



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

12 VAC 30-110 Eligibility and Appeals
Department of Medical Assistance Services
January 20, 2015

Summary of the Proposed Amendments to Regulation

Pursuant to Chapter 3, Item 384 J(2) of the 2014 Special Session I Virginia Acts of the Assembly, the Department of Medical Assistance Services (DMAS) proposes to amend this regulation to permit the Department of Corrections (DOC) to sign applications for Medicaid for certain incarcerated offenders for the purpose of Medicaid reimbursing for inpatient hospital stays.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Signature authority for the DOC would be limited to incarcerated individuals who are either unable to sign, or refuse to sign, an application for medical assistance. Signature authority for the DOC is needed in order for the DMAS to provide Medicaid reimbursement for inpatient hospital stays for eligible offenders, as permitted by the Centers for Medicare and Medicaid Services (CMS). This action will permit DMAS to claim the available federal matching dollars for these inpatient hospital stays by persons incarcerated with DOC.

Historically, the federal government has not shared in the cost of Medicaid coverage for incarcerated individuals and Medicaid eligibility has been terminated when an individual enters a correctional facility. However, CMS issued a clarification for states that allows for Medicaid payment of inpatient hospital stays for incarcerated individuals who are otherwise eligible for Medicaid coverage. CMS considers an individual to not be incarcerated during the period of time individuals are in a hospital receiving inpatient services.

The proposed amendment is beneficial for Virginia taxpayers in that it will provide for approximately \$500,000¹ in federal funding that otherwise would have come from state tax dollars (General Funds).

Businesses and Entities Affected

The proposed amendment particularly affects the Department of Corrections, Department of Medical Assistance Services, and inmates who refuse to sign, or are unable to sign, their Medicaid applications. According to DMAS, there are likely to be less than 10 such individuals annually.

Localities Particularly Affected

The proposed amendment does not disproportionately affect particular localities.

Projected Impact on Employment

The proposed amendment does not significantly affect employment.

Effects on the Use and Value of Private Property

The proposed amendment does not affect the use and value of private property.

Small Businesses: Costs and Other Effects

The proposed amendment does not affect costs for small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendment will not adversely affect small businesses.

Real Estate Development Costs

The proposed amendment will not affect real estate development costs.

Legal Mandate

General: 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 and Executive Order Number 17 (2014). Section 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to:

¹ Estimated dollar figure is courtesy of the Department of Medical Assistance Services.

- the projected number of businesses or other entities to whom the proposed regulatory action 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.

Small Businesses: If the proposed regulatory action will have an adverse effect on small businesses, § 2.2-4007.04 requires that such economic impact analyses include:

- an identification and estimate of the number of small businesses subject to the proposed regulation,
- 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,
- a statement of the probable effect of the proposed regulation on affected small businesses, and
- a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

Additionally, pursuant to § 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 (JCAR) is notified at the time the proposed regulation is submitted to the *Virginia Register of Regulations* for publication. This analysis shall represent DPB's best estimate for the purposes of public review and comment on the proposed regulation.

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Town Hall ID: Action 4241 / Stage 7101