



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 30 – 50; 30 – 120 Program of All-Inclusive Care for the Elderly (PACE)
Department of Medical Assistance Services
October 10, 2008

Summary of the Proposed Amendments to Regulation

The proposed changes will move the PACE regulations from the waiver section of Medicaid regulations to the State Plan for Medical Assistance Services section.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Program of All-Inclusive Care for the Elderly (PACE) provides community based services that are alternative to nursing facility care to the recipients through an adult day health care center.

The PACE program started as a waiver program and its rules were placed in the waiver section of Medicaid regulations (12 VAC 30-120). On January 1, 2007, the Centers for Medicare and Medicaid (CMS) allowed Virginia to offer PACE program as an optional State Plan service rather than a waiver service. Consequently, the proposed changes will move the PACE rules into the section of Medicaid regulations where State Option service regulations are housed (12 VAC 30-50).

A waiver service, unlike a state plan service, waives either one of the three primary federal limitations: statewideness; comparability of services, and free choice of providers. So, making a waiver service a state plan service would normally mean a change in statewideness, comparability of services, or free choice of providers. However, in this particular case, CMS granted exemptions so that there was no change in statewideness, comparability of services, and free choice of providers. In short, the proposed movement of the regulations will produce no

change in practice. Thus, no significant economic effect is expected from the proposed regulations other than providing a small benefit in terms of the consistency in housing all of the state option services under the same section.

Businesses and Entities Affected

The proposed regulations apply to PACE providers and recipients. In 2006, there were one provider and 122 enrollees.

Localities Particularly Affected

The regulations apply throughout the Commonwealth, but, the only provider was located in Tidewater area.

Projected Impact on Employment

No significant effect on employment is expected.

Effects on the Use and Value of Private Property

No significant effect on the use and value of private property is expected.

Small Businesses: Costs and Other Effects

Proposed regulations have no costs or other effects on small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

Proposed regulations have no adverse impact on small businesses.

Real Estate Development Costs

Proposed regulations have no real estate development costs.

Legal Mandate

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 36 (06). 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. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.