

**Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: HB66-H1

Patron: Feggans

Bill Title: Department of Medical Assistance Services; Department of Social Services; administration of medical assistance and social services programs; technology modernization.

Bill Summary: Directs the Department of Social Services (DSS) and the Department of Medical Assistance Services (DMAS) to contract with a third-party vendor to study and create a plan for the modernization of the technological systems used to administer federal benefit programs in the Commonwealth. The bill also requires the agency to develop a report based on the vendor's findings and submit it to the Governor and the Chairs of the House Committee on Health and Human Services and the Senate Committee on Rehabilitation and Social Services by December 1, 2026.

Budget Amendment Necessary: Yes **Items Impacted:** 295 (DMAS), 338 (DSS)

Explanation: The bill requires resources for which DSS and DMAS are not currently appropriated.

Fiscal Summary: Impacted agencies will require funding to contract with a vendor to study and create a plan for the modernization of the technology systems used to administer federal benefits programs.

General Fund Expenditure Impact:

| <u>Agency</u> | <u>FY2026</u> | <u>FY2027</u> | <u>FY2028</u> | <u>FY2029</u> | <u>FY2030</u> | <u>FY2031</u> |
|---------------|---------------|------------------|---------------|---------------|---------------|---------------|
| DMAS (602) | - | \$250,000 | - | - | - | - |
| DSS (765) | - | \$318,145 | - | - | - | - |
| TOTAL | | \$568,145 | | | | |

Nongeneral Fund Expenditure Impact:

| <u>Agency</u> | <u>FY2026</u> | <u>FY2027</u> | <u>FY2028</u> | <u>FY2029</u> | <u>FY2030</u> | <u>FY2031</u> |
|---------------|---------------|------------------|---------------|---------------|---------------|---------------|
| DMAS (602) | - | \$250,000 | - | - | - | - |
| DSS (765) | - | \$181,855 | - | - | - | - |
| TOTAL | | \$431,855 | | | | |

Fiscal Analysis: This legislation, as amended, requires DMAS and DSS to contract with a third-party vendor to study and create a plan to modernize the systems they use to administer federal medical assistance and other benefits assistance programs. The vendor is required to solicit feedback from advocacy groups, local departments of social services, and other state agencies that may be impacted by such technology changes. The vendor will review, analyze, and make recommendations for systems modernization, including: (i) system, resource, and staff capacity, (ii) funding sources, (iii) technical requirements for both hardware and software, and (iv) a timeline for implementation. Recommendations should ensure compliance with federal oversight agencies' requirements and standards. Additionally, the vendor will make recommendations

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regarding the establishment of uniform statewide data entry standards for local departments of social services. DSS and DMAS are required to develop and submit a plan to modernize the current systems to the Governor and the Chairs of the House Committee on Health and Human Services and the Senate Committee on Education and Health by December 1, 2026.

It is estimated that DMAS will require \$500,000 (\$250,000 general fund) in FY 2027 to contract with the third-party vendor and meet the specifications of this bill. DSS will also require \$500,000 (\$318,145 general fund) in FY 2027 to contract with the third-party vendor. It is assumed that the same vendor will work with both agencies to meet the requirements of the bill.

Other: -