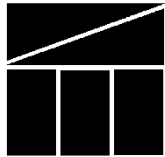


Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes  Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



## Virginia Department of Planning and Budget Economic Impact Analysis

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### 12 VAC 30-80 – Methods and Standards for Establishing Payment Rates – Other Types of Care

Department of Medical Assistance Services

Town Hall Action/Stage: 4910/8058

November 16, 2017

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#### Summary of the Proposed Amendments to Regulation

Pursuant to Chapter 665, Item 301.DDD.4, of the 2015 Acts of the Assembly; Chapter 780, Item 306.RRR.4, of the 2016 Act of the Assembly; and Chapter 836, Item RRR.4, of the 2017 Acts of the Assembly, the Director of the Department of Medical Assistance Services (Director) proposes to amend the State Plan for Medical Assistance (State Plan). Specifically, this amendment will set parameters for supplemental Medicaid payments for outpatient clinical services furnished by the Virginia Department of Health (VDH).

#### Result of Analysis

Benefits likely outweigh costs for these proposed regulatory changes.

#### Estimated Economic Impact

In the last three appropriations acts, the General Assembly (GA) has authorized supplemental Medicaid payments for state-owned clinics operated under the auspices of VDH and directed the Department of Medical Assistance Services (DMAS) to amend the State Plan to implement those supplemental payments effective July 1, 2015. The GA further directed that “(t)he total supplemental payment shall be based on the Upper Payment Limit approved by the Centers for Medicare Services and all other Medicaid payments. VDH is required to transfer funds to the department [DMAS] funds already appropriated to VDH to cover the non-federal

share of the Medicaid payments.” The Director now proposes an action to harmonize this regulation with the changes made to the State Plan and already approved by the Centers for Medicare and Medicaid Services.

This change will allow VDH to receive greater reimbursement for clinic services they provide. DMAS staff reports that that VDH received \$394,723 in supplemental Medicaid payments during the last year and further reports that they expect annual payments going forward would be roughly similar. Half of these supplemental payments are state funds from existing VDH allocations and half are federal matching funds. This regulatory change will benefit any interested party who chooses to read the regulations as it conforms the regulation to with federal rules and Virginia statute and, therefore, eliminates the possibility that discrepancies may cause confusion.

### **Businesses and Entities Affected**

This proposed regulatory action will affect all state-owned and VDH-operated clinics in the Commonwealth. DMAS staff reports that VDH currently operates 130 such clinics.

### **Localities Particularly Affected**

No localities will be particularly affected by this proposed change.

### **Projected Impact on Employment**

Employment in the Commonwealth is unlikely to be significantly affected by this proposed regulation.

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

This proposed regulatory change is unlikely to affect the use or value of private property in the Commonwealth.

### **Real Estate Development Costs**

These proposed regulatory changes are unlikely to affect real estate development costs in the Commonwealth.

### **Small Businesses:**

#### **Definition**

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and

(ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

### **Costs and Other Effects**

No small businesses are likely to be affected by this regulatory action.

### **Alternative Method that Minimizes Adverse Impact**

No small businesses are likely to be affected by this regulatory action.

### **Adverse Impacts:**

#### **Businesses:**

No businesses are likely to suffer adverse impacts on account of this proposed regulatory action.

#### **Localities:**

No locality is likely to suffer adverse impacts on account of this proposed regulatory action.

#### **Other Entities:**

No other entities are likely to suffer adverse impacts on account of this proposed regulatory action.

### **Legal Mandates**

**General:** The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 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: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

**Adverse impacts:** Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) 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, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving

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the purpose of the proposed regulation. Additionally, pursuant to Code § 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 shall be notified.