

Department of Planning and Budget 2017 Fiscal Impact Statement

1. **Bill Number:** HB1944

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Peace

3. **Committee:** Health, Welfare, and Institutions

4. **Title:** Department of Medical Assistance Services and the Department of Behavioral Health/regulations.

5. **Summary:** Sets out additional procedures to be followed by the Department of Medical Assistance Services and the Department of Behavioral Health and Developmental Services when promulgating certain regulations that apply to licensed providers. The bill also requires the Department of Planning and Budget, in conducting the economic impact analysis on proposed regulations of any agency subject to the Administrative Process Act, to provide an opportunity for comment to a business or other entity to which a proposed regulation would apply regarding the anticipated economic impact of the proposed regulation. The bill provides that any such comment shall be considered by the Department of Planning and Budget and included in its economic impact analysis. The bill contains technical amendments.

6. **Budget Amendment Necessary:** Yes – Items 313 and 310.

7. **Fiscal Impact Estimates:** Preliminary – see Item 8.

Expenditure Impact: Department of Behavioral Health and Developmental Services

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	\$0	0.00	-
2018	\$50,000	0.00	GF
2019	\$50,000	0.00	GF
2020	\$50,000	0.00	GF
2021	\$50,000	0.00	GF
2022	\$50,000	0.00	GF
2023	\$50,000	0.00	GF

Expenditure Impact: Department of Medical Assistance Services

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	\$0	0.00	-
2018	\$310,729	3.00	GF
2018	\$310,729	3.00	NGF
2019	\$310,729	3.00	GF
2019	\$310,729	3.00	NGF

2020	\$310,729	3.00	GF
2020	\$310,729	3.00	NGF
2021	\$310,729	3.00	GF
2021	\$310,729	3.00	NGF
2022	\$310,729	3.00	GF
2022	\$310,729	3.00	NGF
2023	\$310,729	3.00	GF
2023	\$310,729	3.00	NGF

8. Fiscal Implications:

Department of Planning and Budget (DPB)

The fiscal impact of the proposed legislation on DPB is indeterminate at this time; however, DPB expects to incur expenses in order to enhance the Virginia Regulatory Town Hall (Town Hall) website to adopt the legislation's provisions, which would go into effect as soon as the bill becomes law. This provision would apply to all regulations reviewed by DPB, not just those related to licensed providers referenced in this bill.

The proposed legislation requires DPB to provide an opportunity for businesses or other entities to which regulation would apply to comment on the anticipated economic impact of the proposed regulation. Currently, the Town Hall website allows the public to submit comments; however, those comments that are submitted to the website address more than the regulation's economic impact. Also, the public comments cannot currently be categorized in the Town Hall website based on whether they address the regulation's economic analysis or are based on another type of analysis or concern. Depending on the scope of the required changes to the Town Hall, DPB may need to hire a temporary contractor in order to develop the changes to the Town Hall website. This bill also appears to require DPB to collect this comment prior to issuing the economic impact analysis. This may require a new comment period. It is not clear how this new comment period would impact the review process and current administrative process required by § 2.2-4007.04, Code of Virginia.

Department of Behavioral Health and Developmental Services (DBHDS)

The bill would require DBHDS to notify all of its providers of any intended, proposed, or final regulatory actions; provide the opportunity for oral or written comment; a summary of the comments received, and an analysis of comments regarding the regulations and the economic impact analysis. Sending direct notifications to each of DBHDS' nearly 11,000 providers may result in an increase in the number of public comments that need to be reviewed, analyzed, and summarized. DBHDS estimates the agency would need one additional part-time employee or contractor to help assist with this task at an annual cost of \$50,000.

Department of Medical Assistance Services (DMAS)

According to DMAS, the proposed legislation's provision to treat provider manuals as regulations would result in additional workload for the agency. Provider manuals would require a full notice and promulgation process, which currently does not exist. The agency estimates that in order to meet the review and notification deadlines, staffing in its Policy Division's Regulations and Manuals unit would need to be increased by six full-time

equivalent employees: four regulatory coordinators and two provider manual reviewers. The estimated cost of the positions is \$621,458; the general fund share is \$310,729.

9. Specific Agency or Political Subdivisions Affected: Departments of Planning and Budget, Behavioral Health and Developmental Services, and Medical Assistance Services.

10. Technical Amendment Necessary: No.

11. Other Comments: Due to the number and volume of provider manuals, DPB may require more time than the allotted 45 days to review to DMAS' regulations.