



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 30-120 – Waivered Services
Department of Medical Assistance Services
January 14, 2013

Summary of the Proposed Amendments to Regulation

Pursuant to Item 307 JJJ, Chapter 3, 2012 Acts of Assembly, the proposed changes repeal the Medicaid HIV/AIDS waiver regulations.

Result of Analysis

While the proposed changes may have an adverse economic impact on a few specific individuals and providers, providing HIV/AIDS waiver services from other available sources within the Medicaid program seems to be more cost effective.

Estimated Economic Impact

Pursuant to Item 307 JJJ, Chapter 3, 2012 Acts of Assembly, the proposed changes repeal the Medicaid HIV/AIDS waiver regulations. According to the Department of Medical Assistance Services (DMAS), continued decline in the population served by the HIV/AIDS waiver made it impossible to demonstrate the cost effectiveness of this program which is necessary for renewal. Advances in medical treatments have caused the waiver population to fall to 22 as of July 2012 from more than 600 individuals in 1997. The decline in the HIV/AIDS waiver population has increased the average costs per recipient which in turn made it relatively more expensive to maintain this program compared to caring for these individuals through other available options.

The recipients had the option of moving to either the Elderly and Disabled Waiver with Consumer Direction, a Program of All-Inclusive Care for the Elderly, other community services, or nursing facility placement. Of the 22 individuals, 19 joined the EDCD waiver, two moved into nursing homes¹, and one has since been deceased. The HIV/AIDS waiver covered personal care,

¹ These appear to be unrelated to the expiration of HIV/AIDS waiver.

respite care, case management, private duty nursing, and nutritional supplements. All of these services except case management are available to the affected population from other sources. There were five individuals who utilized \$2,745 worth of case management services from two providers in fiscal year 2011.

The proposed changes would represent an economic loss to the HIV/AIDS recipients when and if they need case management services. Similarly, the affected two case management providers may realize a small revenue loss. However, the affected individuals will be able to access almost all of the services from other sources. Also, while the repeal of a waiver program may free some administrative resources, DMAS plans to allocate these resources in other areas needing them. Moreover, the cost effectiveness test indicates that it is cheaper to provide these services from sources other than the HIV/AIDS waiver.

Businesses and Entities Affected

As of July 2012, there were 22 HIV/AIDS waiver recipients. Only five of these recipients had utilized case management services from two providers which will no longer be available.

Localities Particularly Affected

The proposed changes do not affect any locality more than others.

Projected Impact on Employment

The proposed changes may reduce the case management services provided and reduce the demand for administrative resources. However, the amount of reduction in case management services is very small and DMAS plans to reallocate any freed administrative services to other areas. Thus, no significant economic impact on employment is expected.

Effects on the Use and Value of Private Property

The proposed changes do not have any direct impact on the use and value of private property. The probable reduction in case management service revenues is so small that no significant adverse impact on the asset values of the affected two providers is expected.

Small Businesses: Costs and Other Effects

The proposed changes may cause a very small reduction in revenues of case management service providers.

Small Businesses: Alternative Method that Minimizes Adverse Impact

There is no known alternative method that would minimize the probable reduction in case management services.

Real Estate Development Costs

No effect 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.H of the Administrative Process Act and Executive Order Number 14 (10). 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.