



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 30-110 –Eligibility and Appeals
Department of medical Assistance Services
March 29, 2006

Summary of the Proposed Regulation

The proposed changes will make the regulatory language consistent with the federal regulations as well as the procedures followed in practice.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

These regulations provide a framework for Medicaid appeals procedures. In a given year, approximately 1,900 appeals are reviewed according to the procedures established in these regulations. The proposed changes will simply clarify the current language so that the procedures followed in practice in accordance with the federal regulations are accurately reflected in the regulations. Because most of the proposed changes are clarifications, no significant economic effect is expected other than reducing the likelihood for confusion among the recipients.

One of the proposed changes, however, could have some small, but non-negligible economic effects. With the proposed changes, a notification will be added to the recovery claim letters sent to the estates of deceased recipients in order to inform them that they can appeal the claim. This will be done to comply with the state and federal requirements. Adding the notification to the claim letter may encourage some letter recipients to appeal the recovery claim. Thus, there is likely to be an increase in the appeal requests. The average administrative cost of an appeal including staff time is estimated to be \$625. If the notification prompts several additional appeals requests, we would see a corresponding increase in the administrative appeal costs. Also, an increase in appeal requests does not necessarily imply a decrease in monies

recovered as the outcome of an appeal depends strictly on the merits of the appeal. Thus, no significant effect is expected on the amounts recovered from recipients.

Businesses and Entities Affected

The proposed regulations may affect a relatively small number of recipients as the number of claim letters sent is approximately 10 to 20 in a month.

Localities Particularly Affected

The proposed regulations are not likely to affect any particular locality more than others.

Projected Impact on Employment

The proposed regulations are not likely to create a significant effect on employment.

Effects on the Use and Value of Private Property

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

Small Businesses: Costs and Other Effects

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

Small Businesses: Alternative Method that Minimizes Adverse Impact

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

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 21 (02). 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.