

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

**PUBLISHED: 2/18/2026 12:15 PM**

**ORIGINAL**

**Bill Number:** HB1357 H1

**Patron:** McQuinn

**Bill Title:** Nursing facilities; comprehensive study of quality of care, etc., and operational practices.

**Bill Summary:** As substituted, directs the Virginia Department for Aging and Rehabilitative Services to convene a work group of relevant stakeholders for the purpose of conducting a comprehensive study of the quality of care, resident safety, and operational practices of nursing facilities in the Commonwealth. The bill directs the Department to submit the work group’s findings and recommendations to the Governor, the Chairs of the House Committee on Health and Human Services and the Senate Committee on Rehabilitation and Social Services, and the Joint Subcommittee for Health and Human Resources Oversight by September 15, 2027.

**Budget Amendment Necessary:** Yes

**Items Impacted:** Item 323

**Explanation:** The Department for Aging and Rehabilitative Services will require additional general fund appropriation to comply with the provisions of this legislation, attributable to Item 323 (Adult Programs and Services).

**Fiscal Summary:** The substitute legislation will require one-time general fund expenditures on the part of the Department for Aging and Rehabilitative Services (DARS) for which they are not currently appropriated. It is expected that any impacts to other state agencies associated with participation in the work group will be minimal and absorbable within existing resources. See table and fiscal analysis below.

**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>
DARS (262)	-	\$475,500	-	-	-	-
<b>TOTAL</b>	-	<b>\$475,500</b>	-	-	-	-

**Fiscal Analysis:** As substituted, this bill requires the Department for Aging and Rehabilitative Services (DARS) to convene a work group whose purpose is to conduct a comprehensive study of the quality of care, resident safety, and operational practices of nursing facilities in the Commonwealth. Broadly, the bill requires the study to evaluate quality and safety outcomes and trends, staffing levels and stability, existing complaint, survey, and enforcement systems, resident rights and protections, care coordination, ownership and operational models, financial and payment policy (including Medicaid reimbursement structures), emergency preparedness, data transparency standards, and disparities in quality and access to care throughout the state. The work group is required to be composed of representatives from a variety of stakeholder groups that are partially laid out in the bill and further determined by DARS. The bill requires DARS to submit the work group’s findings and recommendations to the Governor and select committees of the General Assembly by September 15, 2027.

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

---

DARS reports that the agency lacks the necessary expertise and resources to supervise the creation of the study as required by the bill. The agency expects that they will require additional funding as it relates to contracting with a vendor who can facilitate the creation of the study and complete the enumerated research elements of the study at the required depth and scope, as well as funding for costs to convene regular work group meetings.

DARS anticipates that they will need to temporarily contract with a consultancy or other third-party organization who can provide the requisite background knowledge to facilitate the work group and development of the study. Such organization will provide direction and support to the work group and coordinate the development of the study and report to the General Assembly. The third-party organization will also be responsible for sourcing and analyzing datasets required to be included in the report, including information related to operational models, emergency preparedness, staffing models, financial policy, and other information that must be assessed statewide as outlined in the bill. Based on similar contract costs for studies performed by other Health and Human Resources agencies, the cost to contract with this organization is estimated at roughly \$450,000 general fund (GF). However, DARS notes that contract costs may exceed this estimate due to the scope of the enumerated requirements for the study.

DARS also expects that additional resources may be required to convene meetings for the work group. Although the bill does not specify the number of participants in the work group or the number of required meetings, for the purposes of this analysis it is assumed that the work group will be comprised of 12-15 individuals and that the work group will meet quarterly prior to the submission of the report on September 15, 2027 (approximately five meetings between July 1, 2026, and September 15, 2027). There is no provision in the bill to provide compensation and expenses per § 2.2-2813 of the Code of Virginia. If appropriation is provided to citizen members of the work group, it is estimated at \$50 per member per meeting for compensation, and \$377 per member per meeting for mileage, lodging, and incidentals. Applied to a potential 12 citizen members, this would result in a cost of nearly \$5,100 per meeting for five meetings (\$25,500 total). This cost is reflected in the fiscal impact table above; however, should appropriation not be provided for this purpose, DARS is not obligated to reimburse citizen members for their participation.

This bill may implicate other state agencies as it relates to participation in the work group; although not specifically required to participate under the provisions of the bill, the Virginia Department of Health and the Department of Medical Assistance Services may be invited to serve on the work group based on the scope of the study. It is expected that any impacts to these or other agencies to participate in the work group will be minimal and absorbable within existing resources.

**Other:** n/a