

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

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ORIGINAL

Bill Number: HB267-H1

Patron: Tata

Bill Title: Department of Medical Assistance Services; earned income disregard; cost-of-living adjustment.

Bill Summary: Directs the Department of Medical Assistance Services to seek the necessary federal approvals to increase, as necessary based upon Social Security Administration (SAA) cost-of-living adjustments (COLA), the earned income disregard for workers with disabilities.

Budget Amendment Necessary: No

Items Impacted: None

Fiscal Summary: Minimal fiscal impact.

Fiscal Analysis: The legislation requires the Department of Medical Assistance Services (DMAS) to amend its regulations to increase its earned income disregard for workers with disabilities based on Social Security Administration (SSA) cost-of-living adjustments (COLA). Currently, workers with disabilities eligible for the Medicaid Works program can earn up to \$75,000 without losing coverage. This amount is set in the Virginia Administrative Code and does not change with inflation. Under the bill's provisions, this amount would increase by the annual SSA COLA which has averaged about three percent each year. Assuming this trend continues, the Medicaid Works maximum eligibility amount would increase to \$77,250 in FY 2027 and \$79,567 in FY 2028.

At the end of FY 2025, 103 workers with disabilities were enrolled in the Medicaid Works program. Within FY 2025, there were 34 instances of eligibility being cancelled, none of which were due to the income requirement. Because this bill will increase the income disregard amount based on the SSA's COLA increases, it is possible that more workers with disabilities would become eligible for Medicaid coverage thereby resulting in higher costs.

However, DMAS indicates that the fiscal impact is projected to be minimal because the Medicaid Works program is small in size and there are no recent instances in which a Medicaid Works member lost eligibility due to the current income limit.

Other: -