

**Economic Impact Statement**

LSA Document #10-166

**[IC 4-22-2.1-5](#) Statement Concerning Rules Affecting Small Businesses**

[IC 4-22-2.1-5\(a\)](#) provides that an agency that intends to adopt a rule under [IC 4-22-2](#) that will impose requirements or costs on small businesses must prepare a statement that describes the annual economic impact of the rule on small businesses after the rule is fully implemented as described in [IC 4-22-2.1-5\(b\)](#).

LSA Document #10-166 amends [405 IAC 1-4.2](#) to temporarily change Medicaid reimbursement formulas by reducing rates that are currently paid to providers of home health services by five percent (5%), beginning on the effective date of this rule through June 30, 2011, and repeals [405 IAC 1-4.1](#).

**Economic Impact on Small Businesses****1. Estimated Number of Small Businesses Subject to this Rule:**

[IC 4-22-2.1-4](#) defines a small business as any person, firm, corporation, limited liability company, partnership, or association that:

- (1) is actively engaged in business in Indiana and maintains its principal place of business in Indiana;
- (2) is independently owned and operated;
- (3) employs one hundred (100) or fewer full-time employees; and
- (4) has gross annual receipts of five million dollars (\$5,000,000) or less.

The OMPP estimates that there are 95 providers out of a total of 206 home health agency providers that are Medicaid certified and meet the criteria of [IC 4-22-2.1-4](#) as a small business.

**2. Estimated Average Annual Reporting, Record Keeping, and Other Administrative Costs That Small Business Will Incur:**

For purposes of the Small Business Impact Analysis requirements addressed in [IC 4-22-2.1](#), the FSSA/OMPP consulted with the Indiana Economic Development Corporation (IEDC). Following such consultations and concurrence by IEDC, for purposes of these statutory requirements, the FSSA/OMPP applies generally accepted accounting definitions to the terms "costs" and "revenues." These concepts have definitions that are generally accepted in the accounting profession. A well-known professional accounting publication<sup>1</sup> defines "costs" as: "sacrifice, measured by the price paid, to acquire, produce, or maintain goods or services", and "revenues" as: "gross income generated by selling goods (sales) or by performing services (professional fees, commission income)". The proposed rule will result in a reduction in revenues for providers; however, based on these generally accepted accounting definitions, the reduction in revenues under the proposed rule does not equate to the imposition of additional costs on small businesses. The proposed rule will not impose any additional annual reporting, record keeping, or other administrative costs on small businesses in order to comply with the proposed rule.

**3. Estimated Total Annual Economic Impact on Small Businesses to Comply:**

There is no economic impact that compliance will have on a small business subject to this rule, since no small businesses will incur any additional cost to comply with this rule. Please refer to the information regarding costs and revenues outlined in item #2 above.

**4. Justification Statement of Requirement or Cost:**

This rule imposes no requirement or cost on small businesses.

**5. Regulatory Flexibility Analysis:**

The FSSA does not *[sic]* propose an alternative regulatory method since there are no small businesses that are impacted by this rule.

<sup>1</sup> Siegel, Joel G., Ph.D. and Jae K. Shim, Ph.D. Barron's Accounting Handbook. 4th ed., New York: Barron's Educational Services, 2006.

Posted: 07/14/2010 by Legislative Services Agency

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