



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 30-40; 110 – General Conditions of Eligibility
Department of Medical Assistance Services
August 14, 2009

Summary of the Proposed Amendments to Regulation

The proposed regulations will move the statement of coverage of certain groups of legal immigrant children from state-only regulations to the State Plan for Medical Assistance so that the federal matching funds could be claimed on the expenditures related to this coverage.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The proposed regulations will move the statement of coverage of certain groups of legal immigrant children from state-only regulations to the State Plan for Medical Assistance so that the federal matching funds could be claimed on the expenditures related to this coverage.

Medicaid coverage of non-citizen children has been provided by state-only funds. Section 214 of the Children's Health Insurance Program Reauthorization Act of 2009 now provides an option for states to cover these children and provide federal matching funds. Consequently, the Department of Medical Assistance Services (DMAS) is proposing these changes so that federal funds related to the coverage of legal immigrant children can be claimed. When these regulations become effective, DMAS will be able to retroactively claim funds as of April 1, 2009.

Based on the data Fiscal year 2010 estimates, approximately \$1.4 million in total funds are spent for coverage of 1400 legal immigrant children. The proposed changes will allow DMAS to obtain one half of these funds (\$700,000) from the federal government.

Since there is no change in coverage or the services provided, the main economic effect of the proposed changes is strictly fiscal in that the Commonwealth will be saving approximately

\$700,000 annually. The economic effect of additional funds coming into the Commonwealth will depend on how these savings will be used. If the Commonwealth spends these funds, the net economic effect is expected to be expansionary.

Businesses and Entities Affected

The proposed changes apply to the Medicaid coverage of approximately 1400 legal children.

Localities Particularly Affected

There are no localities affected more than others.

Projected Impact on Employment

If the expected savings are spent, an expansionary impact on economy is expected which would have a positive impact on employment.

Effects on the Use and Value of Private Property

Depending on where the savings are spent, a positive impact on the asset value of certain businesses may be expected.

Small Businesses: Costs and Other Effects

The proposed regulations do not create any costs or other adverse effects on small business.

Small Businesses: Alternative Method that Minimizes Adverse Impact

No adverse impact on small businesses is expected.

Real Estate Development Costs

No effect on real estate development costs is expected.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or

other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.