

Office of Regulatory Management
Economic Review Form

Agency name	State Board of Social Services
Virginia Administrative Code (VAC) Chapter citation(s)	22VAC 40-73
VAC Chapter title(s)	Standards for Licensed Assisted Living Facilities
Action title	Amendments to establish a minimum amount of liability insurance
Date this document prepared	June 18, 2025
Regulatory Stage (including Issuance of Guidance Documents)	Final

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

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

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: <ul style="list-style-type: none"> • Chapter 580 of the 2023 Acts of Assembly requires the Department of Social Services (DSS) to promulgate regulations that require all assisted living facilities (ALF) to maintain a minimum amount of liability insurance. All changes are mandated by this legislation.
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	<ul style="list-style-type: none"> • There is a cost for each ALF to purchase and maintain liability insurance. The specific amount will vary by ALF location, licensed capacity, risk assessed by the individual liability company and market rate. • A survey was completed by DSS to all licensed ALF to identify barriers and determine monthly costs. The survey was sent to 566 ALF. A total of 83 responses were received, of which 17 reported the monthly premium for obtaining the required liability insurance. Controlling for outliers, the average monthly cost with this data set is \$1,515 per month. • Estimated total annual cost is \$18,180. <p>Indirect Costs: There are no monetized indirect costs with this proposed change.</p> <p>Direct Benefits:</p> <ul style="list-style-type: none"> • The 2024 General and Professional Liability Benchmark report forecasts the frequency of claims against long-term care providers to be .31 per 100 beds served. The average cost of claims projected by this study for 2024 is \$246, 800. • The resident will have monetary protection against accident or harm while in the ALF. • The ALF will have protection against lawsuits related to incidents in the facility. <p>Indirect Benefits: There are no monetizable indirect benefits with this change.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Varies based on insurance policy premiums. Estimated \$400-\$2,500 a month.	(b) \$0
(3) Net Monetized Benefit	There is no net monetized benefit.	
(4) Other Costs & Benefits (Non-Monetized)	There are no other costs or non monetized benefits expected.	
(5) Information Sources	2022 General and Professional Liability Benchmark Report for Senior Living and Long-Term Care providers published March 2023. 2024 General and Professional Liability Benchmark Report for senior living and long-term care providers published September 2024.	

	DSS ALF provider survey, January 2025.
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Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: There are no costs by maintaining the status quo for continuing to have regulated liability insurance requirements for ALF. Some ALF had a liability insurance policy prior to the emergency regulations.</p> <p>Indirect Costs: There are no monetizable indirect costs with this maintaining the status quo.</p> <p>Direct Benefits: There are no monetizable direct benefits with maintaining the status quo.</p> <p>Indirect Benefits: There are no monetizable direct benefits with maintaining the status quo.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0	(b) \$0
(3) Net Monetized Benefit	\$0	
(4) Other Costs & Benefits (Non-Monetized)	<p>Costs:</p> <ul style="list-style-type: none"> Maintaining the status quo of having no liability insurance policy requirements does not provide protection for ALF residents for injury, neglect, or accidents, nor would the ALF be protected if a lawsuit was filed. <p>Benefits:</p> <p>There are no non-monetized benefits associated with maintaining the status quo.</p>	
(5) Information Sources		

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: As of April 4, 2025, there are eight ALF operated by local partners. Direct costs would be the cost of the liability insurance policy based on licensed capacity.</p> <p>Indirect Costs: There are no monetizable indirect costs.</p> <p>Direct Benefits:</p> <ul style="list-style-type: none"> • The resident will have monetary protection against accident or harm while in the ALF run by local partners. • The ALF run by local partners will have protection against lawsuits related to incidents in the facility <p>Indirect Benefits: There are no monetizable indirect benefits.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)	There is no other non-monetized costs and benefits.	
(4) Assistance	There is no assistance since the requirement for maintaining liability insurance based on licensed capacity is from Chapter 580 of the Acts of the General Assembly (2023).	
(5) Information Sources		

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: There are no direct costs to families.</p> <p>Indirect Costs: There are no indirect costs to families.</p> <p>Direct Benefits: There are no direct benefits to families.</p> <p>Indirect Benefits: There are no indirect benefits to families.</p>	
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(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0	(b) \$0
(3) Other Costs & Benefits (Non-Monetized)	<p>There are no non-monetized costs to the families.</p> <p>Benefits:</p> <ul style="list-style-type: none"> Should an accident, injury, or maltreatment occur, families would know that ALF are required to maintain liability insurance for protection of the resident. 	
(4) Information Sources		

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs:</p> <ul style="list-style-type: none"> DSS does not collect information on whether the facilities are small businesses but estimates that over half of the ALF are small businesses. There is a cost for each ALF to purchase and maintain liability insurance. The specific amount will vary by ALF location, licensed capacity, risk assessed by the individual liability company and market rate. This action is mandated by the 2023 Acts of Assembly, which added a tiered insurance requirement that increases based on licensed capacity. This requires ALF with smaller capacity to have less liability insurance per occurrence than larger ALF facilities to reduce cost. <p>Indirect Costs: There are no monetizable indirect costs.</p> <p>Direct Benefits: There are no monetizable direct benefits.</p> <p>Indirect Benefits: There are no monetizable indirect benefits.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits

	(a) Varies based on insurance policy premiums between \$400-\$2,500 a month.	(b)
(3) Other Costs & Benefits (Non-Monetized)	There are no non-monetized cost and benefits.	
(4) Alternatives	There is no alternative since the requirement for maintaining liability insurance based on licensed capacity is from Chapter 580 of the Acts of the General Assembly (2023).	
(5) Information Sources	2022 General and Professional Liability Benchmark Report for Senior Living and Long-Term Care providers published March 2023. 2024 General and Professional Liability Benchmark Report for senior living and long-term care providers published September 2024. DSS provider survey, January 2025.	

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
45	(M/A):	0	0		
	(D/A):	0	0		
	(M/R):	3		-1	-1
	(D/R):	0	0		
50	(M/A):	1	0	-1	-1
	(D/A):	0	0		
	(M/R):	19	0	-2	-2
	(D/R):	5	0		
390	(M/A):	1	0	-1	-1
	(D/A):	0	0		
	(M/R):	12	0	-1	-1
	(D/R):	16	0	-1	-1
				Grand Total of Changes in Requirements:	(M/A): -2 (D/A): (M/R): -4 (D/R): -1

Key:

Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:

(M/A): Mandatory requirements mandated by federal and/or state statute affecting the agency itself

(D/A): Discretionary requirements affecting agency itself

(M/R): Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

(D/R): Discretionary requirements affecting external parties, including other agencies

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved*	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden
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Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Word Count	New Word Count	Net Change in Word Count

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).