



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

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**12 VAC 30-60 Standards Established and Methods Used to Assure High Quality Care  
Department of Medical Assistance Services  
Town Hall Action/Stage: 6284 / 10345  
June 18, 2024**

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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 (Code) and Executive Order 19. The analysis presented below represents DPB’s best estimate of the potential economic impacts as of the date of this analysis.<sup>1</sup>

## **Summary of the Proposed Amendments to Regulation**

Pursuant to Executive Order 19 (EO19), the Director of the Department of Medical Assistance Services (DMAS), on behalf of the Board of Medical Assistance Services, proposes to repeal thirteen documents incorporated by reference in the regulation.

## **Background**

As provided for by the regulations of the Virginia Code Commission, agencies may incorporate content from publications or documents in the text of a regulation. When this occurs, the “material in the document becomes the text of the regulation and an enforceable part of the regulation.”<sup>2</sup> Following an internal review prompted by EO19, DMAS determined that thirteen documents incorporated by reference in this regulation are out-of-date and have not been enforced. Therefore, DMAS proposes to repeal all of them. Further, DMAS notes that up-to-date versions of these documents exist on the DMAS Medicaid Enterprise System (MES) Web Portal

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<sup>1</sup> Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

<sup>2</sup> <https://law.lis.virginia.gov/admincode/title1/agency7/chapter10/section140/>

(Provider Resources Section)<sup>3</sup> or via other sources that are not owned by DMAS (e.g., American Psychiatric Association Diagnostic and Statistical Manual), and therefore referencing them in the Virginia Administrative Code is unnecessary. The documents being removed are:

- *Department of Medical Assistance Services Provider Manuals*  
(<https://www.viriniamedicaid.dmas.virginia.gov/wps/portal/ProviderManuals>);
- *Virginia Medicaid Nursing Home Manual*;
- *Virginia Medicaid Rehabilitation Manual*;
- *Virginia Medicaid Hospice Manual*;
- *Virginia Medicaid School Division Manual*;
- *Development of Special Criteria for the Purposes of Pre-Admission Screening, Medicaid Memo, October 3, 2012, Department of Medical Assistance Services*;
- *Diagnostic and Statistical Manual of Mental Disorders, Fourth Edition (DSM-IV-TR), copyright 2000, American Psychiatric Association*;
- *Patient Placement Criteria for the Treatment of Substance-Related Disorders (ASAM PPC-2R), Second Edition, copyright 2001, American Society on Addiction Medicine, Inc.*;
- *Medicaid Memo, Reissuance of the Pre-Admission Screening (PAS) Provider Manual, Chapter IV, November 22, 2016, Department of Medical Assistance Services*;
- *Medicaid Special Memo, Subject: New Service Authorization Requirement for an Independent Clinical Assessment for Medicaid and FAMIS Children's Community Mental Health Rehabilitative Services, dated June 16, 2011, Department of Medical Assistance Services*;
- *Medicaid Special Memo, Subject: Changes to Children Community Mental Health Rehabilitative Services – Children's Services, July 1, 2010 & September 1, 2010, dated July 23, 2010, Department of Medical Assistance Services*;
- *Medicaid Special Memo, Subject: Changes to Community Mental Health Rehabilitative Services – Adult-Oriented Services, July 1, 2010 & September 1, 2010, dated July 23, 2010, Department of Medical Assistance Services; and*

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<sup>3</sup> <https://vamedicaid.dmas.virginia.gov/manuals/provider-manuals-library#gsc.tab=0>

- *Approved Degrees in Human Services and Related Fields for QMHP Registration, adopted November 3, 2017, revised February 9, 2018.*

### **Estimated Benefits and Costs**

Since these documents have not been enforced in practice because they were outdated, their removal from this regulation as documents incorporated by reference should not create any significant economic impact other than eliminating a potential source of confusion. Additionally, according to DMAS, up-to-date versions of these documents are posted on the MES Web Portal and would be treated as guidance documents and not as legally enforceable parts of the Virginia Administrative Code.

### **Businesses and Other Entities Affected**

The proposed amendments apply to all Medicaid providers.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.<sup>4</sup> An adverse impact is indicated if there is any increase in net cost or reduction in net benefit for any entity, even if the benefits exceed the costs for all entities combined.<sup>5</sup> As noted above, the proposed action would remove references to manuals and documents that have not been enforced. Thus, no adverse impact is indicated.

### **Small Businesses<sup>6</sup> Affected:<sup>7</sup>**

The proposed amendments do not adversely affect small businesses.

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<sup>4</sup> Pursuant to Code § 2.2-4007.04(D): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance.

<sup>5</sup> Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation. As a result, DPB has adopted a definition of adverse impact that assesses changes in net costs and benefits for each affected Virginia entity that directly results from discretionary changes to the regulation.

<sup>6</sup> Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

<sup>7</sup> If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) 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, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a

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**Localities<sup>8</sup> Affected<sup>9</sup>**

The proposed amendments neither disproportionately affect particular localities, nor introduce costs for local governments.

**Projected Impact on Employment**

The proposed amendments do not affect total employment.

**Effects on the Use and Value of Private Property**

No effect on the use and value of private property nor on real estate costs is expected.

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proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

<sup>8</sup> “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

<sup>9</sup> § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.