Virginia Department of Planning and Budget

Economic Impact Analysis

12 VAC 30-20 Administration of Medical Assistance Services
Department of Medical Assistance Services
Town Hall Action/Stage: 7029/11203 Fast-Track
August 28, 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 Board of Medical Assistance Services (Board) seeks to repeal obsolete text in 12 VAC 30-20-110 (Nursing facility resident drug utilization review) and replace it with a compliance statement from the State Plan. Other proposed changes would update references to the "state survey agency" with the "Office of Licensure and Certification (OLC) of the Virginia Department of Health" or "OLC" and reflect that the OLC no longer contracts with the State Fire Marshal's Office.

Background

This regulatory action follows a 2025 review of certain sections of the State Plan, which resulted in a State Plan Amendment that is identical to the proposed changes.[2] According to the Department of Medical Assistance Services (DMAS), in addition to aligning the regulation with the State Plan, this action would also update stakeholders that Virginia remains in compliance with current federal nursing facility regulations.

DMAS reports that the requirement for the text currently in 12 VAC 30-20-110 (Nursing facility resident drug utilization review) was repealed by the Centers for Medicare and Medicaid

[1] See Code § 2.2-4007.04 (A).
[2] See https://www.dmas.virginia.gov/media/getlvdgc/approved_va-25-0020.pdf.

in 1994. Instead DMAS has a Drug Utilization Review (DUR) Board that monitors nursing facilities' drug regiment review procedures in accordance with 42 CFR 456.703(b).[3] Thus, the Board seeks to repeal all the text currently in 12 VAC 30-20-110 and replace it with a statement that,

> "Viginia is in compliance with drug regimen review procedures prescribed by the Secretary for nursing facilities in regulations at Title 42, Chapter IV, Subchapter C, Part 456, Subpart K § 456.703, § 456.703(b), therefore, prospective and retrospective DUR program drugs dispensed to residents of a nursing facility are not required."

In addition, a reference to the "state survey agency" in Section 272 (Survey and certification education program) would be replaced with "Office of Licensure and Certification (OLC) of the Virginia Department of Health." Subsequent references to "state survey agency" in that section as well as Sections 274 (Process for the investigation of allegations…), 275 (Procedures for scheduling and conduct of standards surveys), 277 (Programs to measure and reduce inconsistency), and 278 (Process for investigations of complaints and monitoring) would be replaced with "OLC."

Lastly, Section 275 currently says, "…the Virginia Department of Health notifies the state agency for the aging ombudsman, the state fire marshal, and other agencies as needed." The Board seeks amend this list to reflect that the OLC no longer contracts with the State Fire Marshal's Office.

Estimated Benefits and Costs

The proposed amendments reflect the State Plan and current practice and would not create any new requirements. As mentioned previously, DMAS reports that the action would update stakeholders that although language about nursing facility-specific DUR would be removed from the VAC, Virginia remains in compliance with current federal nursing facility regulations. The update may better inform some stakeholders and thus may be beneficial.

Businesses and Other Entities Affected

As mentioned previously, the proposed changes would not create any new requirements for any entity as they reflect current practice. Stakeholders, including nursing facilities, their

[3] See https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-C/part-456/subpart-K/section-456.703.

residents, and entities that represent the interests of either party, would benefit from having updated regulations.

The Code 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 reduction in net benefit for any entity, even if the benefits exceed the costs for all entities combined.[5] As proposed changes would align the regulation with the State Plan and reflect current practice, an adverse impact is not indicated.

Small Businesses[6] Affected:[7]

The proposed amendments would not adversely affect small businesses.

Localities[8] Affected[9]

The proposed amendments would not affect any locality in particular. Local governments would not be affected.

Projected Impact on Employment

The proposed amendments would not affect employment.

Effects on the Use and Value of Private Property

The proposed amendments would not affect the use and value of private property. The proposed amendments do not affect real estate development costs.

[4] See Code § 2.2-4007.04 (D).
[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] See Code § 2.2-4007.04 (A.2). and Code § 2.2-4007.1 (C).
[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] Code § 2.2-4007.04 defines "particularly affected" as bearing disproportionate material impact.