Overview of Budget Actions for Health and Human Resources

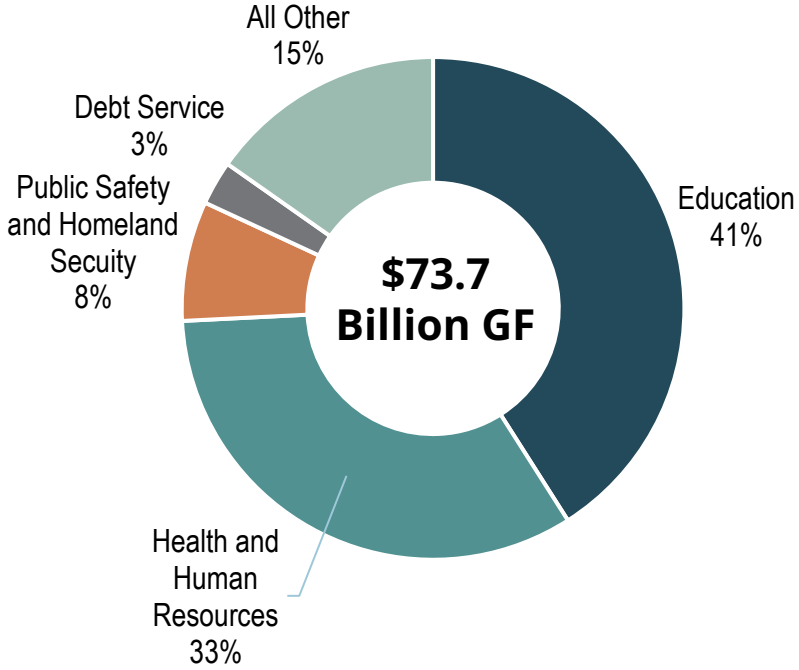
Chapter 1, 2026 Special Session I Acts of Assembly

SFAC Staff Presentation

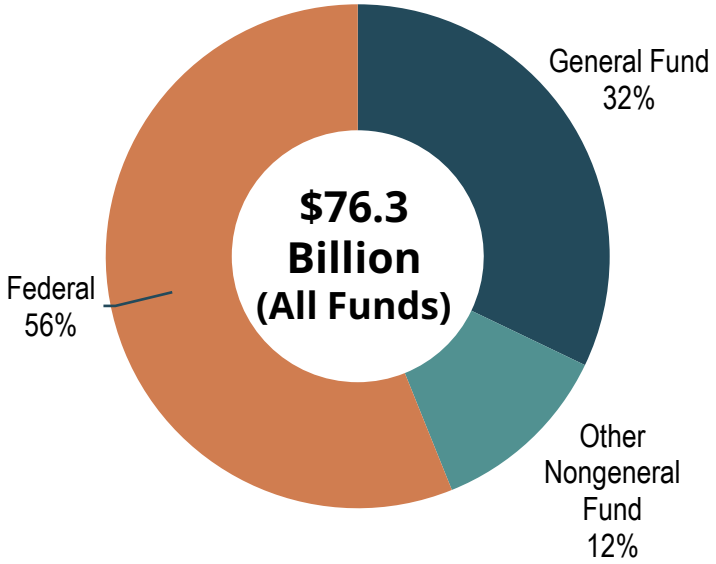
July 8, 2026

Health and Human Resources - 2026-28 Biennial Budget

2026-28 Biennial GF Operating Budget
(Note: $203.5 Billion Budget From All Funds)



HHR Biennial Budget by Fund Source
($24.5 Billion GF)



Source: Chapter 1, 2026 Special Session I Acts of Assembly.

Overview of Health & Human Resources Funding in Chapter 1

- Chapter 1 reflects 2026 Special Session I actions that result in a net increase in HHR of $3.2 billion GF over the biennium above the base budget.

- Mandatory spending changes include:
  - $2.8 billion GF for the Medicaid Forecast;
  - $136.1 million GF for the Children's Services Act:
  - $235.4 million GF for the federal H.R.1 changes to the SNAP Program that shift costs to the state;
  - $93.6 million GF shortfall in the Health Care Fund; and
  - $84.8 million GF for the Children's Health Insurance Programs.

- Major GF discretionary spending amendments include:
  - $101.5 million GF to increase personal care rates.
  - $81.7 million GF for an increase in Medicaid developmental disability waiver rates;
  - $50.0 million GF for drinking water infrastructure grants;
  - $35.0 million GF for a one-time increase in rates for nursing homes; and
  - $31.8 million for core public health activities.

Department of Medical Assistance Services (DMAS)

GF Actions for 2026-28 Biennium ($ in millions)	Introduced	General Assembly	Total
Medicaid Utilization and Inflation	$2,771.4	$0.0	$2,771.4
Adjust Health Care Fund (State Match for Medicaid)	93.6	-	93.6
Restore FAMIS Prenatal Program	(29.5)	29.5	-
Developmental Disability Waiver Rates (7/1/2026 Increase)	59.3	22.5	81.7
FAMIS Utilization and Inflation	80.1		80.1
Personal Care Rate Increase (4.0% on 1/1/2027, 3.9% on 1/1/2028)	-	101.5	101.5
Nursing Home Reimbursement (First Year Only)	-	35.0	35.0
Medicaid ABA Services for Children Age 5 and Younger with Provisional Diagnosis	(67.6)	9.6	(58.0)
Medicaid & CHIP Participation in Cell & Gene Therapy Access Model for Sickle Cell Disease Treatment	-	7.0	7.0
Graduate Medical Education Residencies	-	5.4	5.4
Centralized Call Center and Eligibility Operations	4.7	-	4.7
Medicaid Children's Health Insurance Program	4.7	-	4.7

DMAS (continued)

GF Actions for 2026-28 Biennium ($ in millions)	Introduced	General Assembly	Total
Implementation of a Single Medicaid Pharmacy Benefit Manager	$0.0	$2.2	$2.2
Medicaid Program Integrity Vendor	-	1.0	1.0
Pediatric Primary Care and Early Literacy Program	-	0.5	0.5
VHCF Project Connect for Medicaid Outreach & Enrollment	-	0.5	0.5
Midwifery Workgroup	-	0.1	0.1
Eliminate Biennial Inflation for Medical Assistance Providers	(238.2)	-	(238.2)
Appropriate Utilization of Crisis Services	(108.0)	-	(108.0)
Administrative Inefficiencies in Managed Care	(45.8)	-	(45.8)
Standardize Hourly Limits across Home & Community-Based Waivers	(44.8)	-	(44.8)
Modify Medicaid Managed Care Underwriting Provisions	-	(30.3)	(30.3)
Preferred Rebate on GLP-1 Drugs	(25.9)	-	(25.9)

DMAS (continued)

GF Actions for 2026-28 Biennium ($ in millions)	Introduced	General Assembly	Total
Align the Adult Dental Benefit with Other Insurance Plans	($23.6)	$0.0	($23.6)
Remove Duplicative Members Enrolled in Other States	(11.5)	-	(11.5)
Supplemental Drug Rebates for Continuous Glucose Monitors and Related Supplies	(4.8)	-	(4.8)
Streamline Service Facilitation	(4.4)	-	(4.4)
Changes in the Preferred Drug List	(3.3)	-	(3.3)
Medical Services for Involuntary Mental Commitments	(3.2)	-	(3.2)
Reduce First Year Administrative Costs	-	(2.6)	(2.6)
Strengthen Oversight of Personal Care Services	(2.2)	-	(2.2)
Eliminate Automatic Increases for PRTFs and ARTS Providers	(2.0)	0.0	(2.0)
Total *(totals may not add due to rounding)*	**$2,399.0**	**$181.7**	**$2,580.7**

DMAS Language Items

- **Chapter 1 Includes:**
  - Delays the next phase of the redesign of behavioral health services until July 1, 2027.
  - Delays implementation of the single pharmacy benefits manager for Medicaid until January 1, 2028, to allow time for the procurement process.
  - Delays the rebasing of nursing home rates for three years to allow more time for analysis of the change in the methodology and its impacts.
  - Creates a Medicaid Financial Sustainability Workgroup to analyze expenditure trends and identify strategies to moderate the rate of spending growth while preserving access to quality care.
  - Creates 340B data reporting requirements of covered entities.
  - Does not contain a requirement for hospitals to contract with all Managed Care Organizations.
  - Limits the hospital supplemental payments requirement to maintain labor and delivery departments to only rural hospitals.

Department of Behavioral Health & Developmental Services (DBHDS)

GF Actions for 2026-28 Biennium ($ in millions)	Introduced	General Assembly	Total
Support Statewide Implementation of Marcus Alert	$0.0	$11.4	$11.4
Discharge Planning Funds for Private Hospitals	-	3.0	3.0
Comprehensive Psychiatric Emergency Programs	-	2.5	2.5
State Rental Assistance Program	-	2.0	2.0
Bennett's Village Playground	-	1.5	1.5
Mile High Kids Community Development	-	1.0	1.0
Oversight of Recovery Residences	-	0.6	0.6
Specially Adapted Resources Clubs (SPARC)	-	0.5	0.5
Support Autism Community Hub	-	0.3	0.3
Service Dogs of Virginia	0.3	-	0.3
Healing Station Counseling Center	-	0.1	0.1
Support Virginia 988 suicide and crisis lifeline service	(5.4)	0.0	(5.4)
Total	**($5.1)**	**$22.8**	**$17.7**

DBHDS Language Items

- **Chapter 1 includes:**
  - Adds oversight requirements for the Permanent Injunction with the U.S. Department of Justice to include reporting on spending and compliance;
  - Examines alternatives to the 10.0 percent local match requirement on state Community Services Board funding;
  - Directs DBHDS to identify strategies to serve more individuals subject to an ECO or TDO in crisis facilities; and
  - Requires the annual performance contracts with Community Services Boards to maximize billing of Medicaid services.

Department of Social Services (DSS)

GF Actions for 2026-28 Biennium ($ in millions)	Introduced	General Assembly	Total
Fund State Share of SNAP Benefit Allotments (H.R. 1)	$0.0	$135.0	$135.0
SNAP Administrative Costs (H.R. 1)	100.4	-	100.4
Centralized Intake, State Oversight Mechanism for Local Departments of Social Services, and Priority Response (SB 640)	36.5	(29.2)	7.2
Increase Salary Minimum for LDSS Family Services Employees	6.9	-	6.9
Increase Funding for Employment Supports (H.R. 1)	-	3.0	3.0
SNAP Quality Insurance Team	2.4	-	2.4
Payment Error Rate Vendor	-	2.0	2.0
Workforce Development in Fairfax County and Prince William County	-	1.5	1.5
Centralized Printing, Postage, and Courier Services	1.2	-	1.2
Increase SNAP Quality Control Reviewer Salaries	1.2	-	1.2
Virginia Children's Partnership	-	1.0	1.0
Roanoke Pilot Multidisciplinary Law Office	-	0.7	0.7

DSS (continued)

GF Actions for 2026-28 Biennium ($ in millions)	Introduced	General Assembly	Total
Child Welfare Workforce Support Program	$0.0	$0.6	$0.6
Child Abuse Reporting	-	0.6	0.6
Swim Safety Program	-	0.5	0.5
Lorton Community Action Center	-	0.3	0.3
Sacred Heart Center	-	0.1	0.1
Youth for Tomorrow	-	(0.4)	(0.4)
Underutilization of the Relative Maintenance Payment Program	(12.0)	-	(12.0)
Child Welfare Forecast	(5.8)	-	(5.8)
Supplant GF with TANF for Discretionary Activities	(4.4)	-	(4.4)
Remove SNAP Overissuance Settlement Funding and Edit Language	(2.7)	-	(2.7)
TANF and VIEW Forecast	(2.0)	-	(2.0)
Total *(totals may not add due to rounding)*	**$121.7**	**$115.6**	**$237.4**

DSS Language Items

- **Chapter 1 includes:**
  - Requires DSS to establish and maintain a quality control methodology for determining each local department of social services' (LDSS) SNAP payment error rate and publish local error rates on its website alongside the state error rate by June 30 of each year;
  - Clarifies the authority for use of Temporary Assistance for Needy Families (TANF) funds to only those programs and services authorized in the Appropriation Act, authorized by the General Assembly, or required by federal law; and
  - Clarifies that DSS cannot alter local match rates, methodologies, or policies in any manner that would increase the state share of program costs unless authorized by the General Assembly or required by federal law.

Department of Health (VDH)

GF Actions for 2026-28 Biennium ($ in millions)	Introduced	General Assembly	Total
Grants for Drinking Water Projects	$0.0	$50.0	$50.0
Public Health Core Services & Nursing Home Medical Facility Inspectors	0.6	31.8	32.4
Electronic Health Records System	15.1	-	15.1
Backfill Reductions to the Ryan White HIV/AIDS Program Part B	-	13.2	13.2
Free Clinic Funding	-	10.0	10.0
Enhance Contraceptive and Prevention Services	-	9.2	9.2
Federally Qualified Health Center Funding	-	5.0	5.0
Perinatal Health Hubs Pilot	-	2.5	2.5
Sickle Cell Coordinated Access Network	-	1.8	1.8
Rent Increases at Local Health Departments	1.3	-	1.3
Maternal Infant Early Childhood Home Visiting Program	-	1.2	1.2
Healthier757 Initiative	-	1.0	1.0
Pediatric Sickle Cell Program	-	0.9	0.9
Adult Sickle Cell Program	-	0.9	0.9

VDH (continued)

GF Actions for 2026-28 Biennium ($ in millions)	Introduced	General Assembly	Total
Sickle Cell Trait Awareness & Education Program	$0.0	$0.8	$0.8
Adler Hospice Center	-	0.6	0.6
Severe Maternal Morbidity Surveillance and Review Program	-	0.6	0.6
Sudden Unexpected Death in Epilepsy (SUDEP) Program	-	0.3	0.3
Nursing Home Applications for a Change in Operator License	-	0.3	0.3
Update Transmission of Death Data to Dept. of Elections	-	0.2	0.2
Cooperative Advertising Program for Childhood Immunizations	-	0.2	0.2
Northern Virginia Firefighter Occupational Cancer Screening Pilot Program	(0.4)	0.5	0.1
ETSI Health Clinic	-	0.1	0.1
Rx Partnership Funding	-	0.1	0.1
Reduce Office of Drinking Water Excess GF	(4.5)	-	(4.5)
Supplant GF with TANF for Discretionary Activities	(14.8)	0.0	(14.8)
Total	**($2.7)**	**$131.0**	**$128.3**

VDH Language Items

- **Chapter 1 includes:**
  - Amends introduced budget language by transferring nursing scholarship and loan repayment programs from VDH to the Virginia Health Workforce Development Authority to be consistent with legislation adopted in the 2026 Session;
  - Ensures pharmacists can administer new flu and COVID-19 vaccines based on the 2026 vaccination schedules approved by the Food and Drug Administration (FDA);
  - Establishes a workgroup on childhood immunization schedules and immunizations; and
  - Directs VDH to develop out-of-state food preparation regulations.

Other Health and Human Resources (HHR) Agencies

GF Actions for 2026-28 Biennium ($ in millions)	Introduced	General Assembly	Total
CSA - Children's Services Act Forecast	$136.1	$0.0	$136.1
CSA - Remove the Office of Children's Service Study Funding	-	(0.2)	(0.2)
CSA - Eliminate Automatic Inflation for Residential Treatment Providers	(3.7)	-	(3.7)
CSA - Private Day Services 2.5 Percent Growth Limit	(7.1)	-	(7.1)
CSA - Reduce Match Rate on Community-Based Services	(22.6)	-	(22.6)
DARS - Adjust Appropriation to Reflect Agency Operations	(0.6)	-	(0.6)
DARS - Align Personal Assistance Services with Medicaid Waiver Rates	0.1	-	0.1
DARS - Area Agencies on Aging	0.8	5.0	5.8
DARS - Community Brain Injury Services	-	1.5	1.5
DARS - Continue Virginia Village Expansion Pilot Program	-	0.4	0.4
DARS - Senior Services of Southeastern Virginia	-	0.1	0.1
DARS - Workforce Retention for Brain Injury Services	-	1.5	1.5
DARS - Increase Vocational Rehabilitation State Match Support Federal Grant	2.0	-	2.0
DBVI - Increase Funding for Vocational Rehabilitation Services	0.0	1.0	1.0
Total	**$105.0**	**$9.3**	**$114.3**

Other HHR Agencies' Language Items

Chapter 1:

- Ensures proper use of Special Education Wrap Around Services in CSA;
- Clarifies Private Day Educational Services rate growth in CSA;
- Directs the Secretary of HHR to convene a task force on the SNAP error rate reduction status and the implementation of Medicaid community engagement requirements; and
- Directs the Secretary of HHR to coordinate efforts with the Secretary of Labor to ensure Medicaid members subject to the work requirement are connected to work opportunities.

State Health Care Premium Assistance Program

- Provides $150.0 million GF the first year for a state-based premium assistance program for plan year 2027, targeted to individuals who purchase health insurance from Qualified Health Plans sold through the Virginia state-based marketplace with incomes between 138 percent and 250 percent of the federal poverty income level.
  - Funding will be used to lower the average monthly net premium by as much as 70 percent.
  - Language provides flexibility for the Health Benefit Exchange to adjust the monthly premium reduction payment up or down as enrollment and fund balances change to maximize the use of the funding.
  - Language allows the agency to carry funds over into fiscal year 2028 since the premium assistance will be provided in calendar year 2027.
  - It is estimated that the program will serve approximately 167,000 Virginians