyze, and disseminate already reported healthcare-associated infection data.

## **Effects on the Use and Value of Private Property**

The proposed changes are not expected to have a direct impact on hospitals. However, since the infection data will be available to the public, depending on whether the infection data is favorable or not, some hospitals may see a decrease or increase in the demand for the healthcare services they are offering.

## **Small Businesses: Costs and Other Effects**

According to VDH, of the 90 acute care hospitals, 47 have fewer than 200 beds and could be considered as small businesses. While there is no direct costs or other effects expected on small businesses, depending on whether the infection data is favorable or not, some affected small businesses may see a decrease or increase in the demand for the healthcare services they are offering as discussed above.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

No direct adverse impact on small businesses is expected.

## **Real Estate Development Costs**

The proposed regulations are not expected to have any significant effect on real estate development costs.

## **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.H of the Administrative Process Act and Executive Order Number 107 (09). Section 2.2-4007.H 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. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H 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.