

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

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ORIGINAL

Bill Number: HB560-H2

Patron: Hope

Bill Title: Administrative Process Act; exemptions; limitations; appeals of case decisions regarding benefits sought.

Bill Summary: The legislation, as substituted, provides that in case decision appeals brought by individuals regarding the grant or denial of Temporary Assistance to Needy Families, Medicaid, Supplemental Nutrition Assistance Program benefits, general relief, auxiliary grants, or state-local hospitalization, the review shall be based upon the agency record, and no intermediate relief shall be granted.

Budget Amendment Necessary: Yes

Items Impacted: 50 (OAG)

Explanation: The potentially significant programmatic and administrative impacts on DMAS and DSS are indeterminate. The impact on the Office of the Attorney General (OAG) is one position to handle an estimated increase in appeals.

Fiscal Summary: The proposed legislation would allow individuals unsatisfied with the adequacy of standards of need and payment levels for public assistance and social services programs to appeal through the administrative appeals process. As such, it is possible that circuit court rulings could alter benefit payments and/or eligibility in public assistance programs. The cost of rulings is indeterminate but could be significant. Additionally, OAG will need one assistant attorney general position to represent the agencies for appeals.

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)	-	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
DSS (765)	-	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
OAG (141)	-	\$160,956	\$160,956	\$160,956	\$160,956	\$160,956

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)	-	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
DSS (765)	-	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Position Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>	<u>FY2032</u>
OAG (141)	-	1.0	1.0	1.0	1.0	1.0	1.0

Fiscal Analysis:

Program Costs

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The proposed legislation would allow individuals unsatisfied with determinations of eligibility and approved levels of service for certain public assistance and social services programs to appeal through the administrative appeals process. Impacted public assistance programs are expected to include Temporary Assistance for Needy Families (TANF), Medicaid, Supplemental Nutrition Assistance Program (SNAP) benefits, general relief, auxiliary grants, or state-local hospitalization.

It is unknown as to how many additional individuals would choose to appeal beyond those who currently do so. It is also unknown what additional costs could result from the possibility of the circuit court ruling in an appellant's favor and remanding cases for further proceedings.

The bill also states that nothing shall be construed to limit the review of issues of law available under § 2.2-4027. Depending on how courts interpret this provision, the potential impact on program expenditures is indeterminate.

Administrative Costs

It is assumed that the bill only clarifies that appellants of DMAS/DSS actions have the right to challenge agency factual and legal determinations but leaves intact the Code's prohibitions on directly challenging the validity of the statute, regulation or rule upon which DMAS/DSS relied in taking a negative action or making a negative determination against an appellant. However, should the bill be construed to provide greater appeals rights, then the fiscal implications could be significant.

Department of Social Services:

This legislation does not propose any expansion or reduction to the department's legal authority or service population. According to the agency, the bill will not impact the agency's internal appeal process, as it leaves intact the Code language prohibiting factual challenges to laws and regulations. It does incorporate by reference §§ 2.2-4027 and 2.2-4029, both of which could be interpreted to allow for an appellant to challenge a statute or regulation, despite not being authorized under § 2.2-4025. It is unknown how many individuals will try to interpret the issues of law language as authorization to challenge a statute or regulation. DSS believes that this language has traditionally been interpreted to be with respect to legal challenges to an agency's actions and determinations and not challenge to the law. Therefore, the fiscal impact to DSS administrative costs is indeterminate.

Department of Medical Assistance Services:

Currently, in the context of DMAS administrative appeals, Medicaid providers cannot challenge the validity of the Code sections, regulations, or Appropriation Act language with respect to items including reimbursement rates, auditing or quality standards. The same would apply to challenges raised by enrollees and applicants with respect to issues such as eligibility criteria or assistance levels. To the extent that this legislation is interpreted to be a challenge to law, the expected impact on DMAS administrative costs are indeterminate.

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Office of the Attorney General:

According to OAG, the agency expects to see more appeals filed that their Office will be required to defend on behalf of DMAS and DSS; therefore, the OAG has indicated that it needs one assistant attorney general at a cost of \$160,956 general fund annually for salary and benefits to meet the requirements of this bill.

Other: -