2022 Special Session I

Budget Bill - HB30 (Chapter 2)

Item 304	First Year - FY2023	Second Year - FY2024
Medicaid Program Services (45600)	**$19,756,373,008**	**$20,261,485,218**
Payments for Graduate Medical Education Residencies (45606)	$8,700,000	$8,700,000
Reimbursements to State-Owned Mental Health and Intellectual Disabilities Facilities (45607)	$53,851,250	$61,635,858
Reimbursements for Behavioral Health Services (45608)	$49,580,190	$48,618,266
Reimbursements for Medical Services (45609)	$11,183,440,208	$11,654,367,028
Reimbursements for Long-Term Care Services (45610)	$2,256,075,926	$2,341,528,396
Payments for Healthcare Coverage for Low-Income Uninsured Adults (45611)	$6,204,725,434	$6,146,635,670
Fund Sources:		
General	$5,540,834,071	$5,948,390,913
Dedicated Special Revenue	$1,658,810,460	$1,691,933,452
Federal Trust	$12,556,728,477	$12,621,160,853

Authority: Title 32.1, Chapters 9 and 10, Code of Virginia; P.L. 89-97, as amended, Title XIX, Social Security Act, Federal Code.

A. Out of this appropriation, $26,925,625 the first year and $30,817,929 the second year from the general fund and $26,925,625 the first year and $30,817,929 the second year from the federal trust fund is provided for reimbursement to the institutions within the Department of Behavioral Health and Developmental Services.

B.1. Included in this appropriation is $2,032,933 the first year and $3,689,923 the second year from the general fund and $21,221,692 the first year and $22,878,682 the second year from nongeneral funds to reimburse the Virginia Commonwealth University Health System for indigent health care costs as reported by the hospital and adjusted by the department for indigent care savings related to Medicaid expansion. This funding is composed of disproportionate share hospital (DSH) payments, indirect medical education (IME) payments, and any Medicaid profits realized by the Health System. Payments made from the federal DSH fund shall be made in accordance with 42 USC 1396r-4.

2. Included in this appropriation is $32,489,625 the first year and $35,204,906 the second year from the general fund and $47,204,403 the first year and $49,919,684 the second year from nongeneral funds to reimburse the University of Virginia Health System for indigent health care costs as reported by the hospital and adjusted by the department for indigent care savings related to Medicaid expansion. This funding is comprised of disproportionate share hospital (DSH) payments, indirect medical education (IME) payments, and any Medicaid profits realized by

the Health System. Payments made from the federal DSH fund shall be made in accordance with 42 USC 1396r-4.

3. The general fund amounts for the state teaching hospitals have been reduced to mirror the general fund impact of reduced and no inflation for inpatient services in prior years. It also includes reductions associated with prior year indigent care reductions. However, the nongeneral funds are appropriated. In order to receive the nongeneral funds in excess of the amount of the general fund appropriated, the health systems shall certify the public expenditures.

4. The Department of Medical Assistance Service shall have the authority to increase Medicaid payments for Type One hospitals and physicians consistent with the appropriations to compensate for limits on disproportionate share hospital (DSH) payments to Type One hospitals that the department would otherwise make. In particular, the department shall have the authority to amend the State Plan for Medical Assistance to increase physician supplemental payments for physician practice plans affiliated with Type One hospitals up to the average commercial rate as demonstrated by University of Virginia Health System and Virginia Commonwealth University Health System, to change reimbursement for Graduate Medical Education to cover costs for Type One hospitals, to case mix adjust the formula for indirect medical education reimbursement for HMO discharges for Type One hospitals and to increase the adjustment factor for Type One hospitals to 1.0. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

5. Effective July 1, 2022, any hospitals acquired by or that become fully-owned by designated Type One hospitals shall be considered Type Two facilities for reimbursement including, but not limited to: Indirect Medical Education payments, Graduate Medical Education Payments, Direct Medical Education payments, Disproportionate Share Hospital payments, hospital rate-setting purposes, aggregated cost settlements, and physician supplemental payments. Facilities acquired prior to July 1, 2022, by Type One hospitals shall continue to be designated as Type One hospitals for reimbursement purposes.

C.1. The estimated revenue for the Virginia Health Care Fund is $626,102,702 the first year and $653,561,390 the second year, to be used pursuant to the uses stated in § 32.1-367, Code of Virginia.

2. Notwithstanding any other provision of law, revenues deposited to the Virginia Health Care Fund shall only be used as the state share of Medicaid unless specifically authorized by this Act.

3. Notwithstanding § 32.1-366, Code of Virginia, the State Comptroller shall deposit 41.5 percent of the Commonwealth's allocation of the Master Settlement Agreement with tobacco product manufacturers, as defined in § 3.2-3100, Code of Virginia, to the Virginia Health Care Fund.

4. The state share, not including hospital assessment dollars, of any repayment by managed care organizations resulting from exceeding their profit caps for not meeting the medical loss ratios pursuant to their contracts with the Department of Medical Assistance Services, shall be deposited to the Health Care Fund.

D. If any part, section, subsection, paragraph, clause, or phrase of this Item or the application thereof is declared by the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services to be in conflict with a federal law or regulation, such decisions shall not affect the validity of the remaining portions of this Item, which shall remain in force as if this Item had passed without the conflicting part, section, subsection, paragraph, clause, or phrase. Further, if the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services determines that the process for accomplishing the intent of a part, section, subsection, paragraph, clause, or phrase of this Item is out of compliance or in conflict with federal law and regulation and recommends another method of accomplishing the same intent, the Director, Department of Medical Assistance Services, after consultation with the Attorney General, is authorized to pursue the alternative method.

E.1. At least 45 days prior to the submission of any State Plan or waiver amendment or renewal of such, to the Centers for Medicare and Medicaid Services (CMS) or change in the contracts with managed care organizations (MCO) that may impact the capitation rates, the Department of Medical Assistance Services (DMAS) shall provide written notification to the Director, Department of Planning and Budget as to the purpose of such change. This notice shall also assess whether the amendment will require any future state regulatory action or expenditure beyond that which is appropriated in this Act. If the Department of Planning and Budget, after review of the proposed change, determines that it may likely result in a material fiscal impact on the general fund, for which no legislative appropriation has been provided, then the Department of Medical Assistance Services shall delay the proposed change until the General Assembly authorizes such action and notify the Chairs of the House Appropriations and Senate Finance and Appropriations Committees of such action.

2. Effective July 1, 2022, the Department of Medical Assistance Services shall have the authority to include modifications to the Cardinal Care Managed Care Contract as necessary to implement actions specifically authorized through language included in this Act.

3. The department shall track and report on compliance with NCQA response time standards for each MCO, broken down by service type. Such tracking shall include: (i) How often total response time, from initial submittal until service authorization or denial, exceeds the NCQA standards; and (ii) How often appeals are filed, and of those, how often are services subsequently approved and how often they are denied. The department shall publish the data on these items on a quarterly basis to the department's website.

4. The Department of Medical Assistance Services shall modify its contracts with managed care organizations to require annual reporting with regard to Medicaid Community Mental Health Rehabilitation Services on: (i) the number of providers in their network and their geographic locations; (ii) the total number of provider terminations by year since fiscal year 2018 and the number terminated with and without cause; (iii) the localities the terminated providers served; and (iv) the number of Medicaid members the providers were serving prior to termination of their provider contract. The department shall report this data annually, not later than November 1, to the Joint Subcommittee for Health and Human Resources Oversight.

5. Cardinal Care Managed Care (formerly CCC Plus) plans shall upgrade their Medicare Dual Special Needs Plans (D-SNPs) to Fully Integrated Dual Eligible Special Needs Plans (FIDE-SNPS), unless otherwise prohibited to do so by federal rule.

6. The Department of Medical Assistance Services shall amend the managed care contract(s) effective July 1, 2022 to create a blended rate model to merge capitation rates for those with third-party liability and those with no third party liability. The rate model shall be developed in a rate neutral and actuarial sound manner during the annual capitation calculation process. This change is subject to CMS rate approval.

F.1. The Director, Department of Medical Assistance Services shall seek the necessary waivers from the United States Department of Health and Human Services to authorize the Commonwealth to cover health care services and delivery systems, as may be permitted by Title XIX of the Social Security Act, which may provide less expensive alternatives to the State Plan for Medical Assistance.

2. At least 30 days prior to the submission of an application for any new waiver of Title XIX or Title XXI of the Social Security Act, the Department of Medical Assistance Services shall notify the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees of such pending application and provide information on the purpose and justification for the waiver along with any fiscal impact. If the department receives an official letter from either Chairmen raising an objection about the waiver during the 30-day period, the department shall not submit the waiver application and shall request authority for such waiver as part of the normal legislative or budgetary process. If the department receives no objection, then the application may be submitted. Any waiver specifically authorized elsewhere in this Item is not subject to this provision. Waiver renewals are not subject to the provisions of this paragraph.

3. The director shall promulgate such regulations as may be necessary to implement those programs which may be permitted by Titles XIX and XXI of the Social Security Act, in conformance with all requirements of the Administrative Process Act.

G. To the extent that appropriations in this Item are insufficient, the Department of Planning and Budget shall transfer general fund appropriation, as needed, from Children's Health Insurance Program Delivery (44600) and Medical Assistance Services for Low Income Children (46600), if available, into this Item to be used as state match for federal Title XIX funds.

H. Notwithstanding any other provision of law, any unexpended general fund appropriation remaining in this Item on the last day of each fiscal year shall revert to the general fund and shall not be reappropriated in the following fiscal year.

I. It is the intent of the General Assembly that the medically needy income limits for the Medicaid program are adjusted annually to account for changes in the Consumer Price Index.

J.1.a. As of July 1, 2021, the Community Living (CL) waiver authorizes 12,006 slots.

b. As of July 1, 2021, the Family and Individuals Support (FIS) waiver authorizes 4,533 slots.

c. As of July 1, 2021, the Building Independence (BI) waiver authorizes 400 slots.

2. Notwithstanding Chapters 228 and 303 of the 2009 Virginia Acts of Assembly and §32.1-323.2 of the Code of Virginia, the Department of Medical Assistance Services shall not add any slots to the Intellectual Disabilities Medicaid Waiver or the Individual and Family Developmental Disabilities and Support Medicaid Waiver other than those slots authorized specifically to support the Money Follows the Person Demonstration, individuals who are exiting state institutions, any slots authorized under Chapters 724 and 729 of the 2011 Virginia Acts of Assembly or §37.2-319, Code of Virginia, or authorized elsewhere in this Act.

3. Upon approval by the Centers for Medicare and Medicaid Services of the application for renewal of the CL, FIS and BI waivers, expeditious implementation of any revisions shall be deemed an emergency situation pursuant to § 2.2-4002 of the Administrative Process Act. Therefore, to meet this emergency situation, the Department of Medical Assistance Services shall promulgate emergency regulations to implement the provisions of this Act.

4.a. The Department of Medical Assistance Services (DMAS) shall amend the CL waiver to add 100 slots effective July 1, 2023. An amount estimated at $3,798,050 the second year from the general fund and $3,798,050 the second year from nongeneral funds is provided to cover the anticipated costs of the new slots.

b. The Department of Medical Assistance Services (DMAS) shall amend the FIS waiver to add 500 slots effective July 1, 2023. An amount estimated at $9,036,000 the second year from the general fund and $9,036,000 the second year from nongeneral funds is provided to cover the anticipated costs of the new slots.

c. The Department of Medical Assistance Services, in collaboration with the Department of Behavioral Health and Developmental Services, shall separately track all costs associated with the additional slots added in paragraphs J.4.a. and J.4.b. above. By December 1 of each year, the department shall report this data to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and the Director, Department of Planning and Budget.

K. The Department of Medical Assistance Services shall not require dentists who agree to participate in the delivery of Medicaid pediatric dental care services, or services provided to enrollees in the Family Access to Medical Insurance Security (FAMIS) Plan or any variation of FAMIS, to also deliver services to subscribers enrolled in

commercial plans of the managed care vendor, unless the dentist is a willing participant in the commercial managed care plan.

L. The Department of Medical Assistance Services shall implement continued enhancements to the drug utilization review (DUR) program. The department shall continue the Pharmacy Liaison Committee and the DUR Board. The department shall continue to work with the Pharmacy Liaison Committee, meeting at least semi-annually, to implement initiatives for the promotion of cost-effective services delivery as may be appropriate. The department shall solicit input from the Pharmacy Liaison Committee regarding pharmacy provisions in the development and enforcement of all managed care contracts. The Pharmacy Liaison Committee shall include a representative from the Virginia Community Healthcare Association to represent pharmacy operations and issues at federally qualified health centers in Virginia. The department shall report on the Pharmacy Liaison Committee's and the DUR Board's activities to the Board of Medical Assistance Services and to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and the Department of Planning and Budget no later than December 15 each year of the biennium.

M.1. The Department of Medical Assistance Services shall develop and pursue cost saving strategies internally and with the cooperation of the Department of Social Services, Virginia Department of Health, Office of the Attorney General, Children's Services Act program, Department of Education, Department of Juvenile Justice, Department of Behavioral Health and Developmental Services, Department for Aging and Rehabilitative Services, Department of the Treasury, University of Virginia Health System, Virginia Commonwealth University Health System Authority, Department of Corrections, federally qualified health centers, local health departments, local school divisions, community service boards, local hospitals, and local governments, that focus on optimizing Medicaid claims and cost recoveries. Any revenues generated through these activities shall be transferred to the Virginia Health Care Fund to be used for the purposes specified in this Item.

2. The Department of Medical Assistance Services shall retain the savings necessary to reimburse a vendor for its efforts to implement paragraph M.1. of this Item. However, prior to reimbursement, the department shall identify for the Secretary of Health and Human Resources each of the vendor's revenue maximization efforts and the manner in which each vendor would be reimbursed. No reimbursement shall be made to the vendor without the prior approval of the above plan by the Secretary.

N. The Department of Medical Assistance Services shall have the authority to pay contingency fee contractors, engaged in cost recovery activities, from the recoveries that are generated by those activities. All recoveries from these contractors shall be deposited to a special fund. After payment of the contingency fee any prior year recoveries shall be transferred to the Virginia Health Care Fund. The Director, Department of Medical Assistance Services, shall report to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees the increase in recoveries associated with this program as well as the areas of audit targeted by contractors by November 1 each year.

O. The Department of Medical Assistance Services in cooperation with the State Executive Council, shall provide semi-annual training to local Children's Services Act teams on the procedures for use of Medicaid for residential treatment and treatment foster care services, including, but not limited to, procedures for determining eligibility, billing, reimbursement, and related reporting requirements. The department shall include in this training information on the proper utilization of inpatient and outpatient mental health services as covered by the Medicaid State Plan.

P.1. Notwithstanding § 32.1-331.12 et seq., Code of Virginia, the Department of Medical Assistance Services, in consultation with the Department of Behavioral Health and Developmental Services, shall amend the State Plan for Medical Assistance Services to modify the delivery system of pharmaceutical products to include a Preferred Drug List. In developing the modifications, the department shall consider input from physicians, pharmacists, pharmaceutical manufacturers, patient advocates, and others, as appropriate.

2.a. The department shall utilize a Pharmacy and Therapeutics Committee to assist in the development and ongoing administration of the Preferred Drug List program. The Pharmacy and Therapeutics Committee shall be composed of 8 to 12 members, including the Commissioner, Department of Behavioral Health and Developmental Services, or his designee. Other members shall be selected or approved by the department. The membership shall include a ratio of physicians to pharmacists of 2:1 and the department shall ensure that at least one-half of the physicians and pharmacists are either direct providers or are employed with organizations that serve recipients for all segments of the Medicaid population. Physicians on the committee shall be licensed in Virginia, one of whom shall be a psychiatrist, and one of whom specializes in care for the aging. Pharmacists on the committee shall be licensed in Virginia, one of whom shall have clinical expertise in mental health drugs, and one of whom has clinical expertise in community-based mental health treatment. The Pharmacy and Therapeutics Committee shall recommend to the department (i) which therapeutic classes of drugs should be subject to the Preferred Drug List program and prior authorization requirements; (ii) specific drugs within each therapeutic class to be included on the preferred drug list; (iii) appropriate exclusions for medications, including atypical anti-psychotics, used for the treatment of serious mental illnesses such as bi-polar disorders, schizophrenia, and depression; (iv) appropriate exclusions for medications used for the treatment of brain disorders, cancer and HIV-related conditions; (v) appropriate exclusions for therapeutic classes in which there is only one drug in the therapeutic class or there is very low utilization, or for which it is not cost-effective to include in the Preferred Drug List program; and (vi) appropriate grandfather clauses when prior authorization would interfere with established complex drug regimens that have proven to be clinically effective. In developing and maintaining the preferred drug list, the cost effectiveness of any given drug shall be considered only after it is determined to be safe and clinically effective.

b. The Pharmacy and Therapeutics Committee shall schedule meetings at least semi-annually and may meet at other times at the discretion of the chairperson and members. At the meetings, the Pharmacy and Therapeutics committee shall review any drug in a class subject to the Preferred Drug List that is newly approved by the Federal Food and Drug Administration, provided there is at least thirty (30) days notice of such approval prior to the date of the quarterly meeting.

3. The department shall establish a process for acting on the recommendations made by the Pharmacy and Therapeutics Committee, including documentation of any decisions which deviate from the recommendations of the committee.

4. The Preferred Drug List program shall include provisions for (i) the dispensing of a 72-hour emergency supply of the prescribed drug when requested by a physician and a dispensing fee to be paid to the pharmacy for such supply; (ii) prior authorization decisions to be made within 24 hours and timely notification of the recipient and/or the prescribing physician of any delays or negative decisions; (iii) an expedited review process of denials by the department; and (iv) consumer and provider education, training and information regarding the Preferred Drug List prior to implementation, and ongoing communications to include computer access to information and multilingual material.

5. The Preferred Drug List program shall generate savings as determined by the department that are net of any administrative expenses to implement and administer the program.

6. Notwithstanding § 32.1-331.12 et seq., Code of Virginia, to implement these changes, the Department of Medical Assistance Services shall promulgate emergency regulations to become effective within 280 days or less from the enactment of this Act. With respect to such State Plan amendments and regulations, the provisions of § 32.1-331.12 et seq., Code of Virginia, shall not apply. In addition, the department shall work with the Department of Behavioral Health and Development Services to consider utilizing a Preferred Drug List program for its non-Medicaid clients.

7. The Department of Medical Assistance Services shall (i) continually review utilization of behavioral health medications under the State Medicaid Program for Medicaid recipients; and (ii) ensure appropriate use of these medications according to federal Food and Drug Administration (FDA) approved indications and dosage levels. The

department may also require retrospective clinical justification according to FDA approved indications and dosage levels for the use of multiple behavioral health drugs for a Medicaid patient. For individuals 18 years of age and younger who are prescribed three or more behavioral health drugs, the department may implement clinical edits that target inefficient, ineffective, or potentially harmful prescribing patterns in accordance with FDA-approved indications and dosage levels.

8. The Department of Medical Assistance Services shall ensure that in the process of developing the Preferred Drug List, the Pharmacy and Therapeutics Committee considers the value of including those prescription medications which improve drug regimen compliance, reduce medication errors, or decrease medication abuse through the use of medication delivery systems that include, but are not limited to, transdermal and injectable delivery systems.

Q.1. The Department of Medical Assistance Services may amend the State Plan for Medical Assistance Services to modify the delivery system of pharmaceutical products to include a specialty drug program. In developing the modifications, the department shall consider input from physicians, pharmacists, pharmaceutical manufacturers, patient advocates, the Pharmacy Liaison Committee, and others as appropriate.

2. In developing the specialty drug program to implement appropriate care management and control drug expenditures, the department shall contract with a vendor who will develop a methodology for the reimbursement and utilization through appropriate case management of specialty drugs and distribute the list of specialty drug rates, authorized drugs and utilization guidelines to medical and pharmacy providers in a timely manner prior to the implementation of the specialty drug program and publish the same on the department's website.

3. In the event that the Department of Medical Assistance Services contracts with a vendor, the department shall establish the fee paid to any such contractor based on the reasonable cost of services provided. The department may not offer or pay directly or indirectly any material inducement, bonus, or other financial incentive to a program contractor based on the denial or administrative delay of medically appropriate prescription drug therapy, or on the decreased use of a particular drug or class of drugs, or a reduction in the proportion of beneficiaries who receive prescription drug therapy under the Medicaid program. Bonuses cannot be based on the percentage of cost savings generated under the benefit management of services.

4. The department shall: (i) review, update and publish the list of authorized specialty drugs, utilization guidelines, and rates at least quarterly; (ii) implement and maintain a procedure to revise the list or modify specialty drug program utilization guidelines and rates, consistent with changes in the marketplace; and (iii) provide an administrative appeals procedure to allow dispensing or prescribing providers to contest the listed specialty drugs and rates.

5. The department shall have authority to enact emergency regulations under § 2.2-4011 of the Administrative Process Act to effect these provisions.

R.1. The Department of Medical Assistance Services shall reimburse school divisions who sign an agreement to provide administrative support to the Medicaid program and who provide documentation of administrative expenses related to the Medicaid program 50 percent of the Federal Financial Participation by the department.

2. The Department of Medical Assistance Services shall retain five percent of the Federal Financial Participation for reimbursement to school divisions for medical and transportation services.

3. The Department shall amend the State Plan for Medical Assistance to allow payment of medical assistance services delivered to Medicaid-eligible students when such services qualify for reimbursement by the Virginia Medicaid program and may be provided by school divisions, regardless of whether the student receiving care has an individualized education program or whether the health care service is included in a student's individualized education program. Such services shall include those covered under the State Plan for medical assistance services or by the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit as specified in § 1905(r) of the

federal Social Security Act, and shall include a provision for payment of medical assistance for health care services provided through telemedicine services, as defined in § 38.2-3418.16. No health care provider who provides health care services through telemedicine shall be required to use proprietary technology or applications in order to be reimbursed for providing telemedicine services.

S. In the event that the Department of Medical Assistance Services decides to contract for pharmaceutical benefit management services to administer, develop, manage, or implement Medicaid pharmacy benefits, the department shall establish the fee paid to any such contractor based on the reasonable cost of services provided. The department may not offer or pay directly or indirectly any material inducement, bonus, or other financial incentive to a program contractor based on the denial or administrative delay of medically appropriate prescription drug therapy, or on the decreased use of a particular drug or class of drugs, or a reduction in the proportion of beneficiaries who receive prescription drug therapy under the Medicaid program. Bonuses cannot be based on the percentage of cost savings generated under the benefit management of services.

T. The Department of Medical Assistance Services, in cooperation with the Department of Social Services' Division of Child Support Enforcement (DSCE), shall identify and report third party coverage where a medical support order has required a custodial or noncustodial parent to enroll a child in a health insurance plan. The Department of Medical Assistance Services shall also report to the DCSE third party information that has been identified through their third party identification processes for children handled by DCSE.

U.1. Notwithstanding the provisions of § 32.1-325.1:1, Code of Virginia, upon identifying that an overpayment for medical assistance services has been made to a provider, the Director, Department of Medical Assistance Services shall notify the provider of the amount of the overpayment. Such notification of overpayment shall be issued within the earlier of (i) four years after payment of the claim or other payment request, or (ii) four years after filing by the provider of the complete cost report as defined in the Department of Medical Assistance Services' regulations, or (iii) 15 months after filing by the provider of the final complete cost report as defined in the Department of Medical Assistance Services' regulations subsequent to sale of the facility or termination of the provider.

2. Notwithstanding the provisions of § 32.1-325.1, Code of Virginia, the director shall issue an informal fact-finding conference decision concerning provider reimbursement in accordance with the State Plan for Medical Assistance, the provisions of § 2.2-4019, Code of Virginia, and applicable federal law. The informal fact-finding conference decision shall be issued within 180 days of the receipt of the appeal request, except as provided herein. If the agency does not render an informal fact-finding conference decision within 180 days of the receipt of the appeal request or, in the case of a joint agreement to stay the appeal decision as detailed below, within the time remaining after the stay expires and the appeal timeframes resume, the decision is deemed to be in favor of the provider. An appeal of the director's informal fact-finding conference decision concerning provider reimbursement shall be heard in accordance with § 2.2-4020 of the Administrative Process Act (§ 2.2-4020 et seq.) and the State Plan for Medical Assistance provided for in § 32.1-325, Code of Virginia. The Department of Medical Assistance Services and the provider may jointly agree to stay the deadline for the informal appeal decision or for the formal appeal recommended decision of the Hearing Officer for a period of up to sixty (60) days to facilitate settlement discussions. If the parties reach a resolution as reflected by a written settlement agreement within the sixty-day period, then the stay shall be extended for such additional time as may be necessary for review and approval of the settlement agreement in accordance § 2.2-514 of the Code of Virginia. Once a final agency case decision has been made, the director shall undertake full recovery of such overpayment whether or not the provider disputes, in whole or in part, the informal fact-finding conference decision or the final agency case decision. Interest charges on the unpaid balance of any overpayment shall accrue pursuant to § 32.1-313, Code of Virginia, from the date the Director's agency case decision becomes final.

V.1. The Department of Medical Assistance Services shall delay the last quarterly payment of certain quarterly amounts paid to hospitals, from the end of each state fiscal year to the first quarter of the following year. Quarterly payments that shall be delayed from each June to each July shall be Disproportionate Share Hospital payments,

Indirect Medical Education payments, and Direct Medical Education payments. The department shall have the authority to implement this reimbursement change effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such change.

2. The Department of Medical Assistance Services shall make the monthly capitation payment to managed care organizations for the member months of each month in the first week of the subsequent month. The department shall have the authority to implement this reimbursement schedule change effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such change.

3. In every June, the remittance that would normally be paid to providers on the last remittance date of the state fiscal year shall be delayed one week longer than is normally the practice. This change shall apply to the remittances of Medicaid and FAMIS providers. This change does not apply to providers who are paid a per-month capitation payment. The department shall have the authority to implement this reimbursement change effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such change.

W. The Department of Medical Assistance Services shall impose an assessment equal to 6.0 percent of revenue on all ICF-ID providers. The department shall determine procedures for collecting the assessment, including penalties for non-compliance. The department shall have the authority to adjust interim rates to cover new Medicaid costs as a result of this assessment.

X.1. Effective July 1, 2021, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to revise per diem rates paid to psychiatric residential treatment facilities (PRTF) using the provider's audited cost per day from the facility's cost report for provider fiscal years ending in state fiscal year 2018. New Virginia-based residential psychiatric facilities must submit proforma cost report data, which will be used to set the initial per diem rate for up to two years. After this period, the department shall establish a per diem rate based on an audited cost report for a 12-month period within the first two years of operation. Providers that do not submit cost reports shall be paid at 75% of the established rate ceiling. If necessary to enroll out-of-state providers for network adequacy, the department shall negotiate rates. If there is sufficient utilization, the department may require out-of-state providers to submit a cost report to establish a per diem rate. In-state and out-of-state provider per diem rates shall be subject to a ceiling based on the statewide weighted average cost per day from fiscal year 2018 cost reports. The department shall have the authority to implement these changes effective July 1, 2021, and prior to the completion of any regulatory process undertaken in order to effect such change.

2. The Department of Medical Assistance Services shall have the authority to establish rebasing of PRTF rates every three years. The first rebasing of rates shall take effect July 1, 2023. All PRTF and Addiction and Rehabilitation Treatment Services (ARTS) providers who offer qualifying services under 12VAC30-70-418(C) shall be required to submit cost reports as a part of rebasing. Out of state providers with more than 1,500 paid days for Virginia Medicaid members in the most recently completed state fiscal year shall also be required to submit a cost report. A rate ceiling shall be established based on a statewide weighted average cost per day. Rate ceilings shall be established independently for PRTFs and participating ARTS residential services. The department shall have the authority to implement these changes effective July 1, 2022 and prior to the completion of any regulatory process to effect such change.

3. DMAS shall also establish inflation increases for each non-rebasing fiscal year for both PRTF and qualifying ARTS providers. Inflation rates shall be tied to the Nursing Facility Moving Average as established by IHS Markit (or its successor). The most recent four quarters will be averaged to create the PRTF inflation rate. The department shall have the authority to implement these changes effective July 1, 2023, and prior to the completion of any regulatory process to effect such change.

4. Effective July 1, 2022, the department shall adjust PRTF rates by 8.89% to account for inflation since the last audited cost report of fiscal year 2018. The rate ceiling shall increase to $460.89 per day. The department shall have

the authority to implement these changes effective July 1, 2022, and prior to the completion of any regulatory process to effect such change.

Y. The Department of Medical Assistance Services shall seek federal authority through the necessary waiver(s) and/or State Plan authorization under Titles XIX and XXI of the Social Security Act to merge the Commonwealth Coordinated Care Plus and Medallion 4.0 managed care programs, effective July 1, 2022, into a single, streamlined managed care program that links seamlessly with the fee-for-service program, ensuring an efficient and well-coordinated Virginia Medicaid delivery system that provides high-quality care to its members and adds value for providers and the Commonwealth. The department shall have the authority to promulgate emergency regulations to implement these amendments within 280 days or less from the enactment of this Act. The department shall have authority to implement necessary changes upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such change.

Z. The Department of Medical Assistance Services (DMAS) shall have the authority to amend the State Plan for Medical Assistance to enroll and reimburse freestanding birthing centers accredited by the Commission for the Accreditation of Birthing Centers. Reimbursement shall be based on the Enhanced Ambulatory Patient Group methodology applied in a manner similar to the reimbursement methodology for ambulatory surgery centers. The department shall have authority to implement necessary changes upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such change.

AA. Effective July 1, 2013, the Department of Medical Assistance Services shall establish a Medicaid Physician and Managed Care Liaison Committee including, but not limited to, representatives from the following organizations: the Virginia Academy of Family Physicians; the American Academy of Pediatricians – Virginia Chapter; the Virginia College of Emergency Physicians; the American College of Obstetrics and Gynecology – Virginia Section; Virginia Chapter, American College of Radiology; the Psychiatric Society of Virginia; the Virginia Medical Group Management Association; and the Medical Society of Virginia. The committee shall also include representatives from each of the department's contracted managed care organizations and a representative from the Virginia Association of Health Plans. The committee will work with the department to investigate the implementation of quality, cost-effective health care initiatives, to identify means to increase provider participation in the Medicaid program, to remove administrative obstacles to quality, cost-effective patient care, and to address other matters as raised by the department or members of the committee. The committee shall establish an Emergency Department Care Coordination work group comprised of representatives from the committee, including the Virginia College of Emergency Physicians, the Medical Society of Virginia, the Virginia Hospital and Healthcare Association, the Virginia Academy of Family Physicians and the Virginia Association of Health Plans to review the following issues: (i) how to improve coordination of care across provider types of Medicaid "super utilizers"; (ii) the impact of primary care provider incentive funding on improved interoperability between hospital and provider systems; and (iii) methods for formalizing a statewide emergency department collaboration to improve care and treatment of Medicaid recipients and increase cost efficiency in the Medicaid program, including recognized best practices for emergency departments. The committee shall meet semi-annually, or more frequently if requested by the department or members of the committee. The department, in cooperation with the committee, shall report on the committee's activities annually to the Board of Medical Assistance Services and to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and the Department of Planning and Budget no later than October 1 each year.

BB.1. The Department of Medical Assistance Services shall seek federal authority through any necessary waiver(s) and/or State Plan authorization under Titles XIX and XXI of the Social Security Act to implement a comprehensive value-driven, market-based reform of the Virginia Medicaid/FAMIS programs.

2. The department is authorized to contract with qualified health plans to offer recipients a Medicaid benefit package adhering to these principles. This reformed service delivery model shall be mandatory, to the extent allowed under the relevant authority granted by the federal government and shall, at a minimum, include (i) limited high-performing provider networks and medical/health homes; (ii) financial incentives for high quality

outcomes and alternative payment methods; (iii) improvements to encounter data submission, reporting, and oversight; (iv) standardization of administrative and other processes for providers; and (v) support of the health information exchange.

3.a. Notwithstanding § 30-347, Code of Virginia, or any other provision of law, the Department of Medical Assistance Services shall have the authority to (1) amend the State Plan for Medical Assistance under Title XIX of the Social Security Act, and any waivers thereof, to implement coverage for newly eligible individuals pursuant to 42 U.S.C. § 1396d(y)(1)[2010] of the Patient Protection and Affordable Care Act (PPACA) and (2) begin the process of implementing a § 1115 demonstration project to transform the Medicaid program for newly eligible individuals and eligible individuals enrolled in the existing Medicaid program. DMAS shall submit the § 1115 demonstration waiver application to the Centers for Medicare and Medicaid Services (CMS) for approval. The department shall provide updates on the progress of the State Plan amendments and demonstration waiver applications to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, or their designees, upon request, and provide for participation in discussions with CMS staff. The department shall respond to all requests for information from CMS on State Plan amendments and demonstration waiver applications in a timely manner.

b. The demonstration project shall include the following elements in the design: The Department of Medical Assistance Services shall develop a supportive employment and housing benefit targeted to high risk Medicaid beneficiaries with mental illness, substance use disorder, or other complex, chronic conditions who need intensive, ongoing support to obtain and maintain employment and stable housing.

c. The department shall have the authority to promulgate emergency regulations to implement these changes within 280 days or less from the enactment date of this Act.

4. In the event that the increased federal medical assistance percentages for newly eligible individuals included in 42 U.S.C. § 1396d(y)(1)[2010] of the PPACA are modified through federal law or regulation from the methodology in effect on January 1, 2014, resulting in a reduction in federal medical assistance as determined by the department in consultation with the Department of Planning and Budget, the Department of Medical Assistance Services shall disenroll and eliminate coverage for individuals who obtained coverage through 42 U.S.C. § 1396d(y)(1) [2010] of the PPACA. The disenrollment process shall include written notification to affected Medicaid beneficiaries, Medicaid managed care plans, and other providers that coverage will cease as soon as allowable under federal law following the date the department is notified of a reduction in Federal Medical Assistance Percentage.

CC. The Disproportionate Share Hospital (DSH) per diem for Type One hospitals shall be 17 times the DSH per diem for Type Two hospitals. The department shall have the authority to implement these reimbursement changes effective July 1, 2014, and prior to completion of any regulatory process in order to effect such changes.

DD.1.a. There is hereby appropriated sum-sufficient nongeneral funds for the Department of Medical Assistance Services (DMAS) to pay the state share of supplemental payments for qualifying private hospital partners of Type One hospitals (consisting of state-owned teaching hospitals) as provided in the State Plan for Medical Assistance Services. Qualifying private hospitals shall consist of any hospital currently enrolled as a Virginia Medicaid provider and owned or operated by a private entity in which a Type One hospital has a non-majority interest. The supplemental payments shall be based upon the reimbursement methodology established for such payments in Attachments 4.19-A and 4.19-B of the State Plan for Medical Assistance Services. DMAS shall enter into a transfer agreement with any Type One hospital whose private hospital partner qualifies for such supplemental payments, under which the Type One hospital shall provide the state share in order to match federal Medicaid funds for the supplemental payments to the private hospital partner. The department shall have the authority to implement these reimbursement changes consistent with the effective date in the State Plan amendment approved by the Centers for Medicare and Medicaid Services (CMS) and prior to completion of any regulatory process in order to effect such changes.

b. The department shall adjust capitation payments to Medicaid managed care organizations for the purpose of securing access to Medicaid hospital services for the qualifying private hospital partners of Type One hospitals (consisting of state-owned teaching hospitals). The department shall revise its contracts with managed care organizations to incorporate these supplemental capitation payments and provider payment requirements. DMAS shall enter into a transfer agreement with any Type One hospital whose private hospital partner qualifies for such supplemental payments, under which the Type One hospital shall provide the state share in order to match federal Medicaid funds for the supplemental payments to the private hospital partner. The department shall have the authority to implement these reimbursement changes consistent with the effective date approved by the Centers for Medicare and Medicaid Services (CMS). No payment shall be made without approval from CMS.

2.a. The Department of Medical Assistance Services shall promulgate regulations to make supplemental payments to Medicaid physician providers with a medical school located in Eastern Virginia that is a political subdivision of the Commonwealth. The amount of the supplemental payment shall be based on the difference between the average commercial rate approved by CMS and the payments otherwise made to physicians. The department shall have the authority to implement these reimbursement changes consistent with the effective date in the State Plan amendment approved by CMS and prior to completion of any regulatory process in order to effect such changes.

b. The department shall increase payments to Medicaid managed care organizations for the purpose of securing access to Medicaid physician services in Eastern Virginia, through higher rates to physicians affiliated with a medical school located in Eastern Virginia that is a political subdivision of the Commonwealth subject to applicable limits. The department shall revise its contracts with managed care organizations to incorporate these supplemental capitation payments, and provider payment requirements, subject to approval by CMS. No payment shall be made without approval from CMS.

c. Funding for the state share for these Medicaid payments is authorized in Item 247.

3.a. The Department of Medical Assistance Services (DMAS) shall have the authority to amend the State Plan for Medical Assistance Services (State Plan) to implement a supplemental Medicaid payment for local government-owned nursing homes. The total supplemental Medicaid payment for local government-owned nursing homes shall be based on the difference between the Upper Payment Limit of 42 CFR §447.272 as approved by CMS and all other Medicaid payments subject to such limit made to such nursing homes. There is hereby appropriated sum-sufficient funds for DMAS to pay the state share of the supplemental Medicaid payment hereunder. However, DMAS shall not submit such State Plan amendment to CMS until it has entered into an intergovernmental agreement with eligible local government-owned nursing homes or the local government itself which requires them to transfer funds to DMAS for use as the state share for the supplemental Medicaid payment each nursing home is entitled to and to represent that each has the authority to transfer funds to DMAS and that the funds used will comply with federal law for use as the state share for the supplemental Medicaid payment. If a local government-owned nursing home or the local government itself is unable to comply with the intergovernmental agreement, DMAS shall have the authority to modify the State Plan. The department shall have the authority to implement the reimbursement change consistent with the effective date in the State Plan amendment approved by CMS and prior to the completion of any regulatory process undertaken in order to effect such change.

b. If by June 30, 2017, the Department of Medical Assistance Services has not secured approval from the Centers for Medicare and Medicaid Services to use a minimum fee schedule pursuant to 42 C.F.R. § 438.6(c)(1)(iii) for local government-owned nursing homes participating in Commonwealth Coordinated Care Plus (CCC Plus) at the same level as and in lieu of the supplemental Medicaid payments authorized in Section XX.3.a., then DMAS shall: (i) exclude Medicaid recipients who elect to receive nursing home services in local government-owned nursing homes from CCC Plus; (ii) pay for such excluded recipient's nursing home services on a fee-for-service basis, including the related supplemental Medicaid payments as authorized herein; and (iii) prohibit CCC Plus contracted health plans from in any way limiting Medicaid recipients from electing to receive nursing home services from local government-owned nursing homes. The department may include in CCC Plus Medicaid recipients who elect to receive nursing home services in local government-owned nursing homes in the future when it has secured federal

CMS approval to use a minimum fee schedule as described above.

4. The Department of Medical Assistance Services shall have the authority to amend the State Plan for Medical Assistance Services to implement a supplemental payment for clinic services furnished by the Virginia Department of Health (VDH) effective July 1, 2015. The total supplemental Medicaid payment shall be based on the Upper Payment Limit approved by the Centers for Medicare and Medicaid Services and all other Medicaid payments. VDH may transfer general fund to the department from funds already appropriated to VDH to cover the non-federal share of the Medicaid payments. The department shall have the authority to implement the reimbursement change effective July 1, 2015, and prior to the completion of any regulatory process undertaken in order to effect such changes.

5. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to increase the supplemental physician payments for physicians employed at a freestanding children's hospital serving children in Planning District 8 with more than 50 percent Medicaid inpatient utilization in fiscal year 2014 to the maximum allowed by the Centers for Medicare and Medicaid Services within the limit of the appropriation provided for this purpose. The total supplemental Medicaid payment shall be based on the Upper Payment Limit approved by the Centers for Medicare and Medicaid Services and all other Virginia Medicaid fee-for-service payments. The department shall have the authority to implement these reimbursement changes effective July 1, 2016, and prior to the completion of any regulatory process undertaken in order to effect such change.

6.a. The Department of Medical Assistance Services shall promulgate regulations to make supplemental Medicaid payments to the primary teaching hospitals affiliated with a Liaison Committee on Medical Education (LCME) accredited medical school located in Planning District 23 that is a political subdivision of the Commonwealth and an LCME accredited medical school located in Planning District 5 that has a partnership with a public university. The amount of the supplemental payment shall be based on the reimbursement methodology established for such payments in Attachments 4.19-A and 4.19-B of the State Plan for Medical Assistance and/or the department's contracts with managed care organizations. The department shall have the authority to implement these reimbursement changes consistent with the effective date in the State Plan amendment or the managed care contracts approved by the Centers for Medicare and Medicaid Services (CMS) and prior to completion of any regulatory process in order to effect such changes. No payment shall be made without approval from CMS.

b. Funding for the state share for these Medicaid payments is authorized in Item 247 and Item 4-5.03.

c. Payments authorized in this subsection shall sunset after the effective date of a statewide supplemental payment for private acute care hospitals authorized in Item 3-5.16. For purposes of the upper payment limit, the department shall prorate the upper payment limit if the sunset date is mid-fiscal year. The department shall have the authority to implement this change prior to the completion of any regulatory process undertaken in order to effect such change.

7.a. The department shall amend the State plan for Medical Assistance to implement a supplemental inpatient and outpatient payment for Chesapeake Regional Hospital based on the difference between reimbursement with rates using an adjustment factor of 100% minus current authorized reimbursement subject to the inpatient and outpatient Upper Payment Limits for non-state government owned hospitals, and for managed care claims based on the difference between the amount included in the capitation rates for inpatient and outpatient services based on historical paid claims for non-state government hospitals and the maximum managed care directed payment supported by the department's calculations and allowed by CMS, subject to CMS approval under 42 C.F.R. section 438.6(c). The department shall include in its contracts with managed care organizations a percentage increase for Chesapeake Regional Hospital consistent with the approved managed care directed percentage increase. The department shall adjust capitation payments to Medicaid managed care organizations to fund this percentage increase. Both the contract changes and capitation rate adjustments shall be compliant with 42 C.F.R. 438.6(c)(1)(iii) and subject to CMS approval.

b. The department shall also amend the State Plan for Medical Assistance to implement supplemental physician payments for practice plans employed by or under contract with Chesapeake Regional Hospital to the maximum allowed by the Centers for Medicare and Medicaid Services. The department shall increase payments to Medicaid managed care organizations for the purpose of providing higher rates to physicians employed by or under contract with Chesapeake Regional Hospital based on the maximum allowed by CMS. The department shall revise its contracts with managed care organizations to incorporate these managed care directed payments, subject to approval by CMS. The department shall have the authority to implement these reimbursement changes effective July 1, 2022, and prior to completion of any regulatory process undertaken in order to effect such change.

c. Prior to submitting the State Plan Amendment or making the managed care contract changes, Chesapeake Regional Hospital shall enter into an agreement with the department to transfer the non-federal share for these payments. The department shall have the authority to implement these reimbursement changes consistent with the effective date(s) approved by the Centers for Medicare and Medicaid (CMS).

8.a. There is hereby appropriated sum-sufficient nongeneral funds for the department to pay the state share of supplemental payments for nursing homes owned by Type One hospitals (consisting of state-owned teaching hospitals) as provided in the State Plan for Medical Assistance Services. The total supplemental payment shall be based on the difference between the Upper Payment Limit of 42 CFR § 447.272 as approved by CMS and all other Medicaid payments subject to such limit made to such nursing homes. DMAS shall enter into a transfer agreement with any Type One hospital whose nursing home qualifies for such supplemental payments, under which the Type One hospital shall provide the state share in order to match federal Medicaid funds for the supplemental payments. The department shall have the authority to implement these reimbursement changes consistent with the effective date in the State Plan amendment approved by CMS and prior to completion of any regulatory process in order to effect such changes.

b. The department shall adjust capitation payments to Medicaid managed care organizations to fund a minimum fee schedule compliant with requirements in 42 C.F.R. § 438.6(c)(1)(iii) at a level consistent with the State Plan amendment authorized above for nursing homes owned by Type One hospitals. The department shall revise its contracts with managed care organizations to incorporate these supplemental capitation payments and provider payment requirements. DMAS shall enter into a transfer agreement with any Type One hospitals whose nursing home qualifies for such supplemental payments, under which the Type One hospital shall provide the state share in order to match federal Medicaid funds for the supplemental payments. The department shall have the authority to implement these reimbursement changes consistent with the effective date approved by CMS. No payment shall be made without approval from CMS.

9. The department shall amend the State plan for Medical Assistance to implement a supplemental inpatient payment for Lake Taylor Transitional Care Hospital based on the difference between Medicaid reimbursement and the inpatient Upper Payment Limit for non-state government owned hospitals, and for managed care claims based on the difference between the amount included in the capitation rates for inpatient and outpatient services based on historical paid claims for non-state government hospitals and the maximum managed care directed payment supported by the department's calculations and allowed by CMS, subject to CMS approval under 42 C.F.R. section 438.6(c). The department shall include in its contracts with managed care organizations a percentage increase for Lake Taylor Transitional Care Hospital consistent with the approved managed care directed fee for service supplemental payment percentage increase. The department shall adjust capitation payments to Medicaid managed care organizations to fund this percentage increase. Both the contract changes and capitation rate adjustments shall be compliant with 42 C.F.R. 438.6(c)(1)(iii) and subject to CMS approval. Prior to submitting the State Plan Amendment or making the managed care contract changes, Lake Taylor Transitional Care Hospital shall enter into an agreement with the department to transfer the non-federal share for these payments. The department shall have the authority to implement these reimbursement changes consistent with the effective date(s) approved by the Centers for Medicare and Medicaid (CMS). The originating funding for this program will come entirely from Lake Taylor.

10.a. The Department of Medical Assistance Services shall develop a State Plan for Medical Assistance amendment to make supplemental payments to private hospitals and related health systems who intend to execute affiliation agreements with public entities that are capable of transferring funds to the department for purposes of covering the non-federal share of the authorized payments. Such public entities would enter into an Interagency Agreement with the department for this purpose. The department shall develop a plan, that could take effect July 1, 2023, for making managed care directed payments or supplemental payments as follows: Physician fee-for-service (FFS) supplemental payments through a state plan amendment and physician managed care directed payments through managed care contracts up to the Average Commercial Rate for practice plans that are a component of the participating hospitals or health system. The plan shall identify the public entity who will transfer funds to the department, the amount and duration of such transfers, the purpose and amount of any supplemental payment or managed care direct payments made to private hospitals and related health systems, and the impact, if any, on other supplemental payment programs currently in effect. The plan shall also include the appropriate references that provide authority for such payments.

b. The Department of Medical Assistance Services shall report the plan to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by October 15, 2022.

EE. The Department of Medical Assistance Services is authorized to amend the State Plan under Title XIX of the Social Security Act to add coverage for comprehensive dental services to pregnant women receiving services under the Medicaid program to include: (i) diagnostic, (ii) preventive, (iii) restorative, (iv) endodontics, (v) periodontics, (vi) prosthodontics both removable and fixed, (vii) oral surgery, and (viii) adjunctive general services. The department shall have authority to implement necessary changes upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such changes.

FF. The Department of Medical Assistance Services (DMAS) shall amend its July 1, 2016, managed care contracts in order to conform to the requirement pursuant to House Bill 1942 / Senate Bill 1262, passed during the 2015 Regular Session, for prior authorization of drug benefits.

GG.1. Out of this appropriation, $4,350,000 the first year and $4,350,000 the second year from the general fund and $4,350,000 the first year and $4,350,000 the second year from nongeneral funds shall be used for supplemental payments to fund graduate medical education for 5 residents who began their residencies in July 2018; 16 residents who began their residencies in July 2019; 30 residents who began their residencies in July 2020; 22 residents who began their residencies in July 2021; 20 residents who began their residencies in July 2022, and 10 psychiatric residents who began their residencies in July 2022.

2. The supplemental payment for each qualifying residency slot shall be $100,000 annually minus any Medicare residency payment for which the sponsoring institution is eligible. For any residency program at a facility whose Medicaid payments are capped by the Centers for Medicare and Medicaid Services, the supplemental payments for each qualifying residency slot shall be $50,000 from the general fund annually minus any Medicare residency payments for which the residency program is eligible. Supplemental payments shall be made for up to four years for each qualifying resident. Payments shall be made quarterly following the same schedule used for other medical education payments.

3.The Department of Medical Assistance Services shall submit a State Plan amendment based on the authorization in GG.1. of this Item to make supplemental payments for graduate medical education residency slots. The supplemental payments are subject to federal Centers for Medicare and Medicaid Services approval. The department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act.

4.a. Effective July 1, 2018, the department shall make supplemental payments to the following sponsoring institutions for the specified number of primary care residencies: to Carilion Medical Center for 2 psychiatric residencies and to Sentara Norfolk General for 1 OB/GYN residency and 2 psychiatric residencies.

b. Effective July 1, 2019, the department shall make supplemental payments to the following sponsoring institutions for the specified number of primary care residencies: Sentara Norfolk General (1 residency), Maryview Hospital (1 residency), Carilion Medical Center (6 residencies), Centra Health (2 residencies), and Riverside Regional Medical Center (1 residencies). The department shall make supplemental payments to Inova Fairfax Hospital for 1 General Surgery residency and to Carilion Medical Center for 2 psychiatric residencies. The department shall make supplemental payments to Sentara Norfolk General 1 OB/GYN residency and 1 urology residency.

c. Effective July 1, 2020, the department shall make supplemental payments for a primary care residency to Riverside Regional Medical Center. The department shall make supplemental payments to Sentara Norfolk General for 2 psychiatric residencies and 1 urology residency. In addition, the department shall make supplemental payments to the following sponsoring institutions for the specified number of primary care residencies: Sentara Norfolk General (3 residencies), Maryview Hospital (1 residency), Carilion Medical Center (7 residencies), and Centra Health (2 residencies). The department shall make supplemental payments to Sentara Norfolk General for 1 OB/GYN residency and Carilion Medical Center for 2 psychiatry residencies. The department shall make supplemental payments to Riverside Regional Medical Center for 8 emergency medicine residencies. The department shall make supplemental payments to Children's Hospital of King's Daughters for 2 general pediatrics residencies.

d. Effective July 1, 2021, the department shall make supplemental payments to the following sponsoring institutions for the specified number of primary care residencies: Carilion Medical Center (7 residencies) and Centra Health (3 residencies). The department shall make supplemental payments to Sentara Norfolk General for 1 OB/GYN residency and 1 emergency medicine residency. The department shall make supplemental payments to Carilion Medical Center for 2 psychiatry residencies. The department shall make supplemental payments to Riverside Regional Medical Center for 8 emergency medicine residencies.

e. Effective July 1, 2022, the department shall make supplemental payments to the following sponsoring institutions for the specified number of primary care residencies: Carilion (5 Internal Medicine residencies), Centra (3 Family Medicine residencies), and Riverside (1 Family Medicine residency). The department shall make supplemental payments to Carilion for 2 Psychiatry residencies. The department shall make supplemental payments to Children's Hospital of the King's Daughters for 2 Pediatric residences. The department shall make supplemental payments to Sentara Norfolk General for 2 Psychiatry residencies. The department shall make supplemental payments to Riverside for 4 Emergency Medicine and 1 OB/GYN residencies.

5. Preference shall be given for residency slots located in underserved areas. Applications for slots that involve multiple medical care providers collaborating in training residents and that involve providing residents the opportunity to train in underserved areas are encouraged. A majority of the new residency slots funded each year shall be for primary care. The department shall adopt criteria for primary care, high need specialties and underserved areas as developed by the Virginia Health Workforce Development Authority. Beginning July 1, 2018, the department shall also review and consider applications from non-hospital sponsoring institutions, such as Federally Qualified Health Centers (FQHCs).

6. If the number of qualifying residency slots exceeds the available number of supplemental payments, the Virginia Health Workforce Development Authority shall determine which new residency slots to fund based on priorities developed by the authority.

7. The sponsoring institution will be eligible for the supplemental payments as long as it maintains the number of residency slots in total and by category as a result of the increase. The sponsoring institutions must certify by June 1 each year that they continue to meet the criteria for the supplemental payments and report any changes during the year to the number of residents.

8. The department shall require all sponsoring institutions receiving Medicaid medical education funding to report annually by September 15 on the number of residents in total and by specialty/subspecialty. Medical education funding includes payments for graduate medical education (GME) and indirect medical education (IME).

HH.1. The Department of Medical Assistance Services, in consultation with the appropriate stakeholders, shall amend the State Plan for medical assistance and/or seek federal authority through an 1115 demonstration waiver, as soon as feasible, to provide coverage of inpatient detoxification, inpatient substance abuse treatment, residential detoxification, residential substance abuse treatment, and peer support services to Medicaid individuals in the Fee-for-Service and Managed Care Delivery Systems.

2. The Department of Medical Assistance Services shall have the authority to make programmatic changes in the provision of all Substance Abuse Treatment Outpatient, Community Based and Residential Treatment services (group homes and facilities) for individuals with substance abuse disorders in order to ensure parity between the substance abuse treatment services and the medical and mental health services covered by the department and to ensure comprehensive treatment planning and care coordination for individuals receiving behavioral health and substance use disorder services. The department shall ensure appropriate utilization and cost efficiency, and adjust reimbursement rates within the limits of the funding appropriated for this purpose based on current industry standards. The department shall consider all available options including, but not limited to, service definitions, prior authorization, utilization review, provider qualifications, and reimbursement rates for the following Medicaid services: substance abuse day treatment for pregnant women, substance abuse residential treatment for pregnant women, substance abuse case management, opioid treatment, substance abuse day treatment, and substance abuse intensive outpatient. Any amendments to the State Plan or waivers initiated under the provisions of this paragraph shall not exceed funding appropriated in this Act for this purpose. The department shall have the authority to promulgate regulations to implement these changes within 280 days or less from the enactment date of this Act.

3. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance and any waivers thereof to include peer support services to children and adults with mental health conditions and/or substance use disorders. The department shall work with its contractors, the Department of Behavioral Health and Developmental Services, and appropriate stakeholders to develop service definitions, utilization review criteria and provider qualifications. Any amendments to the State Plan or waivers initiated under the provisions of this paragraph shall not exceed funding appropriated in this Act for this purpose. The department shall have the authority to promulgate regulations to implement these changes within 280 days or less from the enactment date of this Act.

4. The Department of Medical Assistance Services shall, prior to the submission of any State Plan amendment or waivers to implement paragraphs HH.1., HH.2., and HH.3., submit a plan detailing the changes in provider rates, new services added, other programmatic changes, and a certification of budget neutrality to the Director, Department of Planning and Budget and the Chairmen of the House Appropriation and Senate Finance and Appropriations Committees.

II.1. The Department of Medical Assistance Services shall monitor the capacity available under the Upper Payment Limit (UPL) for all hospital supplemental payments and adjust payments accordingly when the UPL cap is reached. The department shall make an adjustment to stay under the UPL cap by reducing or eliminating as necessary supplemental payments to hospitals based on when the first supplemental payments were actually made so that the newest supplemental payments to hospitals would be impacted first and so on.

2. The Department of Medical Assistance Services shall have the authority to implement reimbursement changes deemed necessary to meet the requirements of this paragraph prior to the completion of any regulatory process in order to effect such changes.

JJ.1. Effective July 1, 2017, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to increase the formula for indirect medical education (IME) for freestanding children's hospitals with

greater than 50 percent Medicaid utilization in 2009 as a substitute for disproportionate share hospital (DSH) payments. The formula for these hospitals for IME for inpatient hospital services provided to Medicaid patients but reimbursed by capitated managed care providers shall be identical to the formula for Type One hospitals. The IME payments shall continue to be limited such that total payments to freestanding children's hospitals with greater than 50 percent Medicaid utilization do not exceed the federal uncompensated care cost limit to which DSH payments are subject, excluding third party reimbursement for Medicaid eligible patients. The department shall have the authority to implement these changes effective July 1, 2017, and prior to completion of any regulatory action to effect such changes.

2. The Department of Medical Assistance Services (DMAS) shall have the authority to create additional hospital supplemental payments for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 to replace payments that have been reduced due to the federal regulation on the definition of uncompensated care costs effective June 2, 2017. These new payments shall equal what would have been paid to the freestanding children's hospitals under the current disproportionate share hospital (DSH) formula without regard to the uncompensated care cost limit. These additional hospital supplemental payments shall take precedence over supplemental payments for private acute care hospitals. If the federal regulation is voided, DMAS shall continue DSH payments to the impacted hospitals and adjust the additional hospital supplemental payments authorized in this paragraph accordingly. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effectuate such change.

KK. For the period beginning September 1, 2016 until 180 days after publication and distribution of the Developmental Disabilities Waivers provider manual by the Department of Medical Assistance Services (DMAS), retraction of payment from Developmental Disabilities Waivers providers following an audit by DMAS or one of its contractors is only permitted when the audit points identified are supported by the Code of Virginia, regulations, DMAS general providers manuals, or DMAS Medicaid Memos in effect during the date of services being audited.

LL. The Department of Medical Assistance Services shall submit a report annually on all supplemental payments made to hospitals through the Medicaid program. This report shall include information for each hospital and by type of supplemental payment (Disproportionate Share Hospital, Graduate Medical Education, Indirect Medical Education, Upper Payment Limit program, and others). The report shall include total Medicaid payments from all sources and calculate the percent of overall payments that are supplemental payments. Furthermore, it shall include a description of each type of supplemental payment and the methodology used to calculate the payments. Each report shall reflect the data for the prior three fiscal years and shall be submitted to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees by September 1 each year.

MM.1. The Department of Medical Assistance Services shall work with stakeholders to review and adjust medical necessity criteria for Medicaid-funded nursing services including private duty nursing, skilled nursing, and home health. The department shall adjust the medical necessity criteria to reflect advances in medical treatment, new technologies, and use of integrated care models including behavioral supports. The department shall have the authority to amend the necessary waiver(s) and the State Plan under Titles XIX and XXI of the Social Security Act to include changes to services covered, provider qualifications, medical necessity criteria**,** and rates and rate methodologies for private duty nursing. The adjustments to these services shall meet the needs of members and maintain budget neutrality by not requiring any additional expenditure of general fund beyond the current projected appropriation for such nursing services.

2. The department shall have authority to implement these changes to be effective July 1, 2022. The department shall also have authority to promulgate any emergency regulations required to implement these necessary changes within 280 days or less from the enactment date of this act. The department shall submit a report and estimates of any projected cost savings to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees 30 days prior to implementation of such changes.

NN. The Department of Medical Assistance Services shall pursue any and all alternatives and cost based

reimbursement models to allow a private hospital in rural Southwest Virginia that has closed in the last five years to recoup capital startup costs and minimize operating losses for the next five years, including but not limited to optimizing federal matching dollars in accordance with federal law.

OO. The Department of Medical Assistance Services and the Department of Behavioral Health and Developmental Services shall recognize the Certified Employment Support Professional (CESP) and Association of Community Rehabilitation Educators (ACRE) certifications in lieu of competency requirements for supported employment staff in the Medicaid Community Living, Family and Individual Support and Building Independence Waiver programs and shall allow providers that are Department for the Aging and Rehabilitative Services vendors that hold a national three-year accreditation from the Commission on Accreditation of Rehabilitation Facilities (CARF) to be deemed qualified to meet employment staff competency requirements, provided the provider submits the results from their CARF surveys including recommendations received to the Department of Behavioral Health and Developmental Services so that the agency can verify that there are no recommendations for the standards that address staff competency.

PP.1. The Department of Medical Assistance Services (DMAS) shall have the authority to implement programmatic changes to service definitions, prior authorization and utilization review criteria, provider qualifications, and reimbursement rates for the following existing Medicaid behavioral health services: assertive community treatment, mental health partial hospitalization programs, crisis intervention and crisis stabilization services.

2. The department shall have the authority to develop new service definitions, prior authorization and utilization review criteria, provider qualifications, and reimbursement rates for the following new Medicaid behavioral health services: multi-systemic therapy, family functional therapy, intensive outpatient services, mobile crisis intervention services, 23 hour temporary observation services and residential crisis stabilization unit services.

3. Effective on or after July 1, 2021, DMAS shall implement programmatic changes and reimbursement rates for the following services: assertive community treatment, multi-systemic therapy and family functional therapy.

4. Effective on or after July 1, 2021, DMAS shall implement programmatic changes and reimbursement rates for the following services: intensive outpatient services, partial hospitalization programs, mobile crisis intervention services, 23 hour temporary observation services, crisis stabilization services and residential crisis stabilization unit services.

5. In the development and implementation of these changes, the department shall ensure appropriate utilization and cost efficiency. Reimbursement rate changes shall be budget neutral and must not exceed the funding appropriated in the Act for these services.

6. The Department of Medical Assistance Services shall, prior to the submission of any State Plan amendment or waivers to implement these paragraphs, submit a plan detailing the changes in provider rates, new services added and other programmatic changes to the Director, Department of Planning and Budget and the Chairmen of the House Appropriation and Senate Finance and Appropriations Committees.

7. The department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act.

QQ. Effective July 1, 2021, the Department of Medical Assistance Services shall seek federal authority through waiver and State Plan amendments under Titles XIX and XXI of the Social Security Act, as necessary, to provide continuous coverage to enrollees for the duration of pregnancy and through 12 months postpartum. The department shall have the authority to promulgate emergency regulations to implement these amendments within 280 days or less from the enactment of this Act. The department shall have authority to implement these amendments upon federal approval and prior to the completion of any regulatory process.

RR. Effective July 1, 2021, the Department of Medical Assistance Services shall increase rates by 14.7 percent for psychiatric services to the equivalent of 110 percent of Medicare rates. The department shall have the authority to implement these reimbursement changes prior to the completion of any regulatory process to effect such changes.

SS. Effective on and after July 1, 2021, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to modify reimbursement for nursing facility services such that the direct peer group price percentage shall be increased to 109.3 percent and the indirect peer group price percentage shall be increased to 103.3 percent. The department shall have the authority to implement these changes effective July 1, 2021 and prior to the completion of any regulatory process undertaken in order to effect such change.

TT. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to implement a supplemental disproportionate share hospital (DSH) payment for Chesapeake Regional Hospital up to its hospital-specific disproportionate share hospital limit (OBRA '93 DSH limit) as determined pursuant to 42 U.S.C. Section 1396r-4. The payment shall be made annually based upon the hospital's disproportionate share limit for the most recent year for which the disproportionate share limit has been calculated subject to the availability of DSH funds under the federal allotment of such funds to the department. Prior to submitting the State Plan amendment, Chesapeake Regional Hospital shall enter into an agreement with the department to transfer the non-federal share of the supplemental DSH payment. Payment of the supplemental DSH payment is contingent upon receipt of intergovernmental transfer of funds or certified public expenditures from Chesapeake Regional Hospital. In the event that Chesapeake Regional Hospital is ineligible to transfer or certify necessary funds pursuant to federal law, the department may amend the State Plan for Medical Assistance to terminate the supplemental DSH payment program. The department shall have the authority to implement these reimbursement changes consistent with effective date(s) approved by the Centers for Medicare and Medicaid Services (CMS). No payments shall be made without CMS approval. In the event that CMS recoups supplemental DSH hospital funds from the department, Chesapeake Regional Hospital shall reimburse such funds to the department.

UU. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to provide that any nursing facility which thereafter loses its Medicaid capital reimbursement status as a hospital-based nursing facility because a replacement hospital was built at a different location and Medicare rules no longer allow the nursing home's cost to be included on the hospital's Medicare cost report shall have its first fair rental value (FRV) capital payment rate set at the maximum FRV rental rate for a new free-standing nursing facility with the date of acquisition for its capital assets being the date the replacement hospital is licensed. The department shall have the authority to implement these reimbursement changes effective July 1, 2021 and prior to the completion of the regulatory process.

VV. Effective July 1, 2022, the department shall amend the State Plan for Medical Assistance to establish a new direct and indirect care peer group for nursing facilities operating with at least 80% of the resident population having one or more of the following diagnoses: quadriplegia, traumatic brain injury, multiple sclerosis, paraplegia, or cerebral palsy. In addition, a qualifying facility must have at least 90% Medicaid utilization and a case mix index of 1.15 or higher in fiscal year 2014. The department shall utilize the data from the most recent rebasing to make this change effective for fiscal year 2023 and subsequent rate years until this change is incorporated into the next scheduled rebasing. This change shall not affect rates established in the most recent rebasing for facilities in any other direct and indirect care peer groups. The department shall have the authority to implement this reimbursement change prior to completion of any regulatory process in order to effect such change. To the extent federal approval requires alternative approaches to achieve the same general results, the department shall have the authority to follow the federal guidance effecting this change.

WW. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to establish Specialized Care operating rates for fiscal years 2021, 2022 and 2023 by inflating the fiscal year 2020 rates using Virginia nursing home inflation. After fiscal year 2023, the department shall revert to the existing prospective methodology. The department has the authority to implement this change notwithstanding current regulations and consistent with the approved State Plan amendment.

XX. The Department of Medical Assistance Services shall require Medicaid managed care organizations to reimburse at no less than 90 percent of the state Medicaid program Durable Medical Equipment fee schedule for the same service or item of durable medical equipment, prosthetics, orthotics, and supplies. The department shall have the authority to implement this reimbursement change effective July 1, 2021 and prior to the completion of any regulatory process undertaken in order to effect such change.

YY. The Department of Medical Assistance Services (DMAS) shall convene an advisory panel of representatives chosen by the Virginia Association of Community Services Boards (VACSB), the Virginia Association of Community-Based Providers (VACBP), the Virginia Coalition of Private Provider Associations (VCOPPA), Caliber, the Virginia Network of Private Providers (VNPP), and the Virginia Hospital and Healthcare Association. The advisory panel shall meet at least every two months with the appropriate staff from DMAS to review and advise on all aspects of the plan for and implementation of the redesign of behavioral health services with a specific focus on ensuring that the systemic plan incorporates development and maintenance of sustainable business models. Upon advice of the Advisory panel, DMAS may assign staff, as necessary, to review operations of a sample of providers to examine the process for service authorization, the interpretation of the medical necessity criteria, and the claims processing by all Medicaid managed care organizations. DMAS will report their findings from this review to the advisory panel and to the Secretary of Health and Human Resources, and the Chairs of House Appropriations and Senate Finance and Appropriations Committees by December 1, 2022.

ZZ. The Department of Medical Assistance Services shall adjust the post eligibility special earnings allowance for individuals in the CCC Plus, Community Living, Family and Individual Support and Building Independence waiver programs to incentivize employment for individuals receiving waiver services. DMAS shall lower the number of hours from at least eight hours but less than 20 hours per week requirement to at least four hours but less than 20 hours per week. The Special Earnings Allowance for waiver participants allows a percentage of earned income to be disregarded when calculating an individual's contribution to the cost of their waiver services when earning income. The current requirement is at least eight hours but less than 20 hours per week for a disregard of up to 200 percent of Supplemental Security Income (SSI) and a disregard of up to 300 percent for individuals that work 20 hours or more per week.

AAA. The Department of Medical Assistance Services shall conduct an analysis to determine if any additional payment opportunities could be directed to the primary teaching hospital affiliated with a Liaison Committee on Medical Education (LCME) accredited medical school located in Planning District 23 that is a political subdivision of the Commonwealth, based on the department's reimbursement methodology established for such payments. If such opportunities do exist, the department shall work with the entities to determine the framework for implementing such payments, including a reasonable cap on such payments so other qualifying entities are not adversely affected in future years.

BBB.1. Effective May 1, 2021, the Department of Medical Assistance Services shall increase the rates for agency- and consumer-directed personal care, respite and companion services in the home and community-based services waivers and Early Periodic Screening, and Diagnosis and Treatment (EPSDT) program by 6.4 percent. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

2. Effective January 1, 2022, the Department of Medical Assistance Services shall increase the rates for agency- and consumer-directed personal care, respite and companion services in the home and community-based services waivers and Early Periodic Screening, and Diagnosis and Treatment (EPSDT) program by 12.5 percent. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

CCC. Effective July 1, 2021, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to increase the practitioner rates for anesthesiologists to reflect the equivalent of 70 percent of the 2019

Medicare rates. The department shall ensure through its contracts with managed care organizations that the rate increase is reflected in their rates to providers. The department shall have the authority to implement these reimbursement changes prior to the completion of any regulatory process undertaken in order to effect such changes.

DDD. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to increase the supplemental physician payments for physicians employed at a freestanding children's hospital serving children in Planning District 8 to the maximum allowed by the Centers for Medicare and Medicaid Services within the limit of the appropriation provided for this purpose. The total supplemental Medicaid payment shall be based on the Upper Payment Limit approved by the Centers for Medicare and Medicaid Services and all other Virginia Medicaid fee-for-service payments. The department shall have the authority to implement these reimbursement changes effective July 1, 2021, and prior to the completion of any regulatory process undertaken in order to effect such change.

EEE. The Department of Medical Assistance Services shall have the authority to amend the State Plan for Medical Assistance or any waiver under Title XIX of the Social Security Act to increase the income eligibility for participation in the Medicaid Works program to 138 percent of the Federal Poverty Level. The department shall have the authority to implement this change prior to the completion of the regulatory process necessary to implement such change.

FFF. Effective July 1, 2021, the Department of Medical Assistance Services shall increase rates for skilled and private duty nursing services to 80 percent of the benchmark rate developed by the department and consistent with the appropriation available for this purpose. The department shall have the authority to implement these changes prior to the completion of any regulatory process to effect such changes.

GGG. Effective, January 1, 2021, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance under Title XIX of the Social Security Act, and any necessary waivers, to authorize time and a half up to eight hours and effective July 1, 2021, up to 16 hours for a single attendant who works more than 40 hours per week for attendants providing Medicaid-reimbursed consumer-directed (CD) personal assistance, respite and companion services. The department shall have authority to implement this provision prior to the completion of any regulatory process undertaken in order to effect such change.

HHH. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance Services to allow the pending, reviewing and the reducing of fees for avoidable emergency room claims for codes 99282, 99283 and 99284, both physician and facility. The department shall utilize the avoidable emergency room diagnosis code list currently used for Managed Care Organization clinical efficiency rate adjustments. If the emergency room claim is identified as a preventable emergency room diagnosis, the department shall direct the Managed Care Organizations to default to the payment amount for code 99281, commensurate with the acuity of the visit. The department shall have the authority to implement this reimbursement change effective July 1, 2020, and prior to the completion of any regulatory process undertaken in order to effect such change.

III. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance Services under Title XIX to modify the definition of readmissions to include cases when patients are readmitted to a hospital for the same or a similar diagnosis within 30 days of discharge, excluding planned readmissions, obstetrical readmissions, admissions to critical access hospitals, or in any case where the patient was originally discharged against medical advice. If the patient is readmitted to the same hospital for a potentially preventable readmission then the payment for such cases shall be paid at 50 percent of the normal rate, except that a readmission within five days of discharge shall be considered a continuation of the same stay and shall not be treated as a new case. Similar diagnoses shall be defined as ICD diagnosis codes possessing the same first three digits. The department shall have the authority to implement this reimbursement change effective July 1, 2020, and prior to the completion of any regulatory process undertaken in order to effect such change. The department shall report quarterly on the number of hospital readmissions, the cost, and the primary diagnosis of such

readmissions to the Joint Subcommittee for Health and Human Resources Oversight.

JJJ. The Department of Medical Assistance Services shall continue working with the Department of Behavioral Health and Developmental Services to complete the actions necessary to qualify to file a Section 1115 waiver application for Serious Mental Illness and/or Serious Emotional Disturbance. The department shall develop such a waiver application at the appropriate time that shall be consistent with the Addiction Treatment and Recovery Services substance abuse waiver program. The department shall develop a plan with a timeline and potential cost savings of such a waiver to the Commonwealth. The department shall provide an update on the status of the waiver by November 1 of each year to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees.

KKK.1. Effective January 1, 2021, the Department of Medical Assistance Services shall develop and implement an actuarially sound risk adjustment model that addresses the behavioral health acuity differences among the Medicaid managed care organizations for the community well population of individuals who are dually eligible for Medicare and Medicaid currently served through the Commonwealth Coordinated Care (CCC) Plus program. Behavioral health services shall be defined to include the following: case management services, community behavioral health, early intervention services, and addiction and recovery treatment services. The risk adjustment shall be based on nationally accepted models, such as the Chronic Illness and Disability Payment System (COPS) or Clinical Classifications Software Refined (CCSR), and shall incorporate variables predictive of behavioral health service utilization. Managed care experience shall be utilized as the basis for the risk adjustment.

2. Effective January 1, 2021, the Department of Medical Assistance Services shall develop and implement differential capitation rates for members in behavioral health treatment versus those who are not, for the community well population of individuals who are dually eligible for Medicare and Medicaid currently served through the CCC Plus program. The rates shall be actuarially sound and the behavioral health rates shall additionally incorporate risk adjustment to account for acuity differences amongst the managed care organizations. Behavioral health services shall be defined to include the following: case management services, community behavioral health, early intervention services, and addiction and recovery treatment services. The risk adjustment shall be based on nationally accepted models, such as The Chronic Illness and Disability Payment System (COPS) or Clinical Classifications Software Refined (CCSR), and shall incorporate variables predictive of behavioral health service utilization. Managed care experience shall be utilized as the basis for the establishment of the capitation rates and the risk adjustment.

3. The risk adjustment model and differential capitation rates in these paragraphs shall be implemented such that the impact is budget neutral.

LLL. Free-standing emergency departments, also referred to as dedicated emergency departments as defined in 42 C.F.R. § 489.24(b) that operate as a department of a hospital subject to requirements of the federal Emergency Medical Treatment and Labor Act (42 U.S.C.§ 1395dd), and is located off the main hospital campus or in an independent facility, shall submit to the payor upon billing for services rendered (i) the campus location in which their services were rendered, and (ii) an indicator specifying that the services were rendered in a free-standing emergency department.

MMM. Effective July 1, 2021, the Department of Medical Assistance Services shall have the authority to amend the State Plan of Medical Assistance under Title XIX of the Social Security Act to provide a comprehensive dental benefit to adults. The department shall work with its Dental Advisory Committee, including members of the Virginia Dental Association, the Virginia Health Catalyst, the Virginia Commonwealth University School of Dentistry, the Virginia Dental Hygienists Association, the Virginia Health Care Association, a representative of the developmental and intellectual disability community, the Virginia Department of Health and the administrator of the Smiles for Children program to develop the benefit. The benefit shall be modeled after the existing benefit for pregnant women. The benefit shall include preventive and restorative services and shall not include any cosmetic services or orthodontic services. The Dental Advisory Committee shall design a benefit that does not exceed the

appropriated funds to provide such services. The department shall work with its dental benefit administrator, the Virginia Dental Association, the Virginia Association of Free and Charitable Clinics, the Virginia Community Healthcare Association and other stakeholders to ensure an adequate network of providers and awareness among beneficiaries. The department shall have authority to promulgate emergency regulations to implement these changes within 280 days or less from the enactment date of this act.

NNN. The Department of Medical Assistance Services, in collaboration with the Virginia Department of Social Services, state workforce agencies and programs, and appropriate stakeholders, shall develop a referral system designed to connect current and newly eligible Medicaid enrollees to employment, training, education assistance and other support services. The department shall review current federal law and regulations that may allow, through State Plan amendments, contracts, or other policy changes, the department to support such a referral program. The department shall provide new enrollees in the Medicaid program, that have been identified as being potentially unemployed or underemployed with information on all available state and federal programs available to them that offer training, education assistance or other types of employment support services. The department shall work with its contracted managed care organizations to facilitate referrals to employment related services. To the degree that resources are available in other state agencies or from federal grants to support the referral program and existing authority permits such use, the department shall coordinate the use of such programs to provide assistance to Medicaid enrollees.

OOO.1. The Department of Medical Assistance Services shall increase nursing home and specialized care per diem rates by $20 per day per patient effective until June 30, 2021, and by $15 per day effective July 1, 2021. Such adjustment shall be made through existing managed care capitation rates as a mandated specified rate increase. DMAS shall adjust capitation rates to account for the nursing facility rate increase. The department shall have the authority to file all necessary regulatory authorities without delay, make any necessary contract changes, and implement these reimbursement changes without regard to existing regulations. The specified rate increase in this paragraph applies across fee-for-service and Medicaid managed care.

2.a. The Department of Medical Assistance Services (DMAS) shall work with appropriate nursing facility (NF) stakeholders and the CCC Plus managed care organizations (MCOs) to develop a unified, value-based purchasing (VBP) program that includes enhanced funding for facilities that meet or exceed performance and/or improvement thresholds as developed, reported, and consistently measured by DMAS in cooperation with participating facilities. The methodology and timing for the Virginia nursing facility VBP program, including structures for nursing facility performance accountability and disbursement of earned financial incentives, shall be completed no later than December 31, 2021, with the program targeted to begin no later than July 1, 2022. Nursing facility performance evaluation under the program shall prioritize maintenance of adequate staffing levels and avoidance of negative care events, such as hospital admissions and emergency department visits. The program may also consider performance evaluation in the areas of preventive care, utilization of home and community-based services, including community transitions, and other relevant domains of care.

b. During the first year of this program, half of the available funding shall be distributed to participating nursing facilities to be invested in functions, staffing, and other efforts necessary to build their capacity to enhance the quality of care furnished to Medicaid members. This funding shall be administered as a Medicaid rate add-on in the same manner as in paragraph 1. above. The remaining funding shall be allocated based on performance criteria as designated under the nursing facility VBP program. The amount of funding devoted to nursing facility quality of care investments shall be 25 percent of available funding in the second year of the program before the program transitions to payments based solely on nursing facility performance criteria in the third year of the program. In the third year of this program, such funds as appropriated for this purpose shall be fully disbursed according to the aforementioned unified VBP arrangement to participating nursing facilities that qualify for the enhanced funding.

c. The department shall convene the stakeholders no less than annually through at least the first two years of the program to review program progress and discuss potential modifications to components of the arrangement, including, but not limited to, timing of enhanced payments, performance metrics, and threshold determinations.

The department shall implement the necessary regulatory changes and other necessary measures to be consistent with federal approval of any appropriate changes to the State Plan or relevant waivers thereof, and prior to the completion of any regulatory process undertaken to effect such change.

PPP. The Department of Medical Assistance Services shall seek federal authority through waiver and State Plan amendments under Titles XIX and XXI of the Social Security Act to expand the Preferred Office-Based Opioid Treatment (OBOT) model to include individuals with substance use disorders (SUD) that are covered in the Addiction and Recovery Treatment Services (ARTS) benefit. The department shall have the authority to promulgate emergency regulations to implement these amendments within 280 days or less from the enactment of this Act. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

QQQ. The Department of Medical Assistance Services shall seek federal authority through waiver and State Plan amendments under Titles XIX and XXI of the Social Security Act to expand the definition of durable medical equipment per 42 CFR 440.70 (b) (3), so that the definition is no longer limited to items primarily used in the home but also extends to any setting where normal activities take place. The Department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

RRR. The Department of Medical Assistance Services (DMAS) is authorized to amend the State Plan for Medical Assistance Services to implement a supplemental Medicaid payment for Department of Veterans Services (DVS) state government-owned nursing facilities. The total supplemental Medicaid payment for DVS state government owned nursing homes shall be based on the difference between the Upper Payment Limit of 42 CFR 447.272, as approved by the Centers for Medicare and Medicaid Services (CMS), and all other Medicaid payments subject to such limit made to such nursing homes. DMAS shall not submit any State Plan amendment to CMS that implements this payment until DMAS enters into an intergovernmental agreement with DVS. This agreement shall include the following provisions: 1) DVS shall transfer funds to DMAS for use as the state share of the full cost of the supplemental Medicaid payment for which each nursing home is entitled; 2) DVS must demonstrate that it has the authority and ability to transfer the necessary funds to DMAS; and, 3) DVS shall attest that any funds provided for state match will comply with federal law for use as the state share for the supplemental Medicaid payment. If DVS is unable to enter into or comply with the provisions of such an intergovernmental agreement, then DMAS shall immediately modify the Medicaid State Plan and adjust any supplemental payments accordingly. DMAS shall have the authority to implement the reimbursement changes consistent with the effective date in the State Plan amendment approved by CMS and prior to the completion of any regulatory process undertaken in order to effect such change.

SSS. The Department of Medical Assistance Services shall update its regulations to reflect the Department of Behavioral Health and Developmental Services licensing criteria for the American Society of Addiction Medicine (ASAM) Level of Care 4.0. The Department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

TTT. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to authorize the reimbursement, using a budget neutral methodology, of pharmacy-administered immunizations for all vaccinations covered under the medical benefit for Medicaid members. Reimbursement for fee-for-service members shall be the cost of the vaccine plus an administration fee not to exceed $16. Reimbursement for pharmacy-administered vaccinations for pediatric Medicaid members eligible for free vaccinations through the Vaccines For Children (VFC) program shall include only the administration fee. The department is authorized to set the administration fee for COVID-19 vaccines at the same level as Medicare reimbursement for such vaccines. The Department shall promulgate regulations to become effective within 280 days or less from the enactment date

of this Act to implement this change.

UUU. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to authorize coverage for clinically appropriate audio-only services, provider-to-provider consultations, store-and-forward, and virtual check-ins with patients. The Department shall promulgate regulations to become effective within 280 days or less from the enactment date of this Act to implement this change.

VVV. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to authorize coverage of community doula services for Medicaid-enrolled pregnant women. Services shall include up to 8 prenatal/postpartum visits, and support during labor and delivery. The department shall also implement up to two linkage-to-care incentive payments for postpartum and newborn care.

WWW. The Department of Medical Assistance Services (DMAS) shall have the authority to make necessary changes to waivers and/or the Medicaid State Plan to ensure that all adult Medicaid members have access to COVID-19 vaccinations. The department shall have the authority to implement such changes effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such changes.

XXX. The Department of Medical Assistance Services shall amend the Medicaid and CHIP State Plans to authorize prescriptions of contraceptives up to a 12 month supply for eligible beneficiaries in the Medicaid and CHIP programs. The department shall have the authority to promulgate emergency regulations to implement these amendments within 280 days or less from the enactment of this Act.

YYY. The Department of Medical Assistance Services is authorized to amend the State Plan under Title XIX of the Social Security Act to add coverage for the current procedural terminology (CPT) codes for Applied Behavioral Analysis that were added to the CPT list in January 2019, or any future updates to these CPT codes. The department shall have the authority to implement related programmatic changes to service definitions, prior authorization and utilization review criteria, provider qualifications, and reimbursement rates for the Behavioral Therapy Program. The department shall have the authority to implement these changes effective December 1, 2021, and prior to completion of any regulatory process to effect such changes.

ZZZ. The Department of Medical Assistance Services, in coordination with the Department of Behavioral Health and Developmental Services, shall submit a request to the Centers for Medicare and Medicaid Services to amend its 1915(c) Home &Community-Based Services (HCBS) waivers to allow telehealth and virtual and/or distance learning as a permanent service option and accommodation for individuals on the Community Living, Family and Individual Services and Building Independence Waivers. The amendment, at a minimum, shall include all services currently authorized for telehealth and virtual options during the COVID-19 pandemic. The departments shall actively work with the established Developmental Disability Waiver Advisory Committee and other appropriate stakeholders in the development of the amendment including service elements and rate methodologies. The department shall have the authority to implement these changes prior to the completion of the regulatory process.

AAAA. The Department of Medical Assistance Services shall defer the next scheduled nursing facility rate rebasing for one year in order to utilize the calendar year 2021 cost reports as the base year. The deferred year's rates would reflect the prior year rates inflated according to the existing reimbursement regulations. The department shall have the authority to implement these changes effective July 1, 2021 and prior to the completion of any regulatory process undertaken in order to effect such change.

BBBB. The Department of Medical Assistance Services shall have the authority to amend the State Plan for Medical Assistance to adjust the formula for indirect medical education (IME) reimbursement for managed care discharges for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 by increasing the case mix adjustment factor to the greater of 3.2962 or the most recent rebasing. Total payments for IME in combination with other payments for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 may not exceed the hospital's Medicaid costs. The department shall have the authority to

implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

CCCC. The Director of the Department of Planning and Budget shall have the authority to appropriate additional federal Medicaid revenue for current services as provided for in the American Rescue Plan Act of 2021 (ARPA). However, no expansion of Medicaid programs or services shall be implemented with ARPA funds unless specifically authorized by the General Assembly. Any state funds offset by this additional federal revenue shall remain unspent and shall be retained until expenditure of such funds is reauthorized and appropriated by the General Assembly.

DDDD. Effective July 1, 2022, the Department of Medical Assistance Services shall have the authority to increase the rates for agency- and consumer-directed personal care, respite and companion services by 7.5 percent to reflect additional increases in the state minimum wage while maintaining the existing differential between consumer-directed and agency-directed rest-of-state rates as well as the northern Virginia and rest-of-state rates. The department shall have the authority to implement these changes prior to completion of any regulatory process to effect such change.

EEEE. Effective July 1, 2022, the Department of Medical Assistance Services shall have the authority to amend the State Plan under Title XIX of the Social Security Act, and any waivers thereof as necessary to add coverage of the preventive services provided pursuant to the Patient Protection and Affordable Care Act (PPACA) for adult, full Medicaid individuals who are not enrolled pursuant to the PPACA. The department shall have the authority to implement these changes prior to the completion of any regulatory process to effect such changes.

FFFF. The Department of Medical Assistance Services shall amend the state plans under Titles XIX and XXI of the Social Security Act, and any waivers thereof as necessary to remove co-payments for enrollees. Such change shall be effective April 1, 2022, or upon expiration of the federal public health emergency related to the Coronavirus Disease 2019 (COVID-19) pandemic, whichever is earlier. The department shall have the authority to implement this change prior to the completion of any regulatory process to effect such changes.

GGGG. The Department of Medical Assistance Services shall seek federal authority through a State Plan amendment to exclude excess resources accumulated by individuals receiving long-term supports and services (LTSS) during the federal Public Health Emergency (PHE) for a period of 12 months beginning at the end of the federal PHE. The department shall have the authority to implement this exclusion upon the signing of the Appropriations Act, and prior to the completion of any regulatory process to effect such change.

HHHH. Freestanding children's hospitals with more than 50 percent Medicaid utilization in fiscal year 2009 shall not have to reimburse the Commonwealth of Virginia for the non-federal share of any refunds of disproportionate share hospitals (DSH) payments for the period of June 2, 2017 through June 30, 2020. This action is limited to refunds required under federal court decisions in connection to calculation of members with dual eligibility or third-party liability.

IIII. 1. Effective July 1, 2022, the Department of Medical Assistance Services (DMAS) shall have the authority to increase Medicaid Title XIX and CHIP Title XXI reimbursement rates for dental services by 30 percent. The department shall have the authority to implement these reimbursement changes prior to the completion of any regulatory process to effect such changes.

2. The Department of Medical Assistance Services (DMAS), in consultation with the appropriate stakeholders, shall review Medicaid and FAMIS dental benefits to determine any issues related to access. The department shall report its findings to the Chairmen of the House Appropriations and Senate Appropriations and Finance Committees and the Director, Department of Planning and Budget by October 15, 2022.

JJJJ. Effective July 1, 2022, the Department of Medical Assistance Services shall have the authority to increase Medicaid Title XIX and CHIP Title XXI reimbursement rates for physician primary care services, excluding those provided in emergency departments, to 80 percent of the federal FY 2021 Medicare equivalent as calculated by the

department and consistent with the appropriation available for this purpose. The department shall have the authority to implement these changes prior to the completion of any regulatory process to effect such changes.

KKKK.1. Out of this appropriation, $175,793,045 the first year and $201,197,348 the second year from the general fund and $182,060,495 the first year and $208,539,425 the second year from matching federal Medicaid funds and other nongeneral funds shall be provided to increase Developmental Disability (DD) waiver rates set forth in the following paragraph.

2. Effective July 1, 2022, the Department of Medical Assistance Services shall have the authority to update the rates for DD waiver services using the most recent rebasing estimates, based on their review of the model assumptions as appropriate and consistent with efficiency, economy, quality and sufficiency of care and reported no later than July 1, 2022. Rates shall be increased according to Tiered payments contained in the rebasing model, where appropriate for the type of service provided. Rates shall be increased for Group Homes, Sponsored Residential, Supported Living, Independent Living Supports, In-home Supports, Community Engagement, Community Coaching, Therapeutic Consultation, Private Duty and Skilled Nursing, Group Day Support, Group Supported Employment, Workplace Assistance, Community Guide, DD Case Management and Benefits Planning. The department shall have the authority to implement these changes prior to completion of any regulatory process to effect such change.

LLLL. Effective July 1, 2022, the Department of Medical Assistance Services (DMAS) shall have the authority to increase Medicaid Title XIX and CHIP Title XXI reimbursement rates for obstetrics and gynecology covered services by 15 percent. The department shall have the authority to implement these reimbursement changes prior to the completion of any regulatory process to effect such changes.

MMMM. Effective July 1, 2022, the Department of Medical Assistance Services (DMAS) shall have the authority to increase reimbursement rates for children's covered vision services for Medicaid Title XIX and CHIP XXI programs by 30 percent. The department shall have the authority to implement these reimbursement changes prior to the completion of any regulatory process to effect such changes.

NNNN. The Department of Medical Assistance Services shall seek federal authority through waiver and State Plan amendments under Titles XIX and XXI of the Social Security Act to allow enrollment in a Medicaid managed care plan for individuals who are Medicaid eligible 30 days prior to release from incarceration. The department shall modify its contracts with managed care organizations to require a video or telephone conference with incarcerated individuals that are enrolled in a managed care plan in order to create a transition plan during the 30 days prior to release from incarceration. The department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act.

OOOO.1. Effective September 1, 2022, the Department of Medical Assistance Services (DMAS) shall revise its Medicaid and Family Access to Medical Insurance Security (FAMIS) managed care organization (MCO) contracts to require MCOs to include provider agreements for mobile vision services provided to eligible children on school grounds in localities where local school divisions or schools have written agreements with mobile vision providers.

2. Mobile vision providers, subject to such agreements, shall provide comprehensive vision services including, at a minimum, a comprehensive vision exam in compliance with recognized clinical standards to include the use of a binocular indirect ophthalmoscope and/or a wide-angle retinal imaging system, lenses, frames, and fittings.

3. The Department of Medical Assistance Services shall require the Medicaid MCOs to expedite the enrollment and credentialing of the mobile vision providers in the MCO networks and shall work with managed care organizations to ensure that a variety of lens and frames are available to children receiving vision services in any setting. The department shall have authority to implement these provisions prior to the completion of any regulatory process undertaken in order to effect such change.

PPPP. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to

authorize coverage for medically necessary general anesthesia and hospitalization or facility charges of a facility licensed to provide outpatient surgical procedures for dental care provided to a Medicaid enrollee who is determined by a licensed dentist in consultation with the enrollee's treating physician to require general anesthesia and admission to a hospital or outpatient surgery facility to effectively and safely provide dental care to an enrollee age ten or younger. The department shall have the authority to implement this change effective July 1, 2022 and prior to the completion of any regulatory process to effect such change.

QQQQ. Effective July 1, 2022, the Department of Medical Assistance Services shall increase Medicaid rates for peer recovery and family support services in private and public community-based recovery services settings from $6.50 to $13.00 per 15 minutes for individuals and from $2.70 to $5.40 per 15 minutes for groups.

RRRR. Out of this appropriation, $56,640,476 from nongeneral funds the first year and $43,489,163 from the general fund and $64,983,275 from nongeneral funds the second year shall be provided, effective July 1, 2022, for the Department of Medical Assistance Services to increase rates by 12.5%, relative to the rates in effect prior to July 1, 2021, for: (i) adult day health care; (ii) consumer-directed facilitation services; (iii) crisis supervision, crisis stabilization and crisis support services; (v) transition coordinator services; (vi) mental health and early intervention case management services; and (vii) community behavioral health and habilitation services. In addition to the funds included in this Item, $38,057,684 the first year is provided for the state match for this purpose in Item 486 out of the revenues received from federal distributions of the American Rescue Plan Act of 2021. However, if ARPA funds cannot be used for this purpose the department is authorized to use the available cash balance or excess revenue in the Health Care Fund that is in excess of the estimates included for the first year in this act or additional general fund dollars in excess of the Official Medicaid Forecast made available due to changes in the federal match rate. The department shall have the authority to implement these changes prior to the completion of any regulatory process undertaken in order to effect such change.

PPPP. Contingent on approval by the Centers for Medicare and Medicaid Services (CMS), the Department of Medical Assistance Services (DMAS) shall allow legally responsible individuals (parents of children under age 18 and spouses) to provide personal care/personal assistance services and be paid for those services when circumstances prevent an individual from being cared for by a non-parent caregiver. Any legally responsible individual who is a paid aide or attendant for personal care/personal assistance services shall meet all the same requirements as other aides or attendants. The department shall have the authority to implement these changes effective July 1, 2022 and prior to completion of any regulatory process to effect such change.