

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

---

**12 VAC 30-60 Standards Established and Methods Used to Assure High Quality Care  
Department of Medical Assistance Services  
Town Hall Action/Stage: 4342/7694  
June 13, 2017**

---

### Summary of the Proposed Amendments to Regulation

Pursuant to a legislative mandate, the Department of Medical Assistance Services (DMAS) proposes to incorporate into the regulation preadmission screening policies that are currently followed. DMAS also proposes to establish a new training program for the entities that conduct preadmission screening.

### Result of Analysis

The benefits likely exceed the costs for all proposed changes.

### Estimated Economic Impact

The existing regulation for nursing facility criteria and preadmission screening (PAS) was first promulgated in 1994 and amended in 2002. The regulation includes the criteria for receiving Medicaid-funded community-based and nursing facility long term services and supports (LTSS). Item 301 QQQQ.1 of the 2015 Appropriation Act<sup>1</sup> directed DMAS to promulgate emergency regulations to “improve the preadmission screening process for individuals who will be eligible for long-term care services.” This proposed action follows the emergency regulation and incorporates the changes already made on a permanent basis.

---

<sup>1</sup> This language is continued in the 2016 and 2017 Appropriation Acts. See Item 306 PPP.2 of the 2016 Appropriation Act and Item 306 PPP.2 of the 2017 Appropriation Act.

Before the emergency regulation went into effect, the regulation was silent regarding acceptance of requests for screenings, timeframes for completing or referring requests to a contractor, and tracking mechanisms for statewide consistency in the assurance of quality services and to ensure health, safety, and welfare for individuals requesting Medicaid-funded LTSS. Also absent were definitions and requirements to standardize and regulate community-based and hospital PAS teams when accepting requests for screenings, managing those requests within the established time period, and reporting the outcomes of the screenings once individuals receive screenings.

According to DMAS, the proposed regulation incorporates language on those issues consistent with the practices that have already been followed based on provider service manuals and guidance. Improving the clarity of the requirements in regulation may however help standardize, enforce, and improve the processes used to determine the appropriate type and quantity of services for the recipients.

Additionally, the proposed changes include a new training requirement for screening entities and their staff performing screenings for every three years.<sup>2</sup> The training program will provide testing that staff must pass at a standard of 80% success rate in order for them to be authorized to conduct screenings. The training is expected to take approximately eight hours to complete. DMAS will be contracting this element via the state proposal process and the system will be available online to avoid travel time and expenses. The development of the training module is expected to be accomplished by using approximately \$100,000 in federal grant funds received for that purpose. The main benefit expected is more reliable and accurate eligibility determinations conducted in a timely fashion, which in turn would help eliminate unnecessary long term care expenses and make sure those who need the services get access to them as soon as possible. A training program was a specific recommendation of the Joint Legislative Audit and Review Commission in its report about pre-admission screening.<sup>3</sup> The proposed regulation provides for a delayed effective date of the onset of this training requirement to permit local agency staff and hospital staff time to fulfill this requirement.

---

<sup>2</sup> While this regulation was undergoing development, Chapter 749 of the 2017 *Acts of Assembly* added a statutory requirement that screeners be trained and certified.

<sup>3</sup> See <http://jlarc.virginia.gov/pdfs/reports/Rpt489.pdf>

**Businesses and Entities Affected**

There are approximately 1,000 individuals working for 120 Local Departments of Social Services, 117 Local Virginia Department of Health Clinics, and 108 hospitals performing screenings. These entities performed 35,866 screenings from May 2015 to August 2016.

**Localities Particularly Affected**

The proposed changes do not disproportionately affect particular localities.

**Projected Impact on Employment**

The proposed regulation will require training estimated to take about 8 hours. Thus, the demand for labor will increase somewhat. However, the training may increase the efficiency of screening staff reducing the demand for labor to some extent. Improved accuracy of determinations may reduce quantity of services provided unnecessarily and increase the quantity of appropriately provided services affecting the demand for labor in opposite directions.

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

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

**Real Estate Development Costs**

No impact on real estate development costs is expected.

**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**

There are no small businesses performing preadmission screenings.

**Alternative Method that Minimizes Adverse Impact**

No adverse impact on small businesses is expected.

**Adverse Impacts:****Businesses:**

Under the proposed amendments, hospitals will be required to have their staff complete the preadmission screening training.

**Localities:**

The proposed amendments will not adversely affect localities.

**Other Entities:**

The proposed amendments will require staff conducting screenings at Local Departments of Social Services and Local Virginia Department of Health Clinics complete training.

**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 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.

000