

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

7/1/21-9/30/22 (Covid supplement)	\$ 5,730,816
7/1/22-9/30/23	\$ 12,193,452
7/1/23-9/30/24	\$ 13,058,628
7/1/24-9/30/25	\$ 13,149,524

Federal funds associated with expanding Part C are not guaranteed. Federal funds are available to support states implementing the extension option only when the federal appropriation for Part C exceeds \$460 million. In those years, 15 percent of the appropriated amount is reserved to provide grants to states that are carrying out the extension option. The amount available per state depends on the number of states implementing the extended option and their proportion of children served. Thus, any federal participation is indeterminate and not considered in this fiscal impact statement.

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>
720		\$4,027,746	\$8,055,492	\$8,055,492	\$8,055,492	\$8,055,492
602		\$1,975,248	\$3,950,496	\$3,950,496	\$3,950,496	\$3,950,496
TOTAL		\$6,002,994	\$12,005,987	\$12,005,987	\$12,005,987	\$12,005,987

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>
602		\$1,975,248	\$3,950,496	\$3,950,496	\$3,950,496	\$3,950,496
TOTAL		\$1,975,248	\$3,950,496	\$3,950,496	\$3,950,496	\$3,950,496

Fiscal Analysis: In FY 2024, Virginia served 23,660 eligible infants, toddlers and families with early intervention services. Based on exiting data from 2024, approximately 2,446 children would be eligible for the extension option in the first year of implementation (children who were eligible for Part B when exiting Part C). For this fiscal impact statement, it is assumed that a high percentage of eligible families are going to choose to stay in Part C since they and their child already have a relationship with the providers and the Part C program is more family-centered than Part B. It is also assumed that the cost for services for the expansion population will be consistent with the cost for the current population.

Based on the most recent available data from 2024, the following table breaks down total funding sources for the current population:

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Revenue Source	FY 2024 Revenue	Percent of Total
Medicaid, Including Targeted Case Management	\$ 38,214,449	35.4%
State Part CFunds	\$ 29,125,793	27.0%
Local Funds	\$ 16,142,996	15.0%
Federal Part CFunds	\$ 9,835,924	9.1%
Private Insurance and TRICARE	\$ 6,487,609	6.0%
Family Fees	\$ 2,022,203	1.9%
In-Kind	\$ 739,101	0.7%
Other State General Funds	\$ 787,857	0.7%
Grants/Gifts/Donations	\$ 61,288	0.1%
Other	\$ 4,453,125	4.1%
Total	\$ 107,870,345	

According to the table above, the annual amount to support Early Intervention is \$ 107,870,345. Dividing by the number of children served in 2024 yields a total cost per child of \$4,559. Multiplying the annual cost of \$4,559 by the 2,446 potentially eligible children equals a cost of \$11,151,769 for the first year of implementation.

The cost of this expansion will increase the second year to account for the original cohort of children from year one plus a new cohort who are aging out of Part C in year 2 and eligible for the extension option. Therefore, the cost doubles to \$22,303,538 for full implementation assuming services ends on the child’s fifth birthday.

Because it is unknown if additional federal resources will be available, this fiscal impact statement applies the percentage of current costs covered by state general fund, Medicaid match (50 percent state match), and federal grant funds to the projected general fund cost to the state. This estimate also assumes that local governments, insurance, and other private payors will continue to cover consistent percentages of the program.

Medicaid GF Match	17.7%
State Part C GF	27.0%
Federal NGF	9.1%
Total	53.8%

When this is applied to the total possible caseload, the costs to the state are as follows:

	FY 2026	FY 2027+
Number of Children	2,446	4,892
Cost per Child	\$ 4,559	\$ 4,559
Total Cost	\$ 11,151,314	\$ 22,302,628
Percentage GF	53.8%	53.8%
Total GF Cost	\$ 6,002,994	\$ 12,005,987

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Applying the total projected costs to the state Medicaid and Part C programs results in the following split:

	FY 2026		FY 2027+	
	GF	NGF	GF	NGF
State Part C Program	\$ 4,027,746		\$ 8,055,492	
Medicaid	\$ 1,975,248	\$ 1,975,248	\$ 3,950,496	\$ 3,950,496
Total	\$ 6,002,994	\$ 1,975,248	\$ 12,005,987	\$ 3,950,496

Other: This fiscal impact statement will be updated if information on impact on Part B program operated through the Department of Education becomes available.