

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

estimates that, at a minimum, approximately \$20.5 million and 133 positions would be needed in FY 2026. Approximately \$17.6 million would be needed each year thereafter. It is assumed that DMAS would be required to support all VHCA back-office functions, including but not limited to payroll, human resources, finance, and budget. DMAS maintains that additional office space would also be needed. As such, DMAS estimates that the added administrative support and rent would cost approximately \$4.2 million general fund each year.

This bill's ultimate impact on medical assistance services in the Commonwealth is indeterminate as the scope of VHCA is unclear. There is no reasonable method to demonstrate how the collective bargaining efforts of individual providers will ultimately impact the cost of services. DMAS expended approximately \$22.2 billion (\$7.8 billion state funds) in FY 2024 for medical assistance services. Every one percent increase in this spending equates to approximately \$222.3 million (\$78.4 million general fund). The bill's provisions indicate that VHCA can only alter terms that are within the agency's control. Since VHCA would have no authority to alter any services, rates, or factors that may increase costs with explicit state or federal mandates, the bill's provisions are not expected to have any immediate impact on costs.

Employer of Record

The bill requires VHCA to act as joint employer for individual providers under circumstances enumerated in the bill summary above. It is currently unclear as to whether such requirements would make the Commonwealth the employer of record for these providers thereby making them eligible for state retirement and health care programs.

Other State Agencies:

The potential cost to other state agencies based on the provisions of this bill are still being examined.

Other: The fiscal implications of this bill are still being evaluated. Should new information become available this statement will be updated.