

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**

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### **12 VAC 30-40 Eligibility Conditions and Requirements**

**Department of Medical Assistance Services**

**Town Hall Action/Stage: 4410/7291**

January 14, 2016

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

The proposed regulation removes the requirement to obtain permission prior to sale of a recipient's real property at less than 75 percent of its tax assessed value for Medicaid long term care eligibility determinations.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

This regulation establishes methods of treating resources for Medicaid long term care services eligibility determinations. The ownership of real property is not a bar to eligibility as long as reasonable efforts are made to sell the property at the tax assessed value. When the sale occurs, the proceeds are counted as a resource in determining continuing eligibility. The property must be listed at the tax assessed value for a period of 12 months. After the first 12 months, the individual can drop the price to between 75 and 100 percent of the tax assessed value, and if it sells, the sale of the property is not deemed an uncompensated transfer, and there is no penalty. In order to sell the property for less than 75 percent of its assessed value, the recipient must request permission from the local department of social services under the current regulation to avoid the penalty period during which the recipient is disqualified from eligibility.

The proposed change will remove the requirement to obtain prior permission to sell the property for less than 75 percent of its tax assessed value. However, the recipient will be required to provide documentation from the realtor or a knowledgeable source to the local department of social services that the sale price is the best price that could have been obtained.

With the proposed change, a recipient will not have to wait for the local department of social services to render permission before selling the property below 75 percent of its tax assessed value. Eligibility staff will review the supporting documentation after the sale of the real property, rather than grant permission for the sale. This change is expected to benefit recipients and the local department of social services in terms of reduced time and administrative costs by eliminating an unnecessary step in the sale process of a recipient's real property.

### **Businesses and Entities Affected**

Entities that will be affected by the proposed amendment are Medicaid recipients who are selling their real property below 75 percent of its tax assessed value and local department of social services. The Department of Medical Assistance Services does not track the number of such cases, but estimates that there would be only a few cases per year.

### **Localities Particularly Affected**

The proposed changes apply statewide.

### **Projected Impact on Employment**

The proposed amendments are unlikely to affect employment.

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

No impact on the use and value of private property is expected.

### **Real Estate Development Costs**

No impact on real estate development costs is expected.

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

### **Costs and Other Effects**

The proposed regulation does not impose costs or other effects on small businesses.

### **Alternative Method that Minimizes Adverse Impact**

No adverse impact on small businesses is expected.

### **Adverse Impacts:**

#### **Businesses:**

The proposed regulation does not have an adverse impact on non-small businesses.

#### **Localities:**

The proposed regulation will not adversely affect localities.

#### **Other Entities:**

The proposed regulation will 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.