



Economic Impact Analysis Virginia Department of Planning and Budget

**12 VAC 30-50; 60; 130 – Amount, Duration and Scope of Services; Standards Established to Assure High Quality of Care; Amount, Duration and Scope of Selected Services
Department of Medical Assistance Services
June 26, 2013**

Summary of the Proposed Amendments to Regulation

The proposed changes will clarify regulations for inpatient and outpatient rehabilitation services to reflect current practices.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The proposed changes will clarify regulations for inpatient and outpatient rehabilitation services, including services provided in comprehensive outpatient rehabilitation facilities, to reflect current practices. The proposed changes will incorporate in the regulations mainly 1) criteria already in the guidance documents such as McKesson InterQual® Criteria to define medical necessity standards, 2) procedures already allowed under federal and state statutes such as permitting nurse practitioners and physician assistants to order rehabilitation related services, and 3) clarifications of various other rules and procedures already followed in practice.

Since the proposed changes have already been followed in practice, no significant direct effect on providers, recipients, or the Department of Medical Assistance Services is expected other than improving the clarity of the regulations and reducing possible billing mistakes and payment retractions that would follow.

Businesses and Entities Affected

These regulations apply to 35 rehabilitation hospitals, 3 comprehensive outpatient rehabilitation facilities, and 161 outpatient rehabilitation providers.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

No significant direct effect on employment is expected.

Effects on the Use and Value of Private Property

No significant direct effect on the use and value of private property is expected.

Small Businesses: Costs and Other Effects

About 120 of the 161 outpatient rehabilitation providers are estimated to be small businesses. The same effects discussed above apply to these small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulations are not anticipated to have adverse impact on small businesses.

Real Estate Development Costs

No impact on real estate development costs is expected.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, a determination of the public benefit, 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 an adverse effect on small businesses, Section 2.2-4007.04 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.