



# Virginia Senate Finance and Appropriations Committee Medicaid Update

Jeff Lunardi, Interim DMAS Director  
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

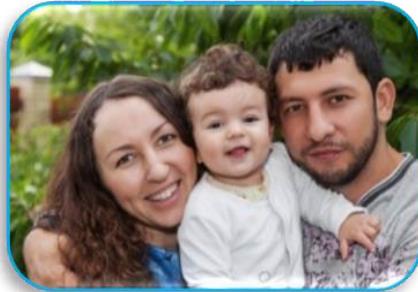


Adaptability



Problem Solving

# What is Virginia Medicaid?



**1 in 5 Virginians are Medicaid members**



**Medicaid/CHIP covers 1 in 3 births in Virginia**



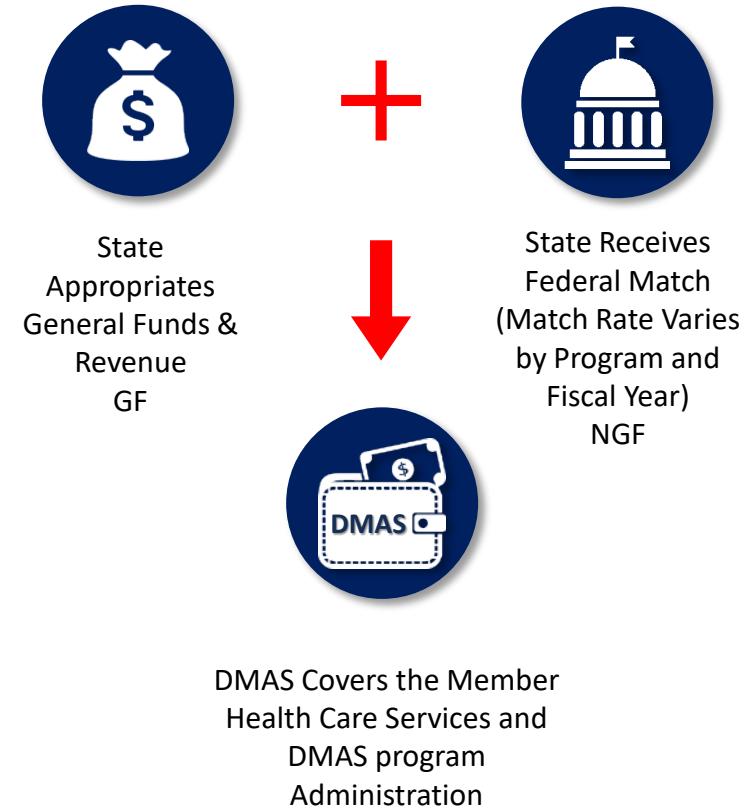
**1 in 3 Medicaid members have a Behavioral Health Diagnosis**

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

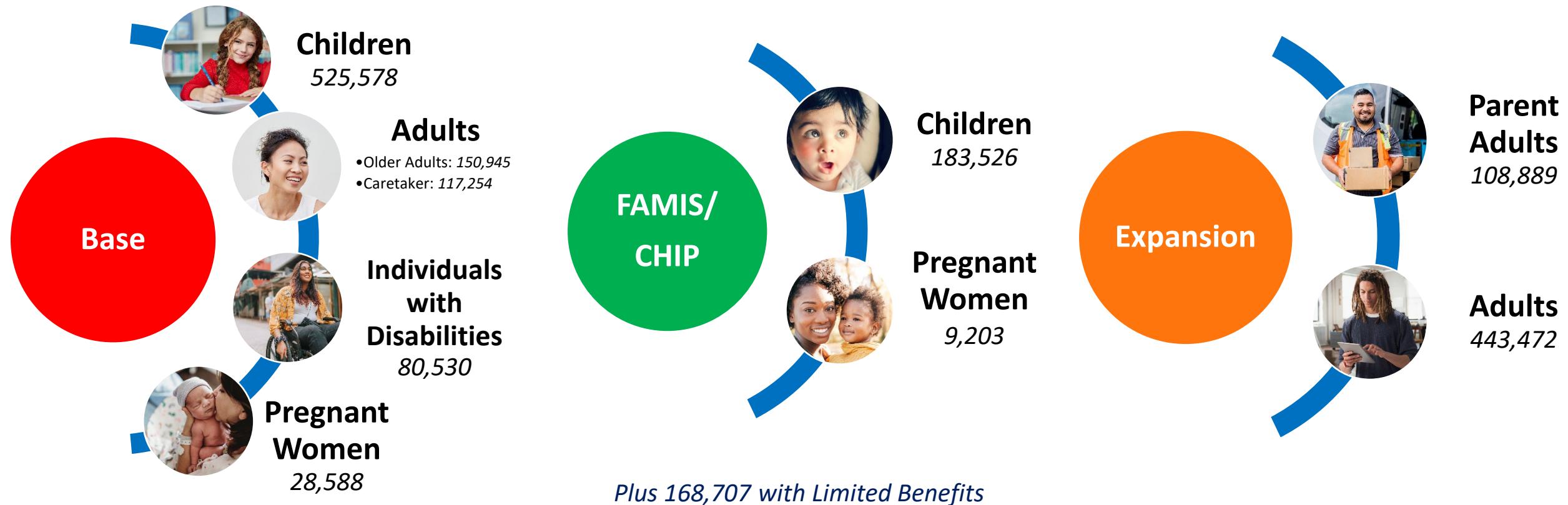


\* Includes \$190 million Rural Health Transformation Grant

# Who Do We Cover

December 1, 2025

**1,816,692 Virginians**





# Medicaid Updates



# Current Priorities

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



# Governor's Introduced Budget

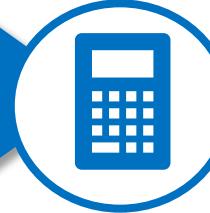


# Governor's 2026 Budget Overview

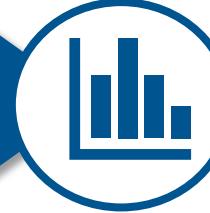
Financial / Technical Items



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
<b>Adjust Health Care Fund appropriation</b>	4,569,538	(4,569,538)	41,450,000	(41,450,000)	52,150,000	(52,150,000)
<b>Fund Family Access to Medical Insurance Security Utilization and Inflation</b>	16,193,616	36,516,513	31,554,788	55,579,414	48,559,695	86,401,468
<b>Fund Medicaid Utilization and Inflation</b>	410,305,498	758,111,628	1,073,580,407	2,260,706,421	1,697,778,394	3,586,603,491
<b>Fund Medical Assistance services for Low-Income Children Utilization and Inflation</b>	(8,922,388)	(9,879,889)	(1,998,997)	(5,131,420)	6,660,364	10,541,534
<b>Fund the Cost of Medical Services for Involuntary Mental Commitments</b>	-	-	(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.JJJJJ.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
<b>Account for Administrative Inefficiencies in Managed Care (Item 291.00000)</b>	-		-	(21,969,654)	(46,834,050)	(23,846,551)
<b>Eliminate Inflation and Rebasing for Psychiatric Residential Treatment Facilities and Qualifying Addiction and Recovery Treatment Services Providers (Item 291.BB.6-7)</b>	-		-	(669,055)	(4,055,617)	(1,331,587)
<b>Eliminate Inflation for Medical Assistance Providers in FY2027 and FY2028 (Item 291.PPPP)</b>	-		-	(74,036,025)	(145,192,195)	(164,142,993)
<b>Account for Changes in Preferred Drug List</b>	-		-	(1,635,175)	(8,189,825)	(1,635,175)
<b>Account for Preferred Rebate on GLP-1 Drugs through Medicaid (Item 291.MMMM)</b>	-		-	(6,488,106)	(31,519,297)	(19,365,489)

# Governor's Introduced Budget

## Cost Containment



	FY2026		FY2027		FY2028	
	GF	NGF	GF	NGF	GF	NGF
<b>Authorize Supplemental Drug Rebates for Continuous Glucose Monitoring &amp; Related Supplies (Item 291.EEEE.4)</b>	-	-	(2,386,885)	(8,236,115)	(2,365,555)	(8,126,445)
<b>Align the Adult Dental Plan with Other Insurance Plans (Item 291.KKK.2)</b>	-	-	(9,883,707)	(41,929,302)	(13,695,995)	(58,102,033)
<b>Ensure Appropriate Utilization of Applied Behavioral Analysis Services (Item 291.WW.2)</b>	-	-	(30,835,157)	(32,820,192)	(36,771,409)	(39,036,323)
<b>Ensure Appropriate Utilization of Crisis Services (Items 291.KKKKK &amp; 291.LLLLL)</b>	-	-	(49,117,138)	(212,124,925)	(58,865,429)	(253,787,948)
<b>Limit Maternity Services to Emergency Medicaid for Individuals Who do not Qualify for Medicaid Solely Based on Their Citizenship Status (Item 290.H)</b>	-	-	(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
<b>Remove Duplicate Members Enrolled in Other States</b>	(6,247,833)	(15,499,551)	(6,994,827)	(17,377,373)	(4,468,281)	(11,203,886)
<b>Standardize Hourly Limits Across Home and Community Based Waivers (Item 291.MMMM)</b>	-	-	(21,038,424)	(22,868,263)	(23,807,608)	(25,811,423)
<b>Streamline Service Facilitation (Item 295.PP)</b>	-	-	(2,130,903)	(2,165,111)	(2,228,737)	(2,261,653)
<b>Strengthen Oversight of Personal Care Services (Item 291.NNNN)</b>	-	-	(1,122,469)	(1,127,532)	(1,124,550)	(1,125,450)