

Virginia Senate Finance and Appropriations Committee Medicaid Update

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January 22, 2026

Agenda

- Medicaid Overview
- Governor's Introduced Budget
- Medicaid Updates

Medicaid Overview

DMAS Mission and Values

Our Mission & Values

To improve the health and well-being of Virginians through access to high-quality health care coverage and services



Service



Collaboration



Trust

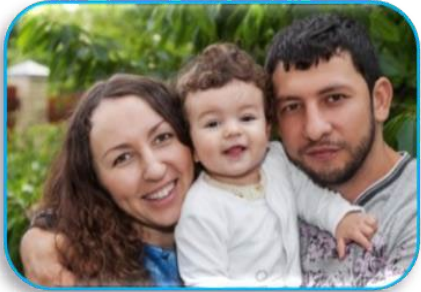


Adaptability



Problem
Solving

What is Virginia Medicaid?



1 in 5 Virginians are Medicaid members



Medicaid/CHIP covers 1 in 3 births in Virginia



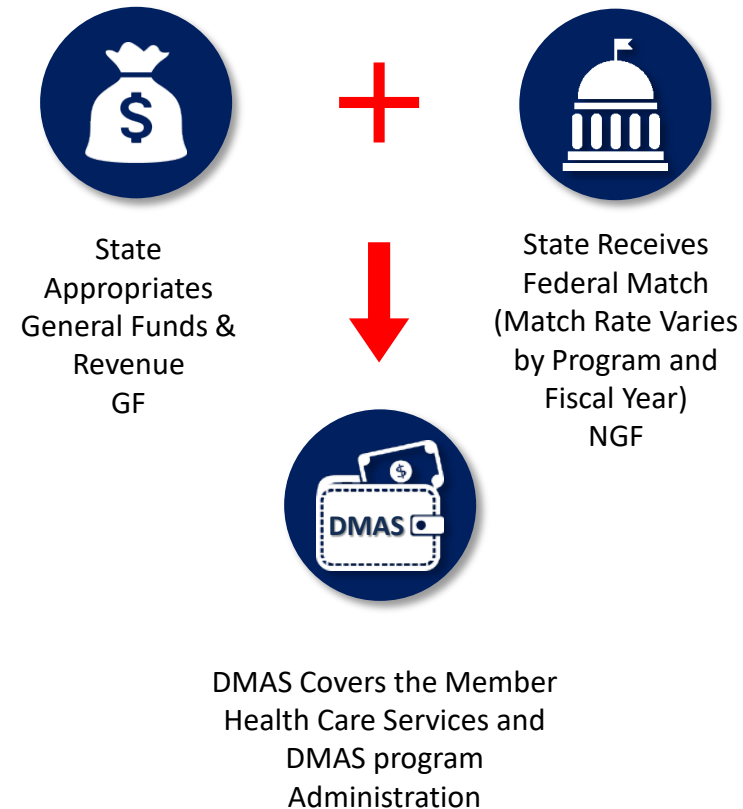
1 in 3 Medicaid members have a Behavioral Health Diagnosis

Virginia Medicaid, known as Cardinal Care, plays a critical role in the lives of nearly 2 million Virginians, providing high-quality health care coverage and services, disability and long-term services and supports for those most in need.

Joint partnership of authority, finance and accountability between the Governor, General Assembly, and Centers for Medicare and Medicaid Services (CMS).

Medicaid Funding and Authority

- Current Appropriation is \$27.8 billion*
- Medicaid match: 50.39% Non-General Funds (NGF)/49.61% General Funds (GF)
- Medicaid Expansion: 90% NGF/10% is covered by hospital coverage assessment
- Only 1.5% of the total DMAS budget is for administrative expenses

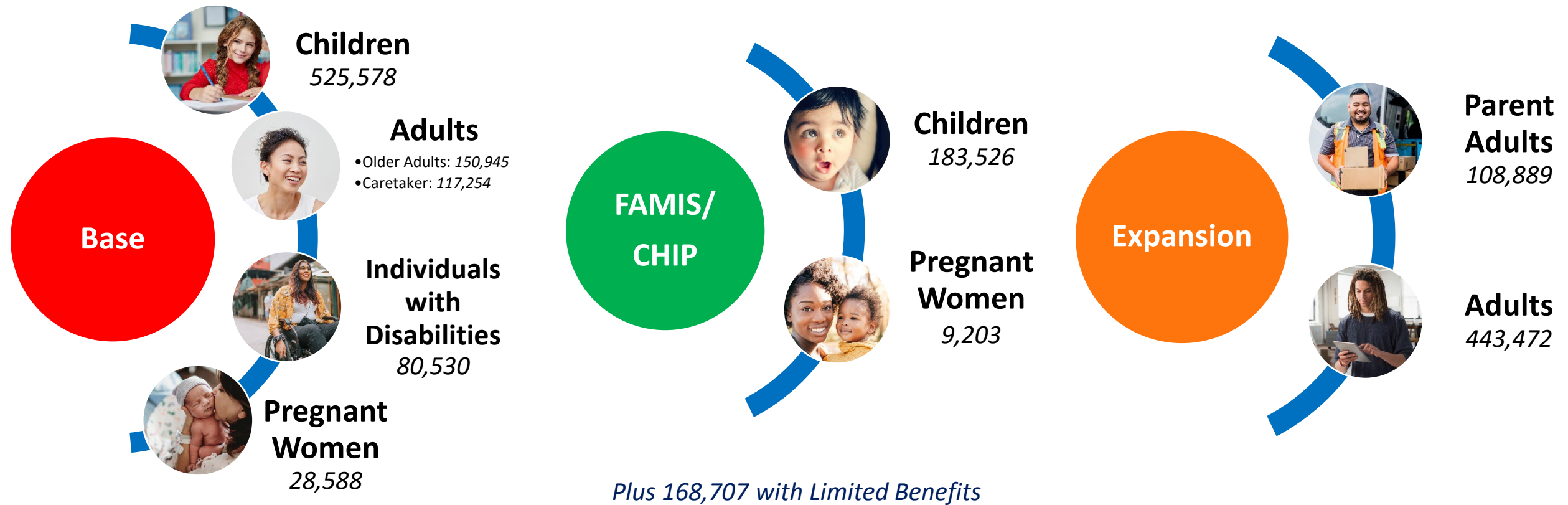


* Includes \$190 million Rural Health Transformation Grant

Who Do We Cover

December 1, 2025

1,816,692 Virginians



Medicaid Updates

Current Priorities

- DMAS workforce
- HR1 implementation
- Implementing cost containment strategies
- Behavioral Health Redesign
- Single PBM
- Fiscal Agent Services IT system modernization

Governor's Introduced Budget

Governor's 2026 Budget Overview

Financial / Technical Items



Services and Supports



Rates & Reimbursement



Cost Containment



Forecast Summary

The forecast projects DMAS will need \$3.2 billion in GF over the current appropriations to cover costs for the remainder of FY2026 and the next biennium.

DMAS developed policy changes to mitigate increases.

Some of the main drivers of spending growth:

Enrollment is shifting to more expensive members

Full implementation costs of prior policy changes and investments

Members are using more services than they have historically

Governor's Introduced Budget

Financial/Technical Items



	FY2026		FY2027		FY2028	
	GF	NGF	GF	NGF	GF	NGF
Adjust Health Care Fund appropriation	4,569,538	(4,569,538)	41,450,000	(41,450,000)	52,150,000	(52,150,000)
Fund Family Access to Medical Insurance Security Utilization and Inflation	16,193,616	36,516,513	31,554,788	55,579,414	48,559,695	86,401,468
Fund Medicaid Utilization and Inflation	410,305,498	758,111,628	1,073,580,407	2,260,706,421	1,697,778,394	3,586,603,491
Fund Medical Assistance services for Low-Income Children Utilization and Inflation	(8,922,388)	(9,879,889)	(1,998,997)	(5,131,420)	6,660,364	10,541,534
Fund the Cost of Medical Services for Involuntary Mental Commitments	-	-	(1,131,154)	-	(2,052,918)	-

Governor’s Introduced Budget

Services and Supports



	FY2026		FY2027		FY2028	
	GF	NGF	GF	NGF	GF	NGF
Continue Support for the Rural Health Transformation Program (Item 296)	-	-	-	200,000,000	-	200,000,000
Updates to Language for Value Based Purchasing (Item 291.LLL.2)	-	-	-	-	-	-
Using CMP Funds for NF Staffing Campaign (Item 295.V.5)	-	-	-	4,100,000	-	-
Delay Implementation of Redesigned Behavioral Health Services (Item 291.TT.1)	-	-	-	-	-	-
Delaying Contract Date for Single Pharmacy Benefit Manager System (Item 295.QQ)	-	-	-	-	-	-
Authorize Long Term Care Screenings for Children (Item 295.OO)	-	-	-	-	-	-

Governor’s Introduced Budget

Services and Supports



	FY2026		FY2027		FY2028	
	GF	NGF	GF	NGF	GF	NGF
Convert Information Technology Contractors to 3 Full-time Positions	-	-	-	-	-	-
Provide Funding for Centralized Call Center and Eligibility Contractors	-	-	2,332,112	16,618,106	2,332,112	16,618,106
Reimburse the Virginia Center for Health Innovation for Medicaid-related Expenses (Item 295.W)	-	-	-	100,000	-	100,000
Implement Federal Community Engagement and Eligibility Verification Requirements (Item 295.T.3)	-	2,500,000	-	69,197,689	-	65,215,723

Governor’s Introduced Budget

Rates & Reimbursement



	FY2026		FY2027		FY2028	
	GF	NGF	GF	NGF	GF	NGF
Increase Reimbursement Rates for DD Waiver Services (Item 291.JJJJ.1-2)	-	-	28,024,587	31,515,846	31,228,010	35,024,265
Require Hospitals Receiving Enhanced Supplemental Payments to Contract with all Medicaid Managed Care Organizations (Item 291.KK.1)	-	-	-	-	-	-
Require Hospitals Receiving Enhanced Supplemental Payments to Retain Labor and Delivery Units (Item 3-5.14 J)	-	-	-	-	-	-
Authorize Supplemental Payments for Ballad Health (Item 291.JJ.10)	-	-	-	-	-	-

Governor's Introduced Budget

Cost Containment



	FY2026		FY2027		FY2028	
	GF	NGF	GF	NGF	GF	NGF
Account for Administrative Inefficiencies in Managed Care (Item 291.OOOOO)	-	-	(21,969,654)	(46,834,050)	(23,846,551)	(50,360,786)
Eliminate Inflation and Rebasings for Psychiatric Residential Treatment Facilities and Qualifying Addiction and Recovery Treatment Services Providers (Item 291.BB.6-7)	-	-	(669,055)	(4,055,617)	(1,331,587)	(7,648,975)
Eliminate Inflation for Medical Assistance Providers in FY2027 and FY2028 (Item 291.PPPPP)	-	-	(74,036,025)	(145,192,195)	(164,142,993)	(320,772,467)
Account for Changes in Preferred Drug List	-	-	(1,635,175)	(8,189,825)	(1,635,175)	(8,189,825)
Account for Preferred Rebate on GLP-1 Drugs through Medicaid (Item 291.MMMM)	-	-	(6,488,106)	(31,519,297)	(19,365,489)	(94,077,776)

Governor's Introduced Budget

Cost Containment



	FY2026		FY2027		FY2028	
	GF	NGF	GF	NGF	GF	NGF
Authorize Supplemental Drug Rebates for Continuous Glucose Monitoring & Related Supplies (Item 291.EEEE.4)	-	-	(2,386,885)	(8,236,115)	(2,365,555)	(8,126,445)
Align the Adult Dental Plan with Other Insurance Plans (Item 291.KKK.2)	-	-	(9,883,707)	(41,929,302)	(13,695,995)	(58,102,033)
Ensure Appropriate Utilization of Applied Behavioral Analysis Services (Item 291.WW.2)	-	-	(30,835,157)	(32,820,192)	(36,771,409)	(39,036,323)
Ensure Appropriate Utilization of Crisis Services (Items 291.KKKKK & 291.LLLLL)	-	-	(49,117,138)	(212,124,925)	(58,865,429)	(253,787,948)
Limit Maternity Services to Emergency Medicaid for Individuals Who do not Qualify for Medicaid Soley Based on Their Citizenship Status (Item 290.H)	-	-	(13,209,963)	(21,432,904)	(16,276,704)	(26,161,845)

Governor’s Introduced Budget

Cost Containment



	FY2026		FY2027		FY2028	
	GF	NGF	GF	NGF	GF	NGF
Remove Duplicate Members Enrolled in Other States	(6,247,833)	(15,499,551)	(6,994,827)	(17,377,373)	(4,468,281)	(11,203,886)
Standardize Hourly Limits Across Home and Community Based Waivers (Item 291.MMMMM)	-	-	(21,038,424)	(22,868,263)	(23,807,608)	(25,811,423)
Streamline Service Facilitation (Item 295.PP)	-	-	(2,130,903)	(2,165,111)	(2,228,737)	(2,261,653)
Strengthen Oversight of Personal Care Services (Item 291.NNNNN)	-	-	(1,122,469)	(1,127,532)	(1,124,550)	(1,125,450)