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SENATE BILL NO. 808

Offered January 23, 2026

A BILL to amend the Code of Virginia by adding sections numbered 32.1-125.02 and 32.1-125.03, relating to nursing facilities; related party rent disclosures; incentive payment reduction; penalty.

Patrons—Sturtevant; Delegates: Cherry and McQuinn

Referred to Committee on Rehabilitation and Social Services

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding sections numbered 32.1-125.02 and 32.1-125.03 as follows:

§ 32.1-125.02. Nursing facility rent or lease payment disclosures; penalty.

A. As used in this section:

"Related party" means an entity or individual that, directly or indirectly, owns, controls, is owned or controlled by, or is under common ownership or common control with a nursing facility, including any affiliate of the nursing facility, as determined by the Department of Medical Assistance Services (DMAS).

"Related party rent expense" means the total annual amount a facility reports on cost reports filed with DMAS designated for rent or lease payments for land, buildings, and fixed equipment, in addition to any other payments required under the lease or rental agreement, to the extent such payments are made to a related party recipient.

B. Any nursing facility that is (i) licensed under this chapter, (ii) enrolled as a Medicaid provider, and (iii) pays rent or lease payments shall publicly disclose:

1. The name of the individual or entity rent or lease payments are paid to;

2. Whether the individual or entity rent or lease payments are paid to is a related party, and if so a description of that relationship;

3. Certain terms of the rent or lease agreement as specified by DMAS; and

4. The related party rent expense for the most recently completed fiscal year.

C. Disclosures required under this section shall be posted in a manner that is publicly and easily accessible on the nursing facility's website. If the nursing facility does not have a website, the disclosure shall be posted on the website of the operator or management company with a dedicated webpage clearly labeled for each facility.

D. Disclosures required under this section shall be updated on an annual basis within 120 days of the end of the most recent fiscal year, as well as within 30 days of any change in (i) ownership of the facility, (ii) operator or management company, or (iii) lease terms. Such disclosures shall remain publicly available for at least five years from the date they are initially posted.

E. Nothing in this section shall be construed to require the Department or DMAS to host, collect, store, or publish the information required to be disclosed.

F. Failure to comply with the disclosure requirements under this section shall constitute a violation of licensure requirements for nursing facilities and may subject the facility to enforcement action by the Department. As a condition of licensure renewal, each nursing facility shall furnish to the Department the URL of the disclosures required under this section, as well as an attestation that such disclosures are complete and current.

G. Notwithstanding any other penalty proscribed under this section, a knowingly false attestation or disclosure is unlawful and shall be punishable as a Class 3 misdemeanor.

§ 32.1-125.03. Nursing facility incentive payment reduction.

A. In administering any quality-based or value-based incentive payment for nursing facilities under the state plan for medical assistance, the Department of Medical Assistance Services (DMAS) shall reduce such incentive payments for any nursing facility that incurs excessive rent or lease expenses as outlined in this section.

B. DMAS shall establish a fair rental value benchmark for each nursing facility receiving incentive payments, and any related party rent expense, as defined in § 32.1-125.02, that exceeds 125 percent of the fair rental value benchmark shall be deducted from the total incentive payments otherwise payable to the nursing facility.

C. For purposes of calculating related party rent expense, the fair rental value benchmark, and any excess related party rent expense under this section, DMAS shall use the same reporting period, and shall align the calculation to the nursing facility's cost reporting period used for the applicable incentive payment year, as determined by DMAS.

D. DMAS shall provide written notice of any reduction in incentive payments made pursuant to this

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section, including the methodology and calculation used to determine such reduction. After receiving such notice, a nursing facility may appeal the decision in a process established by DMAS. As part of the appeal process, DMAS may grant a waiver to all or part of the reduction upon a showing that lease terms reflect fair market value due to documented capital improvements, unusual market conditions, or other good cause.

E. Nothing in this section shall be construed to permit DMAS to reduce base Medicaid reimbursement rates.

2. That the Department of Health and Department of Medical Assistance Services shall promulgate regulations to implement the provisions of this act. As part of such regulations, the Department of Medical Assistance Services shall (i) determine the level of common ownership or control necessary to qualify an individual or entity as a related party; (ii) specify the terms of a lease or rental agreement required to be disclosed; (iii) set accessibility standards for required disclosures to ensure ease of access to the public; and (iv) establish a methodology for calculating the fair rental value benchmark for nursing facilities.