



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

12 VAC 5-407 Regulations for the Submission of Health Maintenance Organization Quality of Care Performance Information
Department of Health
May 7, 2015

Summary of the Proposed Amendments to Regulation

The State Board of Health (Board) proposes to: 1) update definitions, 2) amend language to improve clarity, and 3) remove obsolete language.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Code of Virginia § 32.1-276.5 (B) requires health maintenance organizations (HMOs) to annually submit audited data to the State Health Commissioner, and that the Board promulgate regulation to implement this requirement. The Regulations for the Submission of Health Maintenance Organization Quality of Care Performance Information are such regulation.

None of the Board's proposed amendments change requirements in practice. Proposed language changes will enable readers of the regulation to more accurately understand requirements in practice. Thus the proposed amendments will likely produce a small net benefit.

Businesses and Entities Affected

The proposed amendments pertain to the 10 HMOs with active licenses to operate in the Commonwealth of Virginia. None of these firms are small businesses.¹

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

¹ Data source: Virginia Department of Health

Projected Impact on Employment

The proposed amendments will not affect employment.

Effects on the Use and Value of Private Property

The proposed amendments will not significantly affect the use and value of private property.

Small Businesses: Costs and Other Effects

The proposed amendments will not significantly affect small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments will not significantly affect small businesses.

Real Estate Development Costs

The proposed amendments 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:

- 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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