

Office of Regulatory Management
Economic Review Form

Agency name	State Board of Health
Virginia Administrative Code (VAC) Chapter citation(s)	12 VAC 5-408
VAC Chapter title(s)	Certificate of Quality Assurance of Managed Care Health Insurance Plan Licensees
Action title	Amend Regulation after Enactment of Chapters 376 and 377 of the 2023 Acts of Assembly
Date this document prepared	August 22, 2023
Regulatory Stage (including Issuance of Guidance Documents)	Exempt

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>Added the requirement for an MCHIP licensee to establish processes and procedures for processing new provider credentialing applications.</p> <ul style="list-style-type: none"> • Direct Costs: Regulants that do not already have processes and procedures for processing new provider credentialing applications may experience a cost associated with writing them. However, there is no way for VDH to quantify this cost. • There are no monetized indirect costs, or direct or indirect benefits associated with this regulatory change. <p>Added the requirement for an MCHIP licensee to notify new provider applicants through the online credentialing system, or within 10 days of receiving the application by mail or electronic mail.</p> <ul style="list-style-type: none"> • Direct Costs: MCHIP licensees may incur new costs associated with mailing the notifications, such as shipping costs. • There are no monetized indirect costs, or direct or indirect benefits associated with this regulatory change. <p>Added the requirement for a new provider applicant’s application to be deemed complete within 30 days of the MCHIP receiving the application (unless notice is provided that the application is not complete), and the requirement for the notification to be sent by electronic mail or mail.</p> <ul style="list-style-type: none"> • Direct Costs: MCHIP licensees may incur new costs associated with mailing the notifications, such as shipping costs. • There are no monetized indirect costs, or direct or indirect benefits associated with this regulatory change. <p>Added the requirement for an MCHIP licensee to approve or deny a new provider application within 60 days of receiving the complete application.</p> <ul style="list-style-type: none"> • Indirect Cost: MCHIP licensees are now required to approve or deny an application within 60 days of receiving an application. With this new time requirement, MCHIPs may incur costs associated with missing this 60-day deadline; however, VDH does not have access to the data needed in order to calculate this cost. • There are no monetized direct costs, or direct or indirect benefits associated with this regulatory change. <p>Added the requirement for claims to be paid no later than 40 days after the new provider is credentialed and contracted.</p>
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	<ul style="list-style-type: none"> • Indirect Costs: MCHIP licensees are now required to pay claims no later than 40 days after the new provider is credentialed and contracted, when before there was no time requirement; however, VDH does not have access to the data needed in order to calculate this cost. • Direct Benefits: Providers with provisional credentialling will receive claims no later than 40 days after credentialling, which will reduce the number of days a provider is going without being paid for services. • There are no monetized direct costs or indirect benefits associated with this regulatory change. 	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0	(b) \$0
(3) Net Monetized Benefit	\$0	
(4) Other Costs & Benefits (Non-Monetized)	<p>Non-monetized costs: There are no non-monetized costs associated with the regulatory changes.</p> <p>Non-monetized benefits: The non-monetized benefits associated with this action are that regulants will have a clear understanding of the requirements associated with new provider credentialling. The direct benefit to providers with provisional credentialling is that the regulations will now require MCHIPs to adhere to deadlines when reviewing new provider credentialling applications and claims payments for the new providers, which will lead to new providers receiving payment in a timelier manner. The direct benefit to providers without provisional credentialling is that these providers will have a clear timeline and understanding about when they will be able to begin providing services if their application is approved.</p>	
(5) Information Sources	VDH OLC MCHIP division	

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Local partners affected by this regulatory change are the providers who work within the Virginia Commonwealth University (VCU) Health Authority, the Lee County Hospital Authority, and the Chesapeake Hospital Authority.</p> <p>Added the requirement for claims to be paid no later than 40 days after the new provider is credentialed and contracted.</p> <ul style="list-style-type: none"> • Direct Benefits: Providers with provisional credentialing will receive claims no later than 40 days after credentialing, which will reduce the number of days a provider is going without being paid for services. • There are no monetized direct and indirect costs or indirect benefits associated with this regulatory change. 	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0	(b) \$0
(3) Other Costs & Benefits (Non-Monetized)	<p>Non-monetized costs: There are no non-monetized costs associated with the regulatory changes.</p> <p>Non-monetized benefits: The non-monetized benefits associated with this action are that regulants will have a clear understanding of the requirements associated with new provider credentialing. The direct benefit to providers with provisional credentialing is that the regulations will now require MCHIPs to adhere to deadlines when reviewing new provider credentialing applications and claims payments for the new providers, which will lead to new providers receiving payment in a timelier manner. The direct benefit to providers without provisional credentialing is that these providers will have a clear timeline and understanding about when they will be able to begin providing services if their application is approved.</p>	
(4) Assistance	No additional assistance will be required as a result of this regulatory change.	

(5) Information Sources	VDH OLC MCHIP division
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Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	Families will not be affected by this regulatory change.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)		
(4) Information Sources		

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	VDH is not aware of any MCHIP providers that qualify as small businesses.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)		

(4) Alternatives	
(5) Information Sources	

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved	Authority of Change	Initial Count	Additions	Subtractions	Net Change
12.5.408.170	Statutory:	21 (R/S)	+7 (R/S)	-2 (R/S)	+5 (R/S)
	Discretionary:	15 (R/D)			