



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

12 VAC 5-200 Regulations Governing Eligibility Standards and Charges for Health Care Services to Individuals

Virginia Department of Health

Town Hall Action/Stage: 6213 / 9972

September 5, 2023

The Department of Planning and Budget (DPB) 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 19. The analysis presented below represents DPB's best estimate of the potential economic impacts as of the date of this analysis.¹

Summary of the Proposed Amendments to Regulation

As a result of a periodic review,² the State Board of Health (Board) proposes numerous amendments to improve the clarity of the regulatory text without affecting the eligibility or fees for services covered in practice under this regulation.

Background

This regulation defines income limitations within which a person is deemed to be medically indigent, thus receiving medical services (e.g., immunizations, family planning, sexually transmitted infection and communicable disease testing and treatment, and other public-health-related medical care) from Virginia Department of Health (VDH) clinics around the state at low cost or at no charge. These rules provide the mechanism for the establishment of an agency-wide fee schedule and prescribe the specific methodology for implementing a sliding fee scale of discounts used when charging patients for medical services received in local health

¹ Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis 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.

² <https://townhall.virginia.gov/l/ViewPReview.cfm?PRid=1837>

department clinics. The regulation also identifies certain services that are provided free of charge and allows the health commissioner to delegate authority to health district directors to waive fees in certain circumstances.

After the periodic review of this regulation, the Board determined that amendments are needed to make format and style changes (e.g., relocation of language to different and more relevant sections to improve continuity), add or update references to the Code of Virginia, remove duplicative language, and add clarifying language.

One of the proposed changes would revise the text of the regulation that provides free immunization to children as required by § 32.1-46 of the Code of Virginia. Although an amendment to the regulation would expand the age of eligible persons from 21 years old to 22 years old, this would conform the regulation to current practice. According to VDH, these vaccines have always been provided without cost to these individuals, because some persons enrolled in high school are over the age of 21, in order to reduce the incidence of vaccine-preventable communicable diseases. Thus, the proposed revision would conform the regulation to the status quo, and there is no change in practice.

In short, none of the proposed changes would affect the eligibility or fees for services covered in practice under this regulation.

Estimated Benefits and Costs

The proposed changes would not alter how the regulation is interpreted or implemented in practice. Thus, no economic impact is expected other than improving the clarity of the rules and standards contained therein.

Businesses and Other Entities Affected

This regulation applies to individuals who are eligible for services provided by local VDH clinics. In fiscal year 2023, local health department offices provided medical services to approximately 190,000 individuals. Of those individuals, 41 percent were determined to be eligible to receive services free or at a reduced cost based on the sliding scale. Many of the remaining individuals received free services outright without having a sliding scale evaluation because they received vaccines required for K-12 school entry, which are provided at no charge to the family. None of these individuals are disproportionately affected.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.³ An adverse impact is indicated if there is any increase in net cost or reduction in net revenue for any entity, even if the benefits exceed the costs for all entities combined. As noted above, the proposed changes would not alter how the regulation is interpreted or implemented in practice, and therefore no adverse impact on any entity is indicated.

Small Businesses⁴ Affected:⁵

The proposed amendments do not adversely affect small businesses.

Localities⁶ Affected⁷

The proposed amendments do not introduce costs for localities, nor do they have a disproportionate impact.

Projected Impact on Employment

No effect on employment is expected.

Effects on the Use and Value of Private Property

No impact on the use and value of private property or real estate development costs is expected.

³ Pursuant to Code § 2.2-4007.04(D): 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. Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation.

⁴ 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.”

⁵ 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.

⁶ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

⁷ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.