

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

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ORIGINAL

Bill Number: HB1903 **Patron:** Willett
Bill Title: Virginia Health Workforce Development Authority; Virginia Nursing Workforce Center established; reporting and monitoring of health care workforce programs; residency slots; work group; report.

Bill Summary: Establishes the Virginia Nursing Workforce Center under the auspices of the Virginia Health Workforce Development Authority (the Authority) for the purpose of working toward ensuring a quality nursing workforce for all Virginians. The bill also changes the name of the Virginia Health Care Career and Technical Training and Education Fund to the Virginia Health Workforce Innovation Fund and directs the Department of Medical Assistance Services (DMAS) to amend its regulations to increase supplemental payments for qualifying residency slots from \$100,000 to \$160,000. The bill directs the Authority to convene work groups for the purpose of developing a long-term vision for the health workforce and to develop a plan to increase capacity for reporting and monitoring of health care workforce programs.

Budget Amendment Necessary: Yes. **Items Impacted:** 288 (DMAS)

Explanation: This bill involves the Department of Workforce Development and Advancement (DWDA); the Department of Health (VDH); and the Department of Medical Assistance Services (DMAS). An amendment is required for DMAS to carry out the requirements in the bill.

Fiscal Summary: The annual general fund and nongeneral fund impact to DMAS is estimated, respectively, at \$890,280 and \$909,720, starting in FY 2026. It is anticipated that DWDA can absorb any impact that may result from this bill. Information from VDH is not available at this time.

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)	-	\$890,280	\$890,280	\$890,280	\$890,280	\$890,280
TOTAL						

Nongeneral 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)	-	\$909,720	\$909,720	\$909,720	\$909,720	\$909,720
TOTAL						

Fiscal Analysis: Language in Item 288, UU. 2.a. of the Appropriation Act sets the payment amount for residency slots at “\$100,000 annually minus any Medicare residency payment for which the sponsoring institution is eligible.” In addition, Item 288, UU.2.b. requires DMAS to increase payments for obstetric-gynecological and psychiatric residencies to \$150,000 beginning July 1, 2026. It is assumed that this Appropriation Act language would supersede the bill’s requirement to increase payments to \$160,000 as included in the enactment clause. As such, a budget amendment would be needed to conform the Appropriation Act language to the residency payment amounts prescribed in the legislation.

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The graduate medical education residency program administered by DMAS currently has \$11.7 million (\$5.9 million general fund) appropriated. The program is subject to available appropriation. Assuming a budget amendment is adopted, and the bill's provisions take effect, DMAS would increase the annual payments amounts from \$100,000 to \$160,000 for each new qualifying residency slot. Based on this language, it is assumed that only new slots commencing after July 1, 2025, would be eligible for the increased payments and all existing cohorts would remain at \$100,000 through the remainder of their residency.

The Governor's introduced budget authorizes and includes funding for 55 residency slot that will begin in July 2025. The bill's provisions would increase the cost of those slots (55 x \$60,000) by \$3.3 million (\$1.7 million general fund). DMAS reports that the program can utilize underspending on previous cohorts to offset approximately \$1.5 million (\$0.7 million general fund) of this amount. As such, \$1.8 million (\$0.9 million general fund) would be necessary to move forward with the planned slots.

DMAS has historically used funding from previously completed residencies to fund new cohorts, subject to appropriation. While appropriation to fund additional future residency cohorts is not required, increasing the cost of future slots will reduce the overall number of residencies that the agency can pay for unless additional appropriation is provided. As such, the expenditure impact reflects the cost of continuing the 55 slots authorized in the budget and assumes that future cohorts will be limited to available appropriation.

It is anticipated that DWDA can absorb any impact that may result from this bill. Information from VDH is not available at this time.

Other: None.