

## Office of Regulatory Management

### Economic Review Form

<b>Agency name</b>	Department of Medical Assistance Services
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	12 VAC 30-70-411; 12 VAC 30-70-429; 12 VAC30-80-20; 12 VAC 30-160-10
<b>VAC Chapter title(s)</b>	Supplemental Payments for Certain Teaching Hospitals; Supplemental Payments for Qualifying Private Acute Care Hospitals; Services that are reimbursed on a cost basis; Hospital Assessment
<b>Action title</b>	FFS Supplemental Payments and Hospital Assessment
<b>Date this document prepared</b>	December 12, 2022

### Cost Benefit Analysis

**Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)**

(1) Direct Costs & Benefits	<ul style="list-style-type: none"> <li>• <b>Describe first proposed impactful change here.</b></li> </ul> <p>This regulatory action follows a proposed stage regulation and accomplishes the following three goals:</p> <ol style="list-style-type: none"> <li>1. Authorizes DMAS to levy assessments upon private acute care hospitals operating in Virginia to fund new Medicaid coverage for adults as well as new Medicaid hospital supplemental payments. Specifically: <ul style="list-style-type: none"> <li>• The <u>provider coverage assessment</u> generates funds to cover the non-federal share of the full-cost of Medicaid coverage for newly eligible individuals, including the administrative costs of collecting the assessment and implementing and operating the coverage for newly eligible adults in Medicaid Expansion.</li> <li>• The <u>provider payment rate assessment</u> generates funds for (1) an increase in inpatient and outpatient rates paid to private acute care hospitals and (2) the administrative costs of collecting the assessment and implementing the associated rate actions.</li> </ul> </li> <li>2. Establishes new supplemental inpatient and outpatient payments for qualifying private acute care hospitals in Virginia up to the private hospital upper payment limit for payment to private hospitals.</li> <li>3. Terminates supplemental payments made to a limited group of private hospitals on the date the new payments (in #2, above) were effective so as to avoid overlapping supplemental payments.</li> </ol> <p><u>Direct Costs:</u></p>
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<ul style="list-style-type: none"> <li>No (\$0) state general funds are used to fund the new Medicaid coverage for adults or the new Medicaid hospital supplemental payments. Rather: <ul style="list-style-type: none"> <li>\$564 million in provider coverage assessments generates funds to cover the non-federal share of Medicaid coverage for newly eligible individuals.</li> <li>\$654 million in provider payment rate assessments from qualifying Virginia hospitals generates funds to increase inpatient and outpatient rates paid to private acute care hospitals and the administrative costs of collecting the assessment and implementing the associated rate actions.</li> </ul> </li> </ul> <p><u>Direct Benefits:</u></p> <ul style="list-style-type: none"> <li>\$5,663 million in medical coverage for low income Virginians related to Medicaid Expansion.</li> <li>\$2,392 million in supplemental payments to qualifying Virginian hospitals</li> </ul> <p>From a qualitative perspective, Medicaid Expansion improves access to care, increases utilization of services, and decreases hospital utilization.</p>			
(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a) \$1,218,150,300	(c) \$1,218,150,300	
Direct Benefits	(b) \$8,055,616,590	(d) \$8,055,616,590	
(3) Benefits-Costs Ratio	Costs and benefits are not on the same entities	(4) Net Benefit	\$6,837,466,054
(5) Indirect Costs & Benefits	Coverage for newly eligible individuals enables the Commonwealth to experience savings as previously state funded costs are replaced with non-state funded costs, such as the Governor's Access Plan (GAP), Department of Corrections Inpatient Care, Disproportionate Share Payments, some low income adults and medically needy individuals, Community Service Boards, Temporary Detention Orders.		
(6) Information Sources	DMAS' Budget Division, Medicaid forecast and Fiscal Impact Statement for SB 158 of the 2018 General Assembly session.		
(7) Optional			

**Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)**

(1) Direct Costs & Benefits	The changes being made by this regulatory action are non-discretionary.		
(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a) See response to (1) above	(c) See response to (1) above	
Direct Benefits	(b) See response to (1) above	(d) See response to (1) above	
(3) Benefits-Costs Ratio	See response to (1) above	(4) Net Benefit	See response to (1) above
(5) Indirect Costs & Benefits	See response to (1) above		
(6) Information Sources	See response to (1) above		
(7) Optional	See response to (1) above		

**Table 1c: Costs and Benefits under an Alternative Approach**

(1) Direct Costs & Benefits	The changes being made by this regulatory action are non-discretionary.		
(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a) See response to (1) above	(c) See response to (1) above	
Direct Benefits	(b) See response to (1) above	(d) See response to (1) above	
(3) Benefits-Costs Ratio	See response to (1) above	(4) Net Benefit	See response to (1) above
(5) Indirect Costs & Benefits	See response to (1) above		

(6) Information Sources	See response to (1) above
(7) Optional	See response to (1) above

### **Impact on Local Partners**

- (1) Describe the direct costs and benefits (as defined on page 1) for local partners in terms of real monetary costs and FTEs. Local partners include local or tribal governments, school divisions, or other local or regional authorities, boards, or commissions. If local partners are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
  - (a) Enter estimated dollar value of total (overall) direct costs described above.
  - (b) Enter estimated dollar value of total (overall) direct benefits described above.
- (3) Indirect Costs & Benefits: Describe any indirect benefits and costs (as defined on page 1) for local partners that are associated with all significant changes. If there are no indirect costs or benefits, include a specific statement to that effect.
- (4) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why they are not.
- (5) Assistance: Identify the amount and source of assistance provided for compliance in both funding and training or other technical implementation assistance.
- (6) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

**Table 2: Impact on Local Partners**

(1) Direct Costs & Benefits	Local partners will not incur any direct costs or benefits of the regulatory change as they do not operate services subject to the mandates contained in the regulatory action.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a) \$0
Direct Benefits	(b) \$0
(3) Indirect Costs & Benefits	DMAS is not aware of any quantifiable indirect costs. DMAS is not aware of any quantifiable indirect benefits.

(4) Information Sources	DMAS Budget Division
(5) Assistance	N/A
(6) Optional	There are no direct or indirect costs or benefits resulting from these changes.

### **Economic Impacts on Families**

- (1) Describe the direct costs and benefits (as defined on page 1) to a typical family of three (average family size in Virginia according to the U. S. Census) arising from any proposed regulatory changes that would affect the costs of food, energy, housing, transportation, healthcare, and education. If families are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
  - (a) Enter estimated dollar value of direct costs.
  - (b) Enter estimated dollar value of direct benefits.
- (3) Indirect Costs & Benefits: Describe any indirect costs and benefits (as defined on page 1) to a typical family of three that are most likely to result from the proposed changes.
- (4) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.
- (5) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

**Table 3: Impact on Families**

(1) Direct Costs & Benefits	Families will not incur any direct costs or benefits of the regulatory change as they are not subject to the mandates contained in this regulatory action.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a) \$0
Direct Benefits	(b) \$0
(3) Indirect Costs & Benefits	DMAS is not aware of any quantifiable indirect costs. DMAS is not aware of any quantifiable indirect benefits.

(4) Information Sources	DMAS' Budget Division and Virginia Commonwealth University
(5) Optional	<p>There are no direct or indirect costs or benefits resulting from these changes.</p> <p>From a qualitative perspective, the benefits of this regulatory action include increased access to care, fewer unmet needs, reduced out-of-pocket expenses for health care, and reduced emergency room utilization, among others.</p>

### **Impacts on Small Businesses**

- (1) Describe the direct costs and benefits (as defined on page 1) for small businesses. For purposes of this analysis, "small business" means the same as that term is defined in § 2.2-4007.1. If small businesses are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
  - (a) Enter estimated dollar value of direct costs.
  - (b) Enter estimated dollar value of direct benefits.
- (3) Indirect Costs & Benefits: Describe the indirect benefits and costs (as defined on page 1) for small businesses that are most likely to result from the proposed changes.
- (4) Alternatives: Add a qualitative discussion of any equally effective alternatives that would make the regulatory burden on small business more equitable compared to other affected business sectors, and how those alternatives were identified.
- (5) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.
- (6) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

**Table 4: Impact on Small Businesses**

(1) Direct Costs & Benefits	<p>Direct Costs: DMAS is not aware of any quantifiable direct costs at this time.</p> <p>Direct Benefits: DMAS is not aware of any quantifiable direct benefits at this time.</p>
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a) \$0

Direct Benefits	(b) \$0
(3) Indirect Costs & Benefits	DMAS is not aware of any quantifiable direct costs at this time. DMAS is not aware of any quantifiable direct benefits at this time.
(4) Alternatives	Because the change being made by this regulatory action are non-discretionary, there are not alternatives for DMAS to consider.
(5) Information Sources	DMAS' Budget Division
(6) Optional	From a qualitative perspective, the regulation action reduces uninsured rates for small business employees. It also increases access to services, such as preventive care, which in turn, can strengthened the health of the small businesses workforce.

### **Changes to Number of Regulatory Requirements**

*For each individual VAC Chapter amended, repealed, or promulgated by this regulatory action, list (a) the initial requirement count, (b) the count of requirements that this regulatory package is adding, (c) the count of requirements that this regulatory package is reducing, (d) the net change in the number of requirements. This count should be based upon the text as written when this stage was presented for executive branch review. Five rows have been provided, add or delete rows as needed.*

**Table 5: Total Number of Requirements**

	Number of Requirements			
Chapter number	Initial Count	Additions	Subtractions	Net Change
70	519	31	0	550
80	561	13	0	574
160	New	102	0	102