

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

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ORIGINAL

Bill Number: SB 1480

Patron: Suetterlein

Bill Title: Department of Medical Assistance Services; consumer-directed services employees; removal of limitation on hours worked per day

Bill Summary: The proposed legislation directs the Department of Medical Assistance Services (DMAS) to amend regulations related to community waiver services for individuals with developmental disabilities to remove the limitation that consumer-directed services employees can work no more than 16 hours per day. The bill directs the Department to seek all necessary federal approval to effectuate such change.

Budget Amendment Necessary: Yes

Items Impacted: 288

Explanation: Funding is required under Medicaid Program 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)	-	\$3,789,870	\$4,350,691	\$4,568,225	\$4,796,636	\$5,036,468

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)	-	\$4,043,693	\$4,622,300	\$4,853,415	\$5,096,085	\$5,350,890

Fiscal Analysis: Virginia Administrative Code (12 VA C30-122-460) currently prohibits employees providing consumer directed services from working more than 16 hours per day. This bill would eliminate that restriction. Prior to the daily limit being implemented, DMAS estimates that 42,556 additional hours of care were provided each month by individuals working more than 16 hours per day. At an average billable rate of \$16.73 per hour, DMAS estimates service costs to increase by \$0.7 million (\$0.3 million general fund) per month or \$8.5 million (\$4.1 million general fund) annually. It is assumed that 98 percent of expenditures would be in base Medicaid and two percent in Medicaid Expansion. With one month claims lag of \$0.7 million (\$0.3 million general fund), DMAS expects additional expenditures of \$7.8 million (\$3.8 million general fund) in FY 2026. Subsequent years are inflated by five percent to reflect expected program growth. DMAS assumes that agency directed care is unaffected by the restriction or its removal.

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 \$2.0 million general fund for the initiative required by this bill. Act language also delays initiative implementation until the reserve requirement is met.