



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

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**12 VAC 30-30, 30-40, 30-60, 30-80, 30-110 – Groups Covered and Agencies Responsible for Eligibility Determinations; Eligibility Conditions and Requirements; Standards Established and methods Used to Assure High Quality Care; Methods and Standards for Establishing Payment Rates-Other Types of Care; Eligibility and Appeals  
Department of Medical Assistance Services**

August 8, 2008

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

Pursuant to the 2006 Acts of Assembly, Chapter 3 Item 302 X, the proposed regulations permanently implement a Medicaid Buy-In program. The program is called “Medicaid Works” and has already been in effect under emergency regulations.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

The 2006 Acts of Assembly, Chapter 3 Item 302 X, mandated that the Department of Medical Assistance Services (DMAS) implement a Medicaid Buy-In program. Consequently, DMAS established a program called “Medicaid Works” under emergency regulations and has implemented it in practice. The proposed regulatory action will make the emergency regulations permanent.

Medicaid Works program allows disabled Medicaid enrollees to earn and retain income that will not be counted against their eligibility limits.<sup>1</sup> Because the participants in the program must already be a Medicaid recipient, no additional Medicaid enrollment is expected as a result of this proposed change. However, the program is expected to provide incentives to existing disabled Medicaid enrollees for gainful employment. Employment for compensation would

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<sup>1</sup> In 2008, enrollees can have annual earnings as high as \$41,665 and keep resources in a designated account up to \$29,348.

undoubtedly improve the financial welfare of the participants. If working contributes to the health of disabled enrollees, we would also expect improvements in participants' health status.

Additionally, however small it may be, implementation of this program should increase per-capita income in the Commonwealth as more income will be generated with the same resources.

Finally, the maintenance of the Medicaid Works program is expected to add somewhat to the administrative costs of DMAS.

### **Businesses and Entities Affected**

These regulations apply to disabled Medicaid enrollees who would like participate in this program. According to DMAS, approximately 17 individuals are currently enrolled in the program.

### **Localities Particularly Affected**

The proposed regulations apply throughout the Commonwealth.

### **Projected Impact on Employment**

The proposed regulations should have a small but positive effect on employment.

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

The proposed regulations are not expected to have any significant effect on the use and value of private property.

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

The proposed regulations should not have any significant cost or other effects on small businesses.

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

The proposed regulations are not expected to have any effect on small businesses.

### **Real Estate Development Costs**

The proposed regulations are not expected to have any 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 36 (06). 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.