Virginia Department of Planning and Budget

Economic Impact Analysis

12 VAC 30-50 Amount, Duration, and Scope of Medical and Remedial Care Services
Department of Medical Assistance Services
Town Hall Action/Stage: 6565 / 11160 Fast-Track
July 6, 2026

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 17. The analysis presented below represents DPB's best estimate of the potential economic impacts as of the date of this analysis.[1]

Summary of the Proposed Amendments to Regulation

Pursuant to Chapter 11 of the 2022 General Assembly Special Session I (Chapter 11),[2] the director of the Department of Medical Assistance Services, on behalf of the Board of Medical Assistance Services (Board), proposes to establish regulations to provide targeted case management services for individuals with severe traumatic brain injury.

Background

Chapter 11 directed the Board to start providing coverage for targeted case management services for individuals with severe traumatic brain injury. These services help individuals with severe brain injuries and their family members access necessary medical, social, educational and other services essential to meeting the individual's recovery goals. Following the passage of Chapter 11, the Department of Medical Assistance Services (DMAS) obtained approval from the Centers for Medicare & Medicaid Services on November 22, 2023 and May 17, 2024; DMAS started providing these services on January 1, 2024. This action would incorporate the provision of the services into the Virginia Administrative Code.

[1] See Code § 2.2-4007.04 (A).
[2] https://legacylis.virginia.gov/cgi-bin/legp604.exe?222+ful+CHAP0011

Estimated Benefits and Costs

The fiscal impact statement for Chapter 11 estimated that approximately 1,698 Medicaid members would be eligible for targeted case management services for severe brain injury and the total estimated annual expenditures would be $6,018,734 ($1,782,456 in general fund and $4,236,278 in federal match) in fiscal year 2025.[3] However, DMAS reports that the actual use of these services has remained significantly below the 2022 estimates. More specifically, in 2025 the total expenditures for this service amounted to $40,338 for 38 recipients. Of this total, $21,691 (approximately $10,930 in general fund and $10,761 in federal match) was for 20 recipients in traditional Medicaid and $18,647 (approximately $16,782 in provider assessment and $10,761 in federal match) was for 18 recipients in the Medicaid expansion population.

Generally, provision of a new Medicaid service benefits recipients by addressing their healthcare needs; benefits providers by creating a new revenue source; brings in federal funds to the Commonwealth through the federal match; costs the state a portion of the total cost for traditional Medicaid (i.e., 50.39 percent); and costs the Medicaid providers a small portion of the total cost for Medicaid expansion (i.e., 10 percent) population. While similar effects would be expected in this case as well, it is notable that the actual case management expenditures in 2025 for recipients with severe brain injury were significantly lower than the projections. Additionally, the new expenditures result from the legislation rather than the regulation. Thus, the main effect of this regulatory action is compliance with the legislation.

Businesses and Other Entities Affected

This regulation directly applies to individuals in the traditional Medicaid and Medicaid expansion populations with severe brain injury, and to providers enrolled in Medicaid. In 2025, 38 recipients received this service, but the usage may grow over time based on the 2022 estimates. Currently, there are seven providers enrolled to provide these services. No entity appears to be particularly impacted.

The Code requires DPB to assess whether an adverse impact may result from the proposed regulation.[4] 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

[3] https://legacylis.virginia.gov/cgi-bin/legp604.exe?222+oth+HB680F122+PDF
[4] See Code § 2.2-4007.04 (D).

combined.[5] As noted above, the main effect of this regulatory action is compliance with the legislation. Thus, no adverse impact is indicated on account of this regulatory action.

Small Businesses[6] Affected:[7]

The proposed amendments do not adversely affect small businesses.

Localities[8] Affected[9]

The proposed amendments do not introduce costs for localities, nor do they particularly affect any locality.

Projected Impact on Employment

No impact on employment is expected on account of this regulatory action.

Effects on the Use and Value of Private Property

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

[5] 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.
[6] 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."
[7] See Code § 2.2-4007.04 (A.2). and Code § 2.2-4007.1 (C).
[8] "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.
[9] Code § 2.2-4007.04 defines "particularly affected" as bearing disproportionate material impact.