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

**PUBLISHED: 1/29/2025 10:09 AM** **ORIGINAL**

**Bill Number:** HB 2394 **Patron:** Sickles
**Bill Title:** Medicaid; long-term services and supports, presumptive eligibility, sunset

**Bill Summary:** The proposed legislation directs the Department of Medical Assistance Services (DMAS) to provide presumptive eligibility for Medicaid, including long-term services and supports (LTSS) where appropriate, to individuals who meet certain criteria. The provision of presumptive eligibility is conditional on DMAS obtaining all necessary approvals and federal financial participation. The bill would sunset on January 1, 2026, if such approval and federal financial participation are not obtained.

**Budget Amendment Necessary:** Yes **Items Impacted:** 282, 292
**Explanation:** Funding is required under both Medicaid Program Services and Administrative and Support Services. However, current estimates are preliminary and will be updated should additional data become available.

**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:**

| Agency | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 |
|---|---|---|---|---|---|---|
| DMAS (602) | - | $439,774,085 | $504,421,420 | $529,610,608 | $556,059,254 | $583,830,333 |

**Nongeneral Fund Expenditure Impact:**

| Agency | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 |
|---|---|---|---|---|---|---|
| DMAS (602) | - | $450,710,691 | $513,864,249 | $539,449,477 | $566,313,966 | $594,521,679 |

**Position Impact:**

| Agency | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 |
|---|---|---|---|---|---|---|
| DMAS (602) | - | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |

**Fiscal Analysis:** This bill directs DMAS to provide presumptive eligibility for individuals who are (i) seeking home and community-based LTSS services or PACE enrollment; (ii) awaiting an eligibility determination for LTSS or PACE; and (iii) likely to be financially and clinically eligible. Everyone granted this presumptive eligibility under these conditions would be provided Medicaid coverage. Such coverage would begin upon DMAS receiving an individual's request for services. Eligible individuals would be required to submit an applicable Medicaid application no later than the last day of the month following the month in which presumptive eligibility is granted. Coverage is terminated if the individual is later determined to be ineligible during the eligibility determination process. However, the bill does not exclude individuals from re-applying for presumptive eligibility or give DMAS the ability to limit them from reapplying. As such, some annual churn could occur providing individuals with multiple presumptive eligibility coverages in a year.

The provisions of this bill are expected to have a significant and complex impact on Medicaid enrollment. The fiscal impact included in this statement is preliminary and reflects an initial assessment of potential costs. Costs do not yet factor in a number of variables, including but not limited to program structure, federal rules, provider availability, and access to services. The expenditure estimates below are based on an examination of populations that are likely to meet the bill's presumptive eligibility requirements along with historical service costs.

DMAS assumes that individuals in six long term care benefit groups would have access to presumptive eligibility under the bill's provisions. These include: three DD waiver programs, the Commonwealth Coordinated Care Plus waiver and PACE. Including the current DD waitlist (priorities one, two and three), DMAS estimates that 25,500 individuals (14,500 members + 11,000 DD waitlist) may gain eligibility for Medicaid services under the presumptive eligibility provisions of this bill. In addition, there are an indeterminate number of individuals currently unknown to DMAS that may apply to the department for presumptive eligibility and subsequently gain Medicaid coverage. This population is not currently included in the cost estimates. Based on the assumption that individuals would be able to reapply after coverage expires, DMAS assumes that, on average, six months of presumptive eligibility coverage per individual would be provided each year. As such, 153,000 member-months (25,500 x 6) of presumptive eligibility could be authorized each year. Using the average cost of service in FY 2024 for each benefit group, DMAS estimates that the bill would cost the Medicaid program approximately $146.2 million for each month of presumptive eligibility provided or $877.2 million ($435.9 million general fund) annually.

Based on the above representation using 2024 numbers, the FY 2026 expenditure estimate assumes five percent year over year growth (in effect increasing the number 10.25 percent to account for growth between 2024 and 2026) and one month payment lag ($80.6 million total funds) for a cost of $886.5 million ($438.8 million general fund). Five percent utilization growth is expected to continue in subsequent years.

DMAS indicates that the provisions of this bill would require additional administrative effort. The preliminary information provided by DMAS estimates a need of $4.0 million ($0.9 million general fund) and four positions in FY 2026 to implement the provisions of this bill. Specifically, the agency indicates that resources would be needed to:

- Provide management and program oversight.
- Ensure timely and accurate processing of presumptive eligibility requests.
- Modify the CoverVA contract to review additional applications and account for increased utilization of the central processing unit.
- Provide the required written notices.
- Update VaCMS, the Medicaid enterprise system and the fiscal agent services system.

The provisions of this bill are conditioned on federal approval. However, there is no way to determine when or if federal authorization would occur. For the purposes of this statement, federal approval is assumed effective July 1, 2025. Based on these assumptions, the total cost of this bill is estimated to be $890.5 million ($439.8 million general fund).

**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 $173.5 million general fund for the initiative required by this bill. Act language also delays initiative implementation until the reserve requirement is met.