



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

12 VAC 30-10 State Plan under Title XIX of the Social Security Act Medical Assistance Program; General Provisions

Department of Medical Assistance Services

Town Hall Action/Stage: 6476 / 10346

March 10, 2026

The Department of Planning and Budget (DPB) 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 19. The analysis presented below represents DPB's best estimate of the potential economic impacts as of the date of this analysis.¹

Summary of the Proposed Amendments to Regulation

The director of the Department of Medical Assistance Services (DMAS) proposes to amend language pertaining to Medicaid fair hearings for applicants and beneficiaries, in part to repeal obsolete language referring to the federally assisted health benefits exchange as it relates to hearings on certain eligibility determinations.

Background

The regulatory language being amended in this action pertains to Medicaid fair hearings, and thereby establishes the appeals authority for Medicaid adverse eligibility determinations. In the current regulation, these appeals include determinations made previously by the federally assisted health insurance exchange. However, Chapter 916 of the 2020 *Acts of Assembly*² created the Health Benefit Exchange Division within the State Corporation Commission (SCC) to oversee Virginia's transition to a state-based exchange (SBE); this is also referred to as the

¹ Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis 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.

² <https://legacylis.virginia.gov/cgi-bin/legp604.exe?201+ful+CHAP0916>

Virginia Health Benefit Exchange. According to DMAS, the SBE went live in November 2023. Now that the SBE is operational, the health and human services appeals entity within the federally facilitated exchange no longer conducts Medicaid fair hearings with respect to eligibility based on applicable modified adjusted gross income (MAGI). Instead, DMAS has been conducting all de novo fair hearings since November 2023, regardless of whether or not they pertain to eligibility based on MAGI.

To comport with current practices, this regulatory action removes obsolete language referring to the federally facilitated exchange regarding hearings related to eligibility based on MAGI. It also references the appeals authority presently used by DMAS, which is found in another DMAS regulation (12VAC30-110 through 12VAC30-110-370).

Estimated Benefits and Costs

Because the proposed action would repeal language rendered obsolete by Virginia's transition to the SBE in 2023, no significant economic impact is expected from this regulatory action other than accurately reflecting the current appeals entity for eligible Medicaid recipients based on MAGI.

Businesses and Other Entities Affected

The proposed regulatory change would affect readers of the regulation as it pertains to appropriate appeals authority for eligibility determinations made by the state-based exchange. According to the marketplace open enrollment metrics published by SCC, the number of consumers determined eligible for Medicaid or Family Access to Medical Insurance Security plan via the Marketplace in 2025 was 39,853.³ The number of exchange-related appeals in 2024 and 2025 was 17 and 8 respectively. No Medicaid eligible recipient appears to be disproportionately affected.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.⁴ An adverse impact is indicated if there is any increase in net cost or

³ <https://www.marketplace.virginia.gov/sites/default/files/2025-12/Virginia%27s%20Insurance%20Marketplace%20-%20PY2025%20OE%20Metrics%20-%202025.01.23%20%2826%29.pdf>

⁴ Pursuant to Code § 2.2-4007.04(D): 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

reduction in net benefit for any entity, even if the benefits exceed the costs for all entities combined.⁵ As noted above, the proposal would remove outdated language, thereby conforming to current practices. Thus, no adverse impact is indicated.

Small Businesses⁶ Affected:⁷

The proposed amendments do not adversely affect small businesses.

Localities⁸ Affected⁹

The proposed amendments do not create costs for localities, nor do they disproportionately affect any locality.

Projected Impact on Employment

The proposed amendments should not affect employment.

Effects on the Use and Value of Private Property

No impact on the use and value of private property nor on real estate development costs is expected.

Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance.

⁵ Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation. As a result, DPB has adopted a definition of adverse impact that assesses changes in net costs and benefits for each affected Virginia entity that directly results from discretionary changes to the regulation.

⁶ 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.”

⁷ 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.

⁸ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

⁹ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.