Office of Regulatory Management

Economic Review Form

Agency name	Department of Behavioral Health and Developmental Services
Virginia Administrative Code (VAC) Chapter citation(s)	12 VAC 35-46
VAC Chapter title(s)	Regulations for Children's Residential Facilities
Action title	Amendments to align with ASAM criteria in children's residential facilities
Date this document prepared	August 26, 2022

Cost Benefit Analysis

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

(1) Direct Costs & Benefits	**Describe proposed impactful change:** This regulatory action amends the Regulations for Children's Residential Facilities [12VAC35- 46] to align with the ASAM Levels of Care Criteria 3.1 and 3.5, which ensures individualized, clinically driven, participant-directed and outcome-informed treatment. Since 2015, Federal policy has required that states demonstrate that providers met the ASAM criteria prior to participating in the Medicaid program. In Virginia, DMAS demonstrated this by hiring the Westat firm to certify that the providers met the Criteria. There are no ASAM level 3.1 providers for children in the Commonwealth, and the two level 3.5 providers accept Medicaid, and therefore, were in compliance with ASAM Criteria prior to the establishment of these regulations. Direct Costs: • There are only two providers of ASAM 3.5 level services for children in the Commonwealth (Clinically Managed Medium-Intensity Residential Services) and zero providers of level 3.1 services (Clinically Managed Low-Intensity Residential Services). Both providers accept Medicaid, and therefore, have been in compliance with ASAM criteria since at least 2015. Therefore, there were no known costs to providers associated with this regulation change. Should additional ASAM level 3.1 or 3.5 providers are created, they may face additional costs to certain staffing requirements, however, there are no immediate plans for additional providers to enter the marketplace, therefore, **an exact dollar amount cannot be determined.** Direct Benefits: • This regulatory change will benefit patients by ensuring a higher quality of substance use disorder treatment that aligns with the

	American Society of Addition Medicine (ASAM) Criteria – the most widely used and comprehensive set of guidelines for the placement, stay, transfer and discharge of patients with addiction and co-occurring conditions. ASAM is comprised of addiction subject matter experts, and its criteria represents the best practices in the area of addiction treatment systems backed by those experts. By aligning provider licensing requirements with best practices, we can expect that quality of substance use disorder treatment will improve, minimizing the number of deaths associated with substance use, increasing rates of recovery, reducing crime and incarceration, reducing recidivism of in-patient hospital stays, and reducing ED utilization for substance use treatment. However, the emergency regulations and DMAS Medicaid regulations have not been in place long enough to garner sufficient data on treatment outcomes, **therefore an exact dollar amount cannot be determined.**

(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a)	(c)	
Direct Benefits	(b)	(d)	
(3) Benefits-Costs Ratio		(4) Net Benefit	

(5) Indirect Costs & Benefits	There are no known indirect costs or benefits.
(6) Information Sources	
(7) Optional	

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct Costs & Benefits	• **Describe the current requirement associated with the first proposed impactful change described in Table 1a here.** Table is not needed, as this regulation was mandated by the General Assembly, and required to align with DMAS Medicaid Services. DBHDS did not exercise agency discretion in these regulations.

(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a)	(c)	
Direct Benefits	(b)	(d)	
(3) Benefits-Costs Ratio		(4) Net Benefit	
(5) Indirect Costs & Benefits			
(6) Information Sources			
(7) Optional			

Table 1c: Costs and Benefits under an Alternative Approach

(1) Direct Costs & Benefits	• **Describe first alternative proposed impactful change here.** Table is not needed, as this regulation was mandated by the General Assembly, and required to align with DMAS Medicaid Services. DBHDS did not exercise agency discretion in these regulations.		
(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a)	(c)	
Direct Benefits	(b)	(d)	
(3) Benefits-Costs Ratio		(4) Net Benefit	
(5) Indirect Costs & Benefits			

(6) Information Sources	
(7) Optional	

Impact on Local Partners

Table 2: Impact on Local Partners

(1) Direct Costs & Benefits	This regulation will likely provide benefits to local partners, including school divisions and local law enforcement. The regulation aligns DBHDS licensing regulations with the American Society of Addiction Medicine (ASAM) Levels of Care Criteria to ensure the provision of outcome-oriented and strengths based care in the treatment of addiction. As quality of substance use disorder care improves, we can expect treatment outcomes to improve, reducing the burden of adolescent substance use disorder on local law enforcement and school divisions. However, the emergency regulations and DMAS Medicaid regulations have not been in place long enough to garner sufficient data on treatment outcomes, **therefore an exact dollar amount cannot be determined.**
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a)
Direct Benefits	(b)
(3) Indirect Costs & Benefits	
(4) Information Sources	
(5) Assistance	
(6) Optional	

Economic Impacts on Families

Table 3: Impact on Families

(1) Direct Costs & Benefits	This regulation would not have any impact to a typical family of three related to the costs of food, energy, housing, transportation, healthcare or education. However, if a family member is struggling with substance use disorder and requires residential treatment services, then we can expect that improved quality of treatment services will increase rates of recovery. Increased rates of recovery would result in lower health care costs associated with additional in-patient hospital stays, ED visits, and medical complications from substance use disorder. However, the emergency regulations and DMAS Medicaid regulations have not been in place long enough to garner sufficient data on treatment outcomes, **therefore an exact dollar amount cannot be determined.**
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a)
Direct Benefits	(b)
(3) Indirect Costs & Benefits	
(4) Information Sources	
(5) Optional	

<u>Impacts on Small Businesses</u>

Table 4: Impact on Small Businesses

(1) Direct Costs & Benefits	There are no known costs or benefits to small businesses. There are only two providers in Virginia that are subject to the purview of these regulations, and they were evaluated in 2015 to be in compliance with ASAM Criteria.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a)

Direct Benefits	(b)
(3) Indirect Costs & Benefits	
(4) Alternatives	
(5) Information Sources	
(6) Optional	

Changes to Number of Regulatory Requirements

Table 5: Total Number of Requirements

	Number of Requirements			
Chapter number	**Initial Count**	**Additions**	**Subtractions**	**Net Change**
46	57	64*	0	64

(*All amendments are state mandates on the regulant due to General Assembly mandate regarding specific criteria.)