Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

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Bill Number: HB 1762 Patron: Morefield

Bill Title: Social Security Disability Insurance; DMAS to seek authorization to provide to certain

individuals

Bill Summary: The proposed legislation directs the Department of Medical Assistance Services (DMAS) to seek federal authorization to provide Medicaid coverage, regardless of income or assets, to individuals who receive Social Security Disability Insurance (SSDI) but are not yet eligible for Medicare coverage.

Budget Amendment Necessary: Yes **Items Impacted:** 288 and 292

Explanation: Funding is required under both Medicaid Program Services and Administrative and Support

Services.

Fiscal Summary: The proposed legislation will require expenditures for which the agency is not currently appropriated. See table and fiscal analysis below.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
DMAS (602)	-	\$8,364,724	\$8,512,010	\$8,929,099	\$9,366,625	\$9,825,589

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	FY2030
DMAS (602)	-	\$14,010,796	\$14,434,506	\$15,141,797	\$15,883,745	\$16,662,049

Fiscal Analysis: DMAS reports that Virginia's annual SSDI population is projected to total 12,707 individuals, as per data from the Social Security Administration's State Monthly Workload Report. It is assumed that most individuals within this population (approximately 95 percent) would apply for and receive Medicaid coverage during the two-year waiting period prior to their eligibility for Medicare. It is further anticipated that each month, an equal number of individuals will transition from Medicaid to Medicare coverage upon meeting eligibility criteria. The per member per month capitation rate for Managed Long-Term Services and Supports, non-long term care, non-dually eligible is expected to be \$1,812.14 in FY 2026. Based on these assumptions, DMAS estimates the medical cost of this bill to be \$21.9 million (\$8.1 million general fund) in FY 2026. These costs are expected to grow at 4.9 percent in subsequent years. In addition, DMAS reports that agency systems and process will need to be updated to reflect the bill's provisions. The agency estimates a one-time cost of \$500,000 to update the state's case management system as well as editing income and asset rules.

Other: The introduced budget includes language in Item 288 that requires a reserve amount be appropriated for new Medicaid initiatives. In addition to the cost of the initiative, the reserve equals the difference between the general fund appropriated for the initiative in FY 2026 and the highest annual general fund cost of the initiative over the next six fiscal years. While not reflected in the table above, the reserve amount is estimated at \$2.2 million general fund for the initiative required by this bill. Act language also delays initiative implementation until the reserve requirement is met.