



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

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**12 VAC 30-120 – Waivered Services**  
**12 VAC 30-141 – Family Access to Medical Insurance Security Plan**  
**Department of Medical Assistance Services**  
November 10, 2005

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation 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. The analysis presented below represents DPB's best estimate of these economic impacts.

### **Summary of the Proposed Regulation**

The Board of Medical Assistance Services (board) proposes to exempt those children who are concurrently enrolled in the Virginia Birth-Related Neurological Injury Compensation Program and either the Medical Assistance Program (Medicaid) or the children's health insurance program offered pursuant to Title XXI of the Social Security Act (called FAMIS in Virginia) from any managed care requirement.

### **Estimated Economic Impact**

In 1987, the Virginia General Assembly established the Virginia Birth-Related Neurological Injury Compensation Program (Code of Virginia § 38.2-5000, et seq.). This program (referred to as the "Birth Injury Fund") provides payment for the high cost medical needs of children who sustain brain injuries during their birth. A small number of children who participate in this fund have concurrent coverage under the managed care or primary care case

management (PCCM) component of either the Virginia Medicaid program or Virginia's Family Access To Medical Insurance Security Plan (FAMIS). Primary care physicians and managed care organizations providing care to either FAMIS and/or Medicaid recipients have had difficulty coordinating benefits for children covered by the Birth Injury Fund. Both the Birth Injury Fund program and the managed care organizations have case managers; it has been confusing for affected individuals to work with multiple case managers.

In order to address this difficulty, the board proposes to exempt Birth Injury Fund enrolled children from Medicaid and FAMIS managed care and PCCM. These children will receive Medicaid services through the fee for service model rather than through managed care. According to the Department of Medical Assistance Services (DMAS), the children in question are unlikely to be affected in terms of services received. Statewide, managed care organizations will lose about four clients per year.<sup>1</sup> Over the time covered, the costs for managed care organizations concerning Birth Injury Fund children could either exceed or be less than Medicaid reimbursement in practice. In either case the difference will be small. Thus, the proposed exemption of Birth Injury Fund children from Medicaid and FAMIS managed care and PCCM will not significantly affect the managed care organizations' profits. Given the decrease in confusion and perhaps duplicative efforts by case managers, and no reduction in services or profits or increase in costs, the proposed amendments should create a net benefit.

## **Businesses and Entities Affected**

The proposed amendments will affect the children who are both participants in the Birth Injury Fund and have had concurrent coverage under the managed care or primary care case management component of either the Virginia Medicaid program or FAMIS. According to DMAS, there were four such individuals over the past year. The proposed amendments also affect the managed care organizations where these children have been covered.

## **Localities Particularly Affected**

The proposed amendments do not disproportionately affect any particular locality.

## **Projected Impact on Employment**

The proposed amendments do not significantly affect employment.

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<sup>1</sup> Source: Department of Medical Assistance Services

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

About handful of managed care organizations may serve one or two fewer clients. This will not significantly affect the value of these organizations.

## **Small Businesses: Costs and Other Effects**

Three or four managed care organizations may serve one or two fewer clients. These organizations will most likely not be small businesses. Regardless of their size, their net costs will not likely be significantly affected.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

Small businesses are not adversely affected by the proposed amendments.