

Health and Human Resources

Adopted Adjustments				
(\$ in millions)				
	FY 2021 Adopted		FY 2022 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2020-22 Current Budget	\$7,185.7	\$14,996.2	\$7,804.6	\$14,934.1
Ch. 56, 2020 Special Session 1				
Adopted Increases	16.8	633.5	254.6	1,091.7
Adopted Decreases	(646.9)	(26.4)	(366.9)	(28.5)
\$ Net Change	(630.1)	607.1	(112.3)	1,063.2
Ch. 552 (HB 1800, as Adopted)	\$6,555.6	\$15,603.3	\$7,692.3	\$15,997.3
% Change	(8.8%)	4.1%	(1.4%)	7.1%
FTEs	8,294.65	6,404.12	8,466.65	6,309.12
# Change	0.00	0.00	67.00	52.00

- **Secretary of Health and Human Resources**
 - *Workgroup on Elevating Aging Services within State Government.* Adds language stating the intent of the General Assembly to elevate aging services within state government to include consideration of the establishment of a new agency under the Office of the Secretary of Health and Human Resources beginning July 1, 2022. Language directs the Secretary to convene a workgroup to review and develop recommendations to accomplish this goal and report by December 1, 2021 to the Governor, the Department of Planning and Budget, and the Chairs of the House Appropriations and Senate Finance & Appropriations Committees.
 - *Health Care Coverage Options for Undocumented Children.* Adds language directing the Secretary of Health and Human Resources to convene a workgroup to research and recommend strategies for the financing of health care services for undocumented immigrant children. Approximately 13,000 immigrant children in Virginia lack health insurance and approximately 9,000 of those children live under 200 percent of the federal poverty level, but do not qualify for CHIP-funded

(Children's Health Insurance Program) health insurance due to their immigration status.

- **Children's Services Act (CSA)**

- ***Caseload and Utilization.*** Reduces \$2.0 million GF the first year and \$3.1 million GF the second year to reflect a decline in anticipated growth in the CSA program. Chapter 1289 of the 2020 Acts of Assembly (HB 30), provided \$18.1 million GF in FY 2021 and \$25.8 million GF in FY 2022 to fund anticipated growth in the program. The reduced funding need is due to slower growth in caseload and utilization in most Children's Services Act (CSA) funded services, except for special educational services for children placed in private day educational programs through federally mandated Individualized Education Program plans. The reduction in funding reflects a growth rate of 3.3 percent in FY 2021 and 3.2 percent in FY 2022.
- ***Account for Medicaid Replacing Title IV-E as Payer of First Resort.*** Adds \$2.7 million GF and \$5.0 million NGF in FY 2022 to reflect the costs of shifting CSA eligible children receiving services in psychiatric residential treatment facilities (PRTF) from the federal Title IV-E foster care program to the Medicaid program. A policy decision by the Department of Medical Assistance Services will result in all PRTF costs being billed to Medicaid rather than any eligible costs expended to Title IV-E. With the shift to CSA as a Medicaid-funded service, localities will pay 46.5 percent of the state share of these costs, which amounts to \$2.7 million in FY 2022. A separate action in the Department of Social Services reflects the reduced Title IV-E costs in that agency.
- ***Shift Expenditures for Congregate Foster Care from Title IV-E to CSA.*** Provides \$921,296 GF in FY 2022 to support the costs of implementation of the federal Family First Prevention Services Act (FFPSA), which results in costs shifting from federal Title IV-E to the Children's Services Act effective July 1, 2021. The FFPSA requires that federal Title IV-E may only be used to support children in foster care congregate settings, beyond an initial two-week period, if they meet the Qualified Residential Treatment Program (QRTP) standard. Currently, very few congregate providers meet this requirement and this action anticipates that most of the children in congregate settings will no longer be eligible for Title IV-E and therefore will shift to being CSA-funded. A separate action in the Department of Social Services reflects the lower Title IV-E costs.
- ***Fund State Kinship Guardianship Assistance Program.*** Includes \$305,357 GF in FY 2022 for the increases costs associated with legislation to create the program. The program provides maintenance payments to relatives including fictive kin, that otherwise are not eligible for the federal program.

- ***Provides Funds for Implementation of Private Day Special Education Rate Setting.*** Adds \$100,000 GF in FY 2022 to contract with a consultant to assist in implementing rate setting for Private Day Special Education services and delays implementing Private Day Special Education rate setting from July 1, 2021 to July 1, 2022. In the past, these rates have been set through agreed-upon contracts between localities and private schools. Rate setting at the state level is a change that requires additional expertise that currently does not exist in the Office of Children’s Services.
- ***Distribute Budget Reductions from Central Appropriations to Agency Budgets.*** Reduces \$50,000 GF each year in the agency’s budget to reflect approved budget reductions in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). These reductions were originally unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30) and subsequently converted to budget reductions in the 2020 Special Session.
- ***Requirements for Monitoring and Improving Local Implementation of CSA.*** Adds \$121,443 GF the second year and one position language requiring the Office of Children’s Services to implement new statutory responsibilities adopted in the 2021 Special Session I to monitor and work with local programs strengthen their operations. The adopted budget adds language requiring the OCS to (i) develop a plan to modify staffing and operations to ensure effective local implementation of CSA; and (ii) annually collect local CSA program data on staffing and resources to inform technical assistance to local programs.

- **Department for the Deaf and Hard-Of-Hearing**

- ***Account for Increased Cost of Relay Services.*** The adopted budget proposes \$332,604 NGF the first year to reflect the increased cost of the Commonwealth’s telecommunications relay service, Virginia Relay. The increase is a result of higher volumes due to the Coronavirus pandemic. The relay service is funded from the Communications Sales and Use Tax.
- ***Provide Appropriation for a Services Provider Grant.*** Provides \$41,000 in federal appropriation to account for a two-year \$150,000 annual grant that will be used to establish a training program for Support Service Providers for Deaf and Blind individuals. The pilot program is expected to begin in January 2022 and expend \$75,000 in FY 2022. The agency has \$34,000 of excess federal appropriation currently available; therefore, an additional \$41,000 of federal appropriation is provided in FY 2022 to cover the first two quarters of grant spending.

- **Department of Health**

- ***Provides Funding to Support Mass Vaccination Efforts for COVID-19.*** Provides \$18.0 million NGF the first year and \$59.1 million NGF the second year to support a mass vaccination campaign related to COVID-19. The funding will be used to:
 - Purchase equipment and ancillary supplies, such as vaccine refrigerators, freezers, syringes, alcohol prep pads, etc.;
 - Hire temporary information management staff to support messaging efforts;
 - Support local health districts to establish and operate mass vaccination clinics; and
 - Cover costs for warehousing and shipping ancillary supplies, including modifications to the Virginia Distribution Center warehouse.
- On December 27, 2020, the federal Consolidated Appropriations Act, 2021 was signed into law which provides substantial federal assistance to support states in vaccine administration efforts. Virginia's share of this funding is \$77.1 million which will be used to support the vaccination program. To fully fund the vaccination program, \$12.2 million in Coronavirus Relief Funds (CRF) the first year was redirected from the Department of Medical Assistance Services and reflected in budget language in Central Appropriations.
- ***Add Funding for COVID-19 Pandemic Communication Efforts.*** The proposed budget includes \$7.1 million NGF the first year and \$12.5 million NGF the second year from federal Coronavirus Relief Funds to support statewide communication efforts that include: a strategic communications plan; public health awareness campaigns that have specific calls to action designed to reduce the spread of COVID-19; translation of public health information into foreign languages; providing accurate information to inform the public; satellite media tours; target hotspot areas with critical information; address long-standing pre-existing health inequities in specific demographics; and, providing media training to agency subject matter experts. A separate budget action designates \$600,000 NGF the first year to target a portion of the strategic communication campaign on Virginians of various socio-economic, geographic, racial and ethnic, language and other unique backgrounds who have historically faced barriers to health care access. Language also directs a portion of the state and federal funding allocated for COVID-19 communications to be used for outreach and communications to high-risk populations that have been adversely impacted by the COVID-19 pandemic more so than the general population and for which traditional communication mediums are not as effective. It also directs the funding to be used for translation services.

- ***Increase Support for Disease Surveillance and Investigation.*** The adopted budget includes \$6.1 million and 50.5 FTE positions the second year to fund additional state epidemiology program managers, health district epidemiologists, and communicable disease nurses to improve disease surveillance, infection prevention and control, and outbreak investigations. A portion of the funding and positions, \$197,909 and 1.5 FTE positions, is reflected in the Department of Health’s central office budget. The state currently has five epidemiology program managers and 32 health district epidemiologists.
- ***Update Cooperative Health Budget Funding Formula.*** Proposes \$2.8 million GF the second year to update the locality matching rates for the cooperative health budget (the combined state and local funding that operates local health departments in each locality). The implementation of the updated match rates will be fully-phased on over a three-year period. The local match rates, which originally reflected a locality’s ability to pay, have not been updated since the 1960s. Updating the formula would result in shifting funding between local health departments, resulting in some losing funds.
- ***Restore Behavioral Health Loan Repayment Program.*** Restores \$1.6 million GF to establish a Behavioral Health Loan Repayment Program. Funding was unallotted in April, 2020 and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005), for this program. The program goal is to increase the number of Virginia behavioral health practitioners through the establishment of an educational loan repayment incentive. Practitioners would receive loan repayment for up to 25 percent of student loan debt for each year of health care service provided to the Commonwealth. In addition, outdated language is stricken related to developing a plan for increasing the number of behavioral health practitioners. Language also expands the program to include psychiatric physician assistants and psychiatric pharmacists.
- ***Expand Bandwidth at Local Health Departments.*** Adds \$1.3 million GF and \$711,480 NGF the second year to increase the Internet bandwidth of local health departments to maintain service delivery and customer services operations.
- ***Transfer of Funding for Naloxone from the Department to Behavioral Health and Developmental Services (DBHDS).*** Transfers \$1.3 million GF the second year from DBHDS for the purchase of naloxone. This funding is currently expended through a contract with the Virginia Department of Health, which has its own pharmacy to handle the purchase and distribution of naloxone to local health districts and other organizations. This transfer would simplify the process for administering the funding.

- ***Restore Funding for the Virginia Sexual and Domestic Violence Prevention Fund.*** Restores \$100,000 GF the first year and \$650,000 GF the second year for the Virginia Sexual and Domestic Violence Prevention Fund that was created pursuant to Chapters 912 and 913 of the 2020 Acts of Assembly (HB 1015/SB 297). In addition, language is included directing the Department of Health to continue to award and provide federal Rape Prevention and Education (RPE) funds through the cooperative agreement with the Centers for Disease Control to six sexual and domestic violence organizations.
- ***Restore Nursing Preceptor Incentive Program.*** Restores \$500,000 GF the second year to establish a Nursing Preceptor Incentive Program. Funding for this program was unallotted in April, 2020 and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB5005). The Virginia Health Workforce Development Authority is directed to develop a process for the consideration of requests for funding from the Nursing Preceptor Incentive Program.
- ***Fund Comprehensive Adult Sickle Cell Disease Services.*** Adds \$500,000 GF the second year and half of a position for the comprehensive adult sickle cell disease program. Language sets out total funding for this program. Chapter 1289 of the 2020 Acts of Assembly (HB 30) provided \$305,000 each year of the biennium for adult sickle cell disease services. This amendment increases the total funding in the second year to \$805,000.
- ***Provide Support for Prescription Price Transparency.*** Provides \$393,801 GF the second year to develop a new data collection program to address prescription drug price transparency, pursuant to the provisions of Chapter 304 of the 2021 Acts of Assembly, Special Session I (HB 2007). The data will be used in combination with data already submitted to the Virginia All Payer Claims Database to develop an annual online report that analyzes drivers of prescription drug prices. The cost will decrease in the out-years to \$318,801 annually after subtracting one-time costs for the development of the system.
- ***Fund Local Health Department Rent Increases.*** Provides \$276,897 GF the second year for the state's share of increases in leased space for 24 local health departments, including the restoration of funding for lease increases at 20 local health departments, which was included in Chapter 1289 of the 2020 Acts of Assembly (HB 30), unallotted in April, 2020 and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). Funding for lease increases at four additional local health departments is included for the Counties of Russell and Northampton and the Cities of Colonial Heights and Chesapeake. Language is added to require the Department of Health to annually submit requests for the funding of new or escalated rent increases at local health departments.

- ***Provide Support for the Lead Water Testing Program.*** Provides \$250,000 GF the second year and three positions for the Department of Health to handle testing plans and test results of lead water testing by local schools and provides funding for the department to handle the testing plans and test results of lead water testing submitted to the agency from child care facilities.
- ***Support Task Force on Maternal Health Data and Quality Measures.*** Provides \$151,180 GF the second year for the costs of Chapter 215 of the 2021 Acts of Assembly, Special Session I (HB 2111), which requires the State Health Commissioner to establish a Task Force on Maternal Health Data and Quality Measures for the purpose of evaluating maternal health data collection to guide policies in the Commonwealth to improve maternal care, quality, and outcomes for all birthing people in the Commonwealth.
- ***Restore Funds for a Wastewater Infrastructure Manager.*** Restores \$137,255 GF the second year to fund a wastewater infrastructure manager to oversee a comprehensive assessment of onsite sewage system needs throughout the Commonwealth. The position will also serve as a liaison to promote opportunities for septic system repairs and improvements. Funding in Chapter 1289 of the 2020 Acts of Assembly (HB 30) was unallotted for this purpose and subsequently eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).
- ***Fund Position to Support Workforce Programs.*** Provides \$88,914 GF and one position the second year for administering the Behavioral Health Loan Repayment program and the Nursing Preceptor Incentive program.
- ***Fund Continued Study of Certain Substances in Drinking Water.*** Provides \$60,000 GF the second year for the continued work of the Department of Health's Office of Drinking Water to continue its study of the occurrence of perfluorooctanoic acid (PFOA), perfluorooctane sulfonate (PFOS), and other perfluoroalkyl and polyfluoroalkyl substances (PFAS) in the Commonwealth's public drinking water and to develop recommendations for specific maximum contaminant levels for PFOA, PFOS, and other PFAS for inclusion in regulations of the Board of Health applicable to waterworks.
- ***Provide Appropriation for COVID-19 Response Grant for the Office of Licensure and Certification (OLC).*** Provides \$59,288 GF and \$474,300 NGF the second year to fund the state match and federal grant award from the Centers for Medicare and Medicaid Services (CMS) for survey and certification activities associated with the increase in workload due to COVID-19. The OLC serves as the licensing office for medical care facilities and the state survey agency for CMS.
- ***Develop Plan for Fetal and Infant Mortality Review Team.*** Provides \$51,146 GF the second year for the costs of implementing Chapter 164, 2021 Special Session I,

which directs the Office of the Chief Medical Examiner to convene a work group to develop a plan for the establishment of a Fetal and Infant Mortality Review Team by December 1, 2021.

- ***Fund Support for the Rare Disease Advisory Council.*** Provides \$42,716 GF the second year to fund the costs of Chapter 303 of the 2021 Acts of Assembly, Special Session I (HB 1995), which establishes the Rare Disease Advisory Council.
- ***Increase Support for Special Olympics Virginia.*** Adds an additional \$50,000 GF the second year for the Special Olympics "Healthy Athlete" Program bringing total support to \$60,000 GF a year.
- ***Increase Funding for the Nurse Loan Repayment Program.*** Provides \$35,000 GF the second year to support the expansion of the nurse loan repayment program to include nurse aides pursuant to Chapter 238 of the 2021 Acts of Assembly, Special Session I (SB 1147). Budget language limits nurse aides to no more than \$1,000 in assistance.

Nongeneral Fund Increases

- ***Increase Appropriation for Epidemiological and Laboratory Capacity (ELC) Federal Grant.*** Adds \$40.3 million NGF the second year to reflect grant awards from the Centers for Disease Control. During the Coronavirus pandemic the agency has received three separate awards of additional ELC funding, the largest amount being \$213.0 million. This action allows the agency to expend the funding to respond to the COVID-19 emergency.
- ***Direct the Department of Health to Support COVID-19 Testing at Higher Education Institutions.*** Provides \$34.5 million NGF the second year from the federal Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) funds for COVID-19 testing and contact tracing in state institutions of higher education. The state recently received additional ELC funds which were provided through the Coronavirus Preparedness and Response Supplemental Appropriations Act (P.L. 116-123). Language is added directing the Virginia Department of Health to include this activity in its plan to the Centers for Disease Control and Prevention.
- ***Direct the Department of Health to Support COVID-19 Testing and Surveillance in DBHDS State-operated Facilities.*** Directs the Virginia Department of Health to plan for and make available funding estimated at \$2.1 million the first year and \$4.3 million the second year for COVID-19 testing and surveillance in the Department of Behavioral Health and Developmental Services (DBHDS) state-operated facilities. The source of the funding is intended to come from the federal Epidemiology and Laboratory Capacity for Prevention and Control of Emerging

Infectious Diseases provided pursuant to the Coronavirus Preparedness and Response Supplemental Appropriations Act (P.L. 116-123). A companion amendment in DBHDS eliminates general fund amounts provided for this purpose.

- ***Continue Funding for COVID-19 Data Modeling.*** Adds \$722,472 NGF the first year and \$1.4 million NGF the second year from the federal Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases grant, provided through the Coronavirus Preparedness and Response Supplemental Appropriations Act (P.L. 116-123), to continue to fund the University of Virginia (UVA) Biocomplexity Institute's COVID-19 model that provides epidemiologic analysis and foresight into the course of the pandemic in Virginia, and the RAND Corporation, which is providing broader surveys of COVID-19 modeling, literature and policy reviews, and expertise in critiquing the UVA model. The Virginia Department of Emergency Management has been funding these contracts.
- ***Increase Appropriation and Modify Language for the Contraceptive Access Initiative.*** The adopted budget includes \$1.0 million NGF from the Temporary Assistance to Needy Families Block grant the second year to increase funding for Long-Acting Reversible Contraceptives (LARCs). Budget language allows the agency to move funding between the LARC allocation and the non-LARC allocation of funding, as needed.
- ***Fund a Communicable Disease Information System for Emergency Medical Services.*** Provides \$956,377 NGF the second year from federal Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases grant funds, provided through the Coronavirus Preparedness and Response Supplemental Appropriations Act (P.L. 116-123), to implement the provisions of Chapter 472 of the 2021 Acts of Assembly, Special Session I (HB 1989). The bill provides for the development and implementation of a system for sharing information regarding confirmed cases of communicable diseases of public health threat with emergency medical services agencies in real time during a declared public health emergency.
- ***Add Positions in the VDH Office of Emergency Medical Services.*** Adds 30 full-time positions funded through nongeneral funds in the Virginia Department of Health's Office of Emergency Medical Services (OEMS). These positions will backfill the loss of positions based on implementation of the agency's shared business services. The positions are needed to enable OEMS to work directly with the Regional Emergency Medical Services (EMS) Councils. Each Council maintains a Board of Directors but they are staffed by OEMS. In addition, the OEMS will have responsibility for directly managing two regional EMS councils (Shenandoah and Rappahannock). Funding will be shifted within OEMS to cover the cost of the added positions.

Agency Reductions

- ***Distribute Budget Reductions from Central Appropriations to Agency Budgets.*** Reduces \$7.4 million GF the first year and \$6.3 million GF the second year in the agency’s budget to reflect approved budget reductions in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). These reductions were originally unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30) and subsequently converted to budget reductions in the 2020 Special Session I.
- ***Eliminate Line of Credit for the Office of Vital Records.*** Eliminates a \$200,000 line of credit that had been provided to the Office of Vital Records to address cash flow issues during development of the initiative by the Department of Motor Vehicles to gain access to records in order to issue them to the public at their offices. The line of credit was never utilized and is no longer necessary.

Language

- ***Develop a Pilot Program to Study Use of Vertically Elevated Septic System.*** Adds language directing the Department of Health and Department of Environmental Quality, in partnership with the Middle Peninsula Planning District Commission, to initiate a three-year pilot program designed to study the use of engineered septic systems that house and treat sewage effluent in an elevated, self-contained unit suitable for areas with high water tables and susceptible to flooding in Coastal Virginia. Funding is provided in budget of the Department of Housing and Community Development for the Middle Peninsula Planning District Commission for costs associated with the pilot program.
- ***Establish a Task Force on a Doula Certification Program.*** Adds language requiring the Commissioner of Health to develop a task force on Doula certification, regulations and other related issues. The task force will include various stakeholder groups.
- ***Modify Disbursement Policy for Volunteer Rescue Squads.*** Adds language ensuring the timely distribution of Four for Life funding to the Virginia Association of Volunteer Rescue Squads (VAVRS) on a quarterly basis. This past year, receipt of these funds has been inconsistent due to the adoption of the new Shared Business Services at the Department of Health, resulting in difficulties with cash flow for the VAVRS.
- ***Clarify Charity Care Requirement for Nursing Facilities.*** Clarifies that the charity care provisions of § 32.1-102.4 (B), *Code of Virginia*, do not apply to nursing facilities. This is a technical amendment to ensure the appropriate interpretation of the charity care requirements, based on changes made in the 2020 General Assembly Session, are applied consistent with the intent of that legislation.

- ***Remove Language for Hospital Requirements for Designated Support Persons.*** Strikes language that includes requirements on hospitals related to designated support persons for people with disabilities. Chapter 220 of the 2021 Acts of Assembly, Special Session I (HB 2162), codifies those requirements and therefore there is no longer a need for the budget language.
- ***Align Eligibility for the State Pharmacy Assistance Program.*** The adopted budget modifies existing language to align the eligibility criteria for the State Pharmacy Assistance Program (SPAP) with the Virginia Medication Assistance Program (VA MAP). Currently SPAP income eligibility limits are specified in the budget language and also limited eligibility for individuals on Medicare to those with Part D coverage. The revised language aligns income eligibility with VA MAP and allows anyone on Medicare to qualify, if they meet all other requirements. The language also reflects the change in the name of the AIDS Drug Assistance Program to VA MAP.
- ***Provide Support for the Virginia Partners in Prayer Program.*** Includes language directing the Office of Health Equity to provide support for the Virginia Partners in Prayer Program. Currently, the Office provides in-kind services to support this program, estimated at \$20,000. This language formalizes this support.
- ***Move Appropriation Between Agency Programs.*** Includes net-zero transfers between programs and funds to better align agency appropriations with actual spending patterns. This action will result in less administrative budget execution adjustments.

- **Department of Health Professions**

- ***Increase Appropriation to Cover Additional Disciplinary Staff and to Convert Temporary Staff to Full-Time.*** The adopted budget provides \$655,235 NGF the second year to support the costs of 11 positions to address increases in workload and complexity of disciplinary cases and to reduce dependence on part-time positions. The source of the nongeneral funds is generated from fees charged to regulated health professionals.
- ***Fund New License Category for Certified Midwives.*** Includes \$66,000 NGF and one position the second year to fund the costs of Chapter 200 of the 2021 Acts of Assembly, Special Session I (HB 1953), which establishes a new license category for certified midwives.
- ***Add Positions for Board of Pharmacy.*** Provides two NGF positions in the Board of Pharmacy to implement the provisions of Chapter 205 of the 2021 Acts of Assembly, Special Session I (HB 1988), related to regulating the processing and dispensing of cannabis oil by pharmaceutical processors in the Commonwealth.

- *Direct Study of Advanced Practice Registered Nurses.* Directs the Department of Health Professions to study and make recommendations regarding the oversight and regulations of advanced practice registered nurses.

- **Department of Medical Assistance Services**

Forecast Changes

- *Medicaid Utilization and Inflation.* Reduces \$361.0 million GF and provides an increase of \$450.1 million NGF in FY 2021 and a reduction of \$173.6 million GF and \$691.5 million NGF in FY 2022 to fund expected increases in enrollment and medical costs for the current Medicaid program. The first year amount primarily represents a state savings of \$277.4 million GF resulting from an enhanced federal Medicaid match rate of 6.2 percent for the third and fourth quarter of FY 2021. The second year amount represents a state savings of \$191.6 million from the continued enhanced federal Medicaid match rate in the first two quarters of FY 2022. The enhanced federal match rate is in response to the economic impact of the Coronavirus Pandemic (authorized pursuant to the federal Families First Coronavirus Response Act). This enhanced match rate is in effect through each quarter of the declared federal public health emergency. The first two quarters of the state savings in FY 2021 were captured in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).

Medicaid spending is expected to increase by 18.2 percent and 7.5 percent, respectively, in FY 2021 and FY 2022, compared to growth rates of 10.4 percent in FY 2021 and 6.5 percent in FY 2022 assumed in last year's forecast. Enrollment growth is estimated at 17.9 percent in FY 2021 and 0.2 percent in FY 2022, compared to 15.6 percent in FY 2020. Spending growth in the program is largely due to enrollment growth resulting from the continuation of coverage requirement to receive enhanced federal funding during the pandemic and increased supplemental payments to hospitals. Lower utilization in fee-for-service and higher managed care pharmacy rebates also help in offsetting higher enrollment costs.

- *Adjust Appropriation for the Virginia Health Care Fund.* Reduces the general fund appropriation by \$93.3 million GF in FY 2021 and \$5.2 million GF in FY 2022 and increases a like amount of nongeneral funds each year to reflect changes in revenues to the Virginia Health Care Fund. Revenues from the Fund are used as a portion of the state's match for the Medicaid program; therefore, higher revenues result in a reduction of the general fund appropriation needed to maintain currently-funded Medicaid services. Conversely, lower revenues require additional general fund support. Revenues in the fund are comprised of tobacco taxes, Medicaid recoveries and revenue maximization initiatives, and a portion of the Master Tobacco

Settlement Agreement (41.5 percent of tobacco settlement revenues). Changes to the fund include:

- A cash balance in the fund of \$44.9 million at the end of FY 2020 that is available in FY 2021.
- An increase of \$39.4 million in FY 2021 due to the receipt of escrow funds from a cigarette manufacturer that did not participate in the 1998 Tobacco Mater Settlement Agreement with state Attorney Generals and is closing. The manufacturer has chosen to assign rights to its escrow funds as permitted by statute in return for the right to retain a portion of those funds.
- An increase of \$18.9 million in FY 2021 and \$19.9 million in FY 2022 in expected other tobacco products tax revenue;
- An increase of \$2.9 million in FY 2021 and \$294,943 in FY 2022 in expected pharmacy rebates;
- A decrease of \$7.7 million in FY 2021 and \$9.0 million in FY 2022 from revised projections in tax collections from cigarettes; and
- A decrease of \$5.0 million in FY 2021 and \$6.0 million in FY 2022 in Medicaid recoveries.

In addition, language clarifies that repayments from managed care organizations are to be deposited to the Health Care fund.

- ***Family Access to Medical Insurance Security (FAMIS) Utilization and Inflation.*** Decreases \$8.6 million GF and \$2.3 million NGF in FY 2021 and decreases \$10.6 million GF and increases \$3.2 million NGF in FY 2022 to reflect the forecast of expenditures for the FAMIS program. The first year amount represents a state savings of \$4.4 million GF resulting from an enhanced federal Medicaid match rate (eFMAP) of 6.2 percent for the third and fourth quarter of FY 2021. The second year amount represents a state savings of \$7.2 million from the continued eFMAP in the first two quarters of FY 2022. While enrollments have been rising, this growth is more than offset by reduced utilization due to the COVID-19 pandemic, higher pharmacy rebates, and the eFMAP pursuant to the federal Families First Coronavirus Response Act. The eFMAP is in effect through the end of the fiscal quarter in which the federal public health emergency (PHE) expires. The PHE is extended in 90-day increments and was recently extended into the first quarter of fiscal year 2022. Furthermore, the federal government has indicated that it intends to extend the PHE through the end of calendar year 2021 to provide greater budget certainty to states. The adopted budget reflects the enhanced federal match rate (69.34 percent versus the normal 65 percent) through December 31, 2021. The

FAMIS program serves pregnant women and children under the age of 19 in families with income between 133 and 200 percent of poverty.

- ***Medicaid Children’s Health Insurance Program (CHIP) Utilization and Inflation.*** Reduces \$4.8 million GF and increases \$7.2 million NGF in FY 2021 and reduces \$8.4 million GF and increases \$14.8 million NGF in FY 2022 to reflect the forecast of expenditures in the Medicaid CHIP program. The first year amount represents a state savings of \$1.8 million GF resulting from an enhanced federal Medicaid match rate (eFMAP) of 6.2 percent for the third and fourth quarter of FY 2021. The second year amount represents a state savings of \$7.0 million from the continued eFMAP in the first two quarters of FY 2022. An increase in program costs is mainly due to higher enrollment due to the impact of the Coronavirus pandemic, however such costs are more than offset by reduced utilization due to the pandemic, higher pharmacy rebates, and an increase in the eFMAP pursuant to the federal Families First Coronavirus Response Act. The eFMAP is in effect through the end of the fiscal quarter in which the federal public health emergency expires. As with the FAMIS program, the adopted budget reflects the eFMAP (69.34 percent versus the normal 65 percent) through December 31, 2021. The Medicaid CHIP program provides services for Medicaid-eligible low-income children, ages 6–18, living in families with incomes between 100 and 133 percent of the federal poverty level.
- ***Adjust Funding for Involuntary Mental Commitments.*** The adopted budget reduces \$2.7 million GF the first year and \$2.3 million GF the second year to reflect lower caseload and the associated lower costs for hospital and physician services for individuals subject to a temporary detention order.
- ***Adjust Medicaid Forecast to Account for Revised Medicare Premiums.*** Reduces \$2.6 million GF and \$2.5 million NGF the first year and \$4.8 million GF and \$4.1 million NGF the second year to account for lower than assumed Medicare Part A and B premium increases that were included in the Official Medicaid Forecast in November 2020. Since the forecast was finalized the Centers for Medicare and Medicaid Services has announced the premium changes effective January 1, 2021, which are lower than expected.

Policy Changes

- ***Increase Rates for Personal, Respite and Companion Care.*** Adds \$3.0 million GF and \$3.1 million NGF from federal Medicaid matching funds the first year and \$60.7 million GF and \$63.0 million in federal Medicaid matching funds the second year to increase provider rates for personal care, respite care, and companionship services provided in Medicaid waiver programs by 6.4 percent on May 1, 2021 and 12.5 percent effective January 1, 2022. These rate increases will supplement increases provided in Chapter 1289 of the 2020 Virginia Acts of Assembly (HB 30), which

provided a five percent increase beginning July 1, 2020 and a scheduled two percent increase on July 1, 2021. These rate increases enable providers to cover the direct costs for hourly care and ensure the safety of the patients and compliance with minimum wage increases scheduled to increase to \$9.50 per hour on May 1, 2021 and to \$11.00 per hour on January 1, 2022. In addition, language directs the Governor to include the appropriate rate increases as a result of changes in the state minimum wage for these services in the introduced budget for the 2022-24 biennium for consideration in the 2022 General Assembly.

- ***Continue Nursing Home Per Diem Payment and Develop a Value-based Purchasing Program.*** Adds \$46.7 million GF and \$46.7 million NGF and one position in the second year to provide an increased payment add-on roughly an equivalent to \$15 per day. Language directs the Department of Medical Assistance Services to work with appropriate nursing facility stakeholders and the Medicaid managed care organizations to develop a unified, value-based purchasing 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. Priority areas targeted for improvement would be adequate staffing levels and avoidance of negative care events, such as hospital admissions and emergency department visits, among others. The value-based purchasing program would be implemented on July 1, 2022.
- ***Provide Coverage of Prenatal Care Services Regardless of Immigration Status.*** Adds \$11.1 million GF and \$20.7 million from federal matching funds the second year to extend the provision for payment of prenatal care for pregnant women through the Virginia Family Access to Medical Insurance Security (FAMIS) program regardless of the expectant mother's status, pursuant to provisions in Title XXI of the federal 2009 CHIP Reauthorization Act that includes care of all children without regard for an expectant mother's citizenship status who would otherwise be eligible under state requirements. The Medicaid program reflects an expenditure reduction of \$13.4 million GF and \$13.4 million in matching federal Medicaid funds based on the adoption of this change. The provision of these services results in a savings of \$2.3 million GF and the receipt of \$7.2 million more from matching federal funds for the CHIP program, which has a higher federal match rate than the Medicaid program.
- ***Create 435 Waiver Slots to Address the Priority One Waitlist.*** Adds \$7.1 million GF and a like amount of federal Medicaid matching funds in the second year to increase the number of Family and Individual Support (FIS) waiver slots by 435 in the second year bringing the total number of waiver slots funded in fiscal year 2022 to 985 in order to address the Priority One waiting list.

- ***Fund Paid Sick Leave for Personal Care Attendants.*** Provides \$3.4 million GF and \$3.4 million in matching federal Medicaid funds the second year to provide sick leave to Medicaid providers of consumer-directed personal, respite or companion care, consistent with the requirements of Chapter 449 of the 2021 Acts of Assembly, Special Session I (HB 2137). Language directs the Medicaid agency to seek federal authority through a waiver and State Medical Assistance Plan amendments, which would enable the state to obtain federal matching funds for this purpose.
- ***Expand Remote Patient Monitoring Services.*** Provides \$2.7 million GF and \$4.2 million NGF the second year for Medicaid-related costs of remote patient monitoring services provided via telemedicine for Medicaid recipients with medically necessary conditions pursuant to the provisions of Chapters 301 and 302 of the 2021 Acts of Assembly, Special Session I (HB 1987 /SB 1338).
- ***Modify Indirect Medical Education Funding for Children's Hospital of the King's Daughters.*** Adds \$2.3 million GF and a like amount of federal Medicaid matching funds in the second year to adjust the formula used to calculate indirect medical education reimbursement for managed care discharges at Children's Hospital of the King's Daughters (CHKD). This change will partially restore CHKD's case mix index (CMI) factor, which had been reduced in fiscal year 2020.
- ***Fund Doula Services for Pregnant Women.*** Provides \$1.2 million GF and a like amount of federal funds the second year to add doula services as a new benefit in the Medicaid program for pregnant women. A study of such services was completed in 2020 to determine the most effective way of implementing such a program in Virginia.
- ***Cover Covid-19 Vaccinations for Adults.*** Includes \$1.0 million GF and a like amount of matching federal Medicaid funds in FY 2022 to ensure COVID-19 vaccine coverage for adults eligible for the current Medicaid program is comparable to those newly eligible for the program pursuant to Affordable Care Act Medicaid expansion. The federal Affordable Care Act required vaccine coverage for all adult vaccines recommended by the federal Centers for Disease Control Advisory Committee for Immunization Practices (ACIP), however no such requirement applies to the traditional Medicaid adult population.
- ***Expand Opioid Treatment Services.*** Provides \$881,306 GF and \$1.3 million from federal Medicaid matching funds in FY 2022 to allow individuals with a mental health diagnosis to access preferred office-based opioid treatment services. This service is currently limited to only those individuals with a primary diagnosis of substance use disorder.
- ***Restore Funds for Nursing Homes with Special Populations.*** Restores \$506,903 GF and a like amount of federal Medicaid matching funds the second year support for

nursing facilities that provide services to special populations. Language is modified to make this effective July 1, 2021. Funding for this item was provided in Chapter 1289 of the 2020 Acts of Assembly (HB 30), unallotted in April, 2020 and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). Currently, only one nursing facility, the Virginia Home, meets the criteria to qualify for additional funding pursuant to the reimbursement methodology change.

- ***Restore Supplemental Payments for Children's National Medical Center.*** Restores \$354,766 GF and a like amount of federal Medicaid matching funds the second year to increase supplemental physician payments for physicians employed at Children's National Medical Center, a freestanding children's hospital serving the Northern Virginia region. Funding for this Item was provided in Chapter 1289 of the 2020 Acts of Assembly (HB30), unallotted in April, 2020 and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).
- ***Fund Compliance with Federal Durable Medical Equipment Requirements.*** The adopted budget includes \$68,014 GF and \$76,146 NGF the first year and \$272,050 GF and \$304,585 NGF the second year to broaden the definition for durable medical equipment, to be compliant with federal regulations to include items other than those typically provided in a home setting. For example, this expands coverage to items such as medical car seats, wheelchair tire downs, and portable ramps.
- ***Allow 12-Month Prescriptions for Contraceptives.*** Includes \$136,533 GF and \$1.4 million in federal Medicaid matching funds the second year to allow beneficiaries to obtain up to a 12-month supply of prescriptions contraceptives.
- ***Restore Modification of Capital Reimbursement for Certain Nursing Facilities.*** Restores \$119,995 GF and a like amount of matching federal Medicaid funds the second year to require the Department of Medical Assistance Services to modify nursing facility capital reimbursement for a nursing facility that lost its status as a hospital-based nursing facility because a replacement hospital was built in a different location and it became a free-standing facility. Language is modified to make this effective July 1, 2021. Funding for this purpose was provided in Chapter 1289 of the 2020 Acts of Assembly (HB 30), unallotted in April, 2020 and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I .
- ***Restore Eligibility Change for Medicaid Works for Individuals with Disabilities.*** Restores \$57,210 GF and \$57,210 from federal Medicaid matching fund the second year to increase the eligibility requirement for Virginians with disabilities to participate in the Medicaid Works program to 138 percent of the federal poverty level. Funding for this item was provided in Chapter 1289 of the 2020 Acts of Assembly (HB 30), unallotted in April, 2020 and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).

- ***Restore Expansion of Tobacco Cessation Coverage.*** Restores \$34,718 GF and a like amount of federal Medicaid matching funds the second year to add tobacco cessation services to the Medicaid program for adults not otherwise currently covered. The federal Patient Protection and Affordable Care Act (ACA) requires that Medicaid provide coverage for prevention services, including tobacco cessation, for individuals enrolled pursuant to the ACA. This amendment allows all adults in Medicaid to have access to tobacco cessation services. Funding for this Item was provided in Chapter 1289 of the 2020 Acts of Assembly (HB 30), unallotted in April, 2020 and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). Language is modified to make the provision of this benefit effective July 1, 2021.
- ***Add Inpatient Substance Use Disorder Treatment as a Benefit in FAMIS MOMS.*** Adds \$13,497 GF and \$25,067 NGF in FY 2022 to provide access to inpatient substance use disorder (SUD) services to pregnant women in the FAMIS MOMS program. FAMIS MOMS provides coverage to pregnant women with incomes from 143 to 205 percent of the federal poverty level and the federal funding is paid from the Children’s Health Insurance Program. This change aligns FAMIS MOMS with Medicaid, which already allows pregnant women to access inpatient SUD services through the Addiction and Recovery, Treatment Services program.
- ***Provide Supplemental Payments for Lake Taylor Transitional Care Hospital.*** Provides \$5.4 million NGF the second year to increase payments to Lake Taylor Transitional Care Hospital, a non-state government operated hospital located in Norfolk, Virginia. The Department of Medical Assistance Services will make a supplemental payment for allowable costs and adjust capitation payments to be consistent with the fee for service supplemental payment percentage increase. The hospital is required to provide the funding to match the federal reimbursement for the supplemental payment.
- ***Improve Reimbursement for School-Based Services.*** Provides \$2.3 million NGF from federal Medicaid funds the second year related to expanding Medicaid coverage of school-based services outside of a student's individualized education program. There is no state match required as the local schools certify local expenditures as the state match. Reflects a savings of \$104,168 GF the second year since 5 percent of the additional federal funding for school-based services is retained by the state and deposited to the Health Care Fund to offset general fund costs.

Administrative Funding

- ***Fund Managed Care Operational Changes Related to Choice Counseling and Provider Screening.*** Includes \$1.7 million GF and \$4.3 million in federal Medicaid

matching funds the second year to fund managed care enrollment broker costs to comply with federal CURES act requirements for choice counseling for Medicaid enrollees in managed care and provider screening.

- ***Provide Funding for Federal Interoperability and Patient Access Requirements.*** Adds \$1.7 million GF and \$3.8 million in federal Medicaid matching funds the second year for system costs to be incurred by managed care organizations in FY 2022 as a result of complying with the federal requirements associated with the Interoperability and Patient Access Final Rule and the 21st Century Cures Act. Budget language specifies that this is one-time and must be removed from future capitation rates.
- ***Implement the Virginia Facilitated Enrollment Program.*** Provides \$1.2 million GF and \$7.0 million NGF the second year and four positions that will support the communication of tax data from the Department of Taxation to the agency and the Health Benefit Exchange in order to determine eligibility for the Medicaid program.
- ***Support for the Emergency Department Care Coordination Program.*** Adds \$1.3 million GF and \$3.8 million from enhanced federal Medicaid Management Information Systems matching funds the second year to continue funding for the Emergency Department Care Coordination (EDCC) Program and complete several enhancements which should result in cost savings to the Commonwealth and higher quality care for Medicaid and FAMIS beneficiaries. The program has been funded through federal HITECH funding which provides a 90 percent federal match rate, but the federal funding will end on September 30, 2021. This funding leverages available federal Medicaid Management Information Systems funding to complete the system enhancements at a 75 percent federal match rate. Language also requires the development of a work group to make recommendations for system improvements by December 1, 2021.
- ***Fund Merger of the Medicaid Managed Care Programs.*** Provides \$1.0 million GF and \$1.5 million NGF the second year for the Department of Medical Assistance Services 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. Directs the department to conduct an analysis of the impact of merging the separate Family Access to Medical Insurance Security (FAMIS) population into a single Children's Health Insurance Program children's eligibility group under Medicaid and undertake a review of current contracts and staffing to determine the operational savings that would result from merging the Commonwealth Coordinated Care Plus and Medallion 4.0 managed care program.

- ***Implement Federal Client Appeals Requirements.*** Adds \$34,135 GF and \$34,135 NGF the first year and \$598,763 GF and \$823,476 NGF the second year to fund seven additional staff to handle an expected increase in Medicaid client appeals to comply with federal regulations. Currently, client appeals are decided based on the documentation originally submitted. Federal regulations require that during the appeals process new documentation should be considered, known as a “de novo hearing.” This change will require hearing officers to review additional information, which may increase the workload.
- ***Analysis of Medicaid/FAMIS Coverage on Maternal & Child Health Outcomes.*** Adds \$250,000 GF and a like amount of matching federal Medicaid funds in the second year to analyze Medicaid and FAMIS administrative and operational data requirements and their impact on maternal mortality and birth outcomes.. Language requires the analysis to be conducted by an external third-party in close collaboration with DMAS and Medicaid managed care organizations to provide an impartial perspective. It requires the analysis and research to be conducted by a Virginia Department of Small Business and Supplier Diversity-certified SWaM business.
- ***Medicaid Doula Provider Training and Resources.*** Includes \$67,660 GF and \$67,660 in federal matching Medicaid funds the second year and one position for the Department of Medical Assistance Services to develop and implement a provider orientation program for Doula service providers to learn how to explain patient access and bill for Medicaid benefits.
- ***Fund Personal Care Attendant Orientation Training.*** Provides \$53,247 GF and \$103,361 NGF from federal Medicaid matching dollars the second year for the Department of Medical Assistance Services to develop and implement an orientation program for Medicaid personal care attendants.
- ***Adjust Appropriation and Language for Civil Money Penalties.*** Provides \$225,000 NGF each year to reflect anticipated spending of civil money penalties. Budget language allows the agency to request up to an additional \$2.0 million in appropriation administratively if necessary to implement the federally approved plan for use of the monies. Civil money penalties are collected from nursing homes that are fined for noncompliance with federal regulations.

Spending Reductions

- ***Distribute Budget Reductions from Central Appropriations to Agency Budgets.*** Reduces \$63.4 million GF and \$1.5 million NGF the first year and \$28.3 million GF and \$1.2 million NGF the second year in the agency’s budget to reflect approved budget reductions in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). These reductions were originally unallotted in Chapter 1289 of the 2020 Acts

of Assembly (HB 30) and subsequently converted to budget reductions in the 2020 Special Session I.

- ***Shift Coverage of Certain Prenatal Care Services to FAMIS Program.*** Captures savings of \$13.4 million GF and \$13.4 million from federal matching Medicaid funds the second year from extending the provision for the payment of prenatal care for pregnant women in the Family Access to Medical Insurance Security (FAMIS) program regardless of the expectant mother's status, pursuant to provisions in Title XXI of the federal 2009 CHIP Reauthorization Act, that includes care of all children without regard for an expectant mother's citizenship status who would otherwise be eligible under state requirements. The FAMIS program includes funding for this initiative.
- ***Capture Savings from Delay in Behavioral Health Redesign.*** Recognizes \$10.1 million GF savings and \$38,332 NGF savings the second year from a six-month delay in redesign and enhancement of Medicaid behavioral health services to provide a continuum of care that is evidence-based, trauma-informed and cost effective. Funding for this effort was restored in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005), but the six-month delay in the implementation of these services will generate a one-time savings in fiscal year 2022.
- ***Capture Administrative Savings from Enhanced Federal Match.*** Captures \$742,622 GF the first year and \$427,900 GF the second year and a corresponding increase in federal Children's Health Insurance Program (CHIP) matching funds to reflect the savings to the Commonwealth pursuant to enhanced federal matching funds for fiscal year 2021 and the first and second quarters of state fiscal year 2022. The federal Families First Coronavirus and Response Act, passed in March 2020, increased the federal match rate for Medicaid by 6.2 percentage points until the end of the quarter in which the declared public health emergency (PHE) due to COVID-19 expires. The PHE is extended in 90-day increments and was recently extended into the fourth quarter of fiscal year 2021. Furthermore, the federal government has indicated that it intends to extend the PHE through the end of calendar year 2021 to provide greater budget certainty to states. Language is included directing the Department of Planning and Budget to unallot any additional savings that results from further extensions of the PHE.
- ***Modify Medicaid Funding for Commonwealth Center for Children and Adolescents.*** Reduces \$590,206 GF and \$742,208 in federal Medicaid matching funds the first year to reflect the temporary pause in Medicaid billing by the Commonwealth Center for Children and Adolescents (CCCA) as a result of not meeting the accreditation standards necessary to bill for Medicaid.

Language and Transfers

- ***Allow Pharmacy Immunizations for Covered Services.*** Provides authority for reimbursement of pharmacy-administered immunizations for all Medicaid-covered vaccinations. Budget language requires this change be implemented using a budget neutral methodology. Pharmacies would be reimbursed up to \$16 to administer the vaccination and the cost of the vaccine. Language also authorizes the department to set the vaccine administration fee for COVID-19 at the same level of Medicare reimbursement for such vaccines.
- ***Clarify Medicaid Coverage of Gender Dysphoria-Related Services.*** Directs the agency to modify policy manuals for Medicaid to affirm coverage of gender dysphoria related-services.
- ***Authorize Supplemental Payments for State Veteran Care Centers.*** Includes language directing the Department of Medical Assistance Services (DMAS) to make supplemental payments to state-owned veterans care centers through the use of intergovernmental transfers. This funding mechanism allows the government-owned facility to send the state share of Medicaid payments to the department, which then makes Medicaid payments drawing down the federal share to increase facility revenue. This change is expected to generate approximately \$2.3 million of additional Medicaid funding for the state veterans care centers.
- ***Align Medicaid Regulations with Department of Behavioral Health and Developmental Services (DBHDS) Substance Use Licensing Regulations.*** The adopted budget directs the Department of Medical Assistance Services to amend its regulations to recognize DBHDS licenses for the American Society of Addiction Medicine (ASAM) Level of Care 4.0. This change allows psychiatric units with acute care hospitals, designated as ASAM Level 4.0, to be in compliance with Medicaid regulations to maintain eligibility for reimbursement.
- ***Authorize and Expand Telehealth Services.*** Allows continuation of audio-only health services and adds three new telehealth services in Medicaid. The new telehealth services includes provider-to-provider consultations, store-and-forward technologies (which allow for the electronic transmission of medical information), and virtual check-ins (also called brief communications) with patients. These changes would build on the use of telehealth services that have been necessary due to the Coronavirus pandemic.
- ***Continue Workgroup On Emergency Department Utilization.*** Extends the workgroup to November 1, 2021, established to evaluate strategies to reduce unnecessary utilization by Medicaid members of emergency departments. The workgroup was delayed in beginning its deliberations and the additional time

would result in better recommendations for consideration during the 2022 General Assembly Session.

- ***Modify Coverage for Applied Behavioral Analysis Services.*** Adds Medicaid coverage for Applied Behavioral Analysis services that were added to current procedural terminology costs in January 2019 and provides authority to the Department of Medical Assistance Services to make changes based on future updates, including necessary changes to rates, service definitions, and other programmatic requirements.
- ***Continue Developmental Disability Waiver Telehealth/Virtual Services.*** Adds language directing the Department of Medical Assistance Services to request changes to the Medicaid Home and Community Based Services Waivers from the federal Centers for Medicare and Medicaid Services to permanently continue telehealth and virtual and/or distance learning as service options for disabled individuals receiving these waiver services.
- ***Develop Plan for Home Visiting Medicaid Benefit.*** Directs the Department of Medical Assistance Services to convene a workgroup and make recommendations on a Medicaid home-visiting benefit.
- ***Require Reporting of Managed Care Provider Terminations.*** Directs the Department of Medical Assistance Services to require its managed care organizations annually report, with regard to Medicaid Community Mental Health Rehabilitation Services, on information related to provider terminations.
- ***Support Payments for Medicaid Developmental Disability Waiver Providers.*** Establishes the intent of the General Assembly that from any additional federal funding that is provided to the Commonwealth to offset the economic impacts from COVID-19 that a portion of such funding would be set aside and allocated to provide support payments to Medicaid Developmental Disability Waiver providers that have experienced a significant disruption in operations and revenue during the COVID-19 public health emergency.
- ***Defer Nursing Home Rebasing.*** Adds language directing the Department of Medical Assistance Services to defer nursing home rebasing until it is able to use 2021 cost reports in the rebasing process. Under the current rebasing schedule, cost reports ending in calendar year (CY) 2020 will be the basis of the next nursing facility rate rebasing. Due to the COVID-19 pandemic, the 2020 base year cost reports will contain significant variable data that reflects a mixture of increased costs (some permanent, others temporary) and reduced occupancy. Given the COVID-19 vaccination program, it is expected that the 2021 cost reports would not be as affected by the increased costs associated with the COVID-19 pandemic, and would better reflect ongoing Medicaid costs as a basis for the next rebasing.

- ***Review Medicaid Non-Emergency Transportation.*** Adds language requiring the Department of Medical Assistance Services to analyze utilization of Non-Emergency Medicaid Transportation Network Company Type II providers in the Medicaid fee-for-service and managed care programs to determine if barriers to access exist, if contracts result in service gaps, and if any existing requirements limit the provision of these types of services to eligible Medicaid beneficiaries.
- ***Develop a Plan for a Pilot Program for Medicaid Support for Mobile Vision Clinics for Kids.*** Adds language requiring the Department of Medical Assistance Services to convene a work group to develop a plan to implement a pilot program to provide mobile vision clinic services for Medicaid, FAMIS and MCHIP children in a school-based setting.
- ***Review Medicaid Eligibility Requirements for SSI Recipients.*** Includes language requiring the Department of Medical Assistance Services to research and report on the costs and program changes which would be necessary to allow all Supplemental Security Income recipients to become automatically enrolled in the Medicaid program.
- ***Publish Medicaid State Plan and Other Information on Website.*** Directs the Department of Medical Assistance Services to publish the complete State Plan for Medical Assistance and amendments and other supporting materials on the Department of Medical Assistances Services' website to be more publicly accessible.
- ***Authorized Appropriation of Federal Funds from the American Rescue Plan Act (ARPA) of 2021.*** Clarifies that the Director of the Department of Planning and Budget has authority to appropriate additional federal Medicaid revenue for current Home and Community-based services as provided for in ARPA. This ensures that federal support for existing services continues without interruption. In addition, language is added to prohibit any expansion of Medicaid programs or benefits with regard to the ARPA funding without General Assembly approval. State funding freed up by the enhanced federal match must remain unspent until reauthorized and appropriated by General Assembly action.
- ***Modify Graduate Medical Residency Language.*** Modifies language to specify which hospitals have been awarded graduate medical residency slots. In addition, \$3.1 million GF the first year and \$3.9 million GF the second year and a like amount of federal Medicaid matching funds associated with the residency program is moved to a new service area within the Department of Medical Assistance Services as required by language in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).
- ***Transfer Funds to Cover the Cost of Implementing a Live-In Caretaker Exemption.*** Transfers \$430,542 GF and \$487,458 NGF the first year and \$270,000 GF and \$270,000

NGF the second year from the agency's administrative program to the Medicaid program within the Department of Medical Assistance Services to cover the estimated cost of exempting live-in personal caretakers from electronic visit verification requirements as required by Appropriation Act language, which is removed since the transfer is permanent.

- *Move Funding for Assisted Living Screening to the Department of Social Services.* Transfers \$641,050 GF each year from the Department of Medical Assistance Services (DMAS) administrative budget to the Department of Social Services to cover the costs of assisted living facility screening being conducted by local departments of social services. In addition, language directs the Department for Aging and Rehabilitative Services to modify regulations to remove obsolete language that identifies DMAS as being responsible for supporting this activity.
- *Transfer Funds for the Costs of Medicaid-Related System Modifications at the Department of Social Services.* Transfers \$300,000 GF and \$2.7 million NGF each year from the Department of Medical Assistance Services to the Department of Social Services to cover the expected costs of Medicaid-related modifications to the enterprise case management system.

- **Department of Behavioral Health and Developmental Services (DBHDS)**

Mental Health and Substance Use Disorder Treatment Services

- *Restore Funding for Pilot Programs for State Facility Census Reduction.* Provides \$3.8 million GF the second year to fully restore funding for alternative inpatient options to state behavioral health hospital care through the establishment of two-year pilot projects to reduce census pressures on state hospitals. A total of \$7.5 million each year was approved in the 2020 Regular Session, but the funding was unallotted in April, 2020 due to the revenue impact from the Coronavirus Pandemic. Half the funding was restored in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005) and this amendment restores the remaining amount in the second year. Language clarifies that pilot projects could also include the option to build community capacity for patients on the Extraordinary Barriers List in order to relieve census pressure.
- *Restore Funds for Forensic Discharge Planning in Jails.* Restores \$2.1 million GF the second year to expand forensic discharge planning services at three additional jails with a high percentage of inmates with serious mental illness. The General Assembly provided \$1.6 million from the general fund in fiscal year 2020 for discharge planning services at two local jails. Discharge planning includes linking inmates with serious mental illness to community providers for treatment and housing and other needed services as they transition from jails to the community. These funds were included in Chapter 1289 of the 2020 Acts of Assembly (HB 30),

- but subsequently unallotted in April due to the COVID-19 pandemic and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).
- ***Increase Funding for Accredited Recovery Residences.*** Provides \$250,000 GF the second year in additional support to recovery residences organizations and clarifies that from the pass through grant to the Virginia Association of Recovery Residences the association must ensure that members that are accredited by the Council on Accreditation of Peer Recovery Support Services (CAPRSS) receive a portion of the funding.
 - ***Restore Transportation for Individuals from State Hospitals.*** Restores \$150,000 GF the second year to provide for the transportation costs of patients discharged from state hospitals that were admitted under a Temporary Detention Order (TDO). Oftentimes individuals under a TDO are transported to a state facility that is hours away from the individual's home location and therefore upon discharge may have difficulty getting transportation back to their home location. These funds were included in Chapter 1289 of the 2020 Acts of Assembly (HB 30), but subsequently unallotted in April due to the COVID-19 pandemic and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).
 - ***Fund Appalachian Center for Hope Drug Treatment Program.*** Adds \$50,000 GF the second year for the Appalachian Center for Hope to be used for: (i) planning and start-up costs such as purchase of office supplies and equipment; (ii) insurance coverage for use of the leased premises; (iii) payment of incidental costs associated with non-profit incorporation and 501(c)(3) status, and (iv) modification of office space donated to meet the organization's needs as they transition to the leased building site.
 - ***Transfer Local Inpatient Purchase of Services (LIPOS) Funding from Community Services Boards (CSBs) to Central Office.*** The adopted budget transfers LIPOS funding of \$8.8 million GF the second year from CSBs to the agency's central office to purchase local private psychiatric hospital beds for individuals with no health care benefits when admission to a state psychiatric hospital is not possible. Language clarifies the use of funding transferred from Item 322 Grants to Localities to Item 321 in the Department of Behavioral Health and Developmental Services central office. The move of the funds is intended to make it easier for Community Services Boards and a Behavioral Health Authority to access the funding more efficiently and to reallocate unspent dollars in an expeditious manner
 - ***Transfer Funding for Opiate Overdose Reversal Drug to Health Department.*** Transfers \$1.3 million GF the second year to the Virginia Department of Health for the purchase and distribution of naloxone, which is used to revive individuals who have overdosed on opiates.

Facility Mental Health Services

- ***Cover Increased Pharmacy Costs at State Facilities.*** Provides \$2.6 million GF each year to cover the increasing pharmacy costs at state facilities. Increases in psychiatric admissions, co-morbidity of patients and higher drug costs have resulted in the need for additional funding. The cost of medications has risen consistently between 6 to 10 percent annually.
- ***Fund Diversion and Discharge Pilots for Individuals with Dementia.*** Adds \$3.5 million GF and six positions the second year to fund contracts to divert and discharge individuals with dementia from the state’s geriatric mental health hospitals. A portion of the funding is proposed to establish a pilot mobile crisis program in Region 3 to work with long-term care facilities to assist in diversion efforts. Language proposes to establish a multi-agency work group to determine system capacity and the best process for meeting the needs of individuals with dementia.
- ***Restore Funds for Clinical Staffing at Commonwealth Center for Children and Adolescents.*** Restores \$765,428 GF the second year to provide critical clinical staffing at the Commonwealth Center for Children and Adolescents. These funds were included in Chapter 1289 of the 2020 Acts of Assembly (HB 30), but subsequently unallotted in April due to the COVID-19 pandemic and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).
- ***Fund Information Technology Upgrades at Western State Hospital (WSH).*** Includes \$546,122 GF the first year and \$376,148 GF the second year to convert the wireless access system at WSH from an out-of-scope vendor to a Virginia Information Technologies Agency (VITA) provided service. This wireless access system supports the electronic health record system at the facility.

Intellectual and Developmental Disabilities Services

- ***Implement Supportive Decision-Making Agreements.*** Provides \$300,000 GF and 1.0 FTE position the second year to implement the provisions of Chapter 232 of the 2021 Acts of Assembly, Special Session I (HB 2230). The bill directs the department to develop and implement a program to educate individuals with intellectual and developmental disabilities, their families, and others regarding the availability of supported decision-making agreements, the process to enter into a supported decision-making agreements, and the rights and responsibilities of parties to supported decision-making agreements. The department is also required to develop a model of supported decision-making agreements, and other related information for individuals who enter into supported decision-making agreements.

- ***Provide Funding for New Service Needs Assessments for Individuals Needing Developmental Disability Waiver Services.*** Provides \$199,094 GF and \$597,281 NGF the second year to fund additional assessments for the new Medicaid waiver slots in FY 2021. The Supports Intensity Scale (SIS) is the assessment tool used to determine the service needs of individuals in the Medicaid developmental disability waivers. This funding covers the costs of the assessments that will be administered for the new waiver slots being created in FY 2022.
- ***Restore Funding for a Pass-through Grant to the Jewish Foundation for Group Homes.*** Restores \$89,355 GF the second year for the agency to contract with the Jewish Foundation for Group Homes to expand services for young adults with disabilities in Northern Virginia transitioning from school to community living.

Other Spending Initiatives

- ***Fund Added Administrative Costs of MARCUS Alert Legislation.*** The adopted budget adds \$80,000 GF the first year and \$691,612 GF the second year to fund personnel costs to administer the MARCUS Alert System, provide ongoing funding for the operations and maintenance costs of the crisis hotline and provide one-time costs for a public service campaign, which were not funded in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).
- ***Restore Administrative Funds for STEP-VA.*** Restores \$726,807 GF in FY 2022 for administrative costs for programmatic and financial management activities related to the oversight and implementation of STEP-VA.
- ***Fund Information Technology Security Systems.*** Provides \$549,788 GF and \$137,447 NGF the second year to address the agency’s information technology security systems. Funding will address audit findings to increase VITA security compliance.
- ***Restore Funds for Adverse Childhood Experiences Initiative.*** Restores \$143,260 from the general fund the second year to expand the Adverse Childhood Experiences (ACE) initiative. It supports a full-time Central Office position to: (i) provide oversight over 100 ACE Interface Master Trainers across the Commonwealth; (ii) plan and develop additional ACE Interface Master Trainer Cohorts in their region; and (iii) plan and facilitate monthly learning community meetings for each training cohort; etc. These funds were included in Chapter 1289 of the 2020 Acts of Assembly (HB 30), but subsequently unallotted in April due to the COVID-19 pandemic and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).
- ***Restore Funds for Training to Support Behavioral Health Redesign.*** Provides \$129,253 GF the second year to restore funding for a training coordinator for the

behavioral health workforce on changes in the delivery system due to behavioral health redesign.

Decreases

- ***Distribute Budget Reductions from Central Appropriations to Agency Budget.*** Reduces \$38.2 million GF the first year and \$20.2 million GF the second year in the agency’s budget to reflect approved budget reductions in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). These reductions were originally unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30) and subsequently converted to budget reductions in the 2020 Special Session I. Reductions are taken in several items in the agency’s budget including:
 - \$7.1 million GF the first year and \$7.9 million GF the second year in the agency’s central office budget;
 - \$26.6 million GF the first year and \$2.1 million GF the second year in grants to localities;
 - \$4.0 million GF the first year and \$4.8 million GF the second year in the budget for mental health treatment centers; and
 - \$536,003 GF the first year and \$5.4 million GF the second year in the budget for the Virginia Center for Behavioral Rehabilitation.

Language

- ***Fund COVID-19 Surveillance and Testing in State Facilities.*** Adds language to fund \$2.1 million NGF the first year and \$4.3 million NGF the second year for COVID-19 surveillance and testing of staff and patients in DBHDS facilities through the federal ELC Enhancing Detection Expansion grant provided to the Virginia Department of Health through the Centers for Disease Control.
- ***Provide Flexibility in Use of Children’s Acute Inpatient Care Funding.*** Allows flexibility in the use of funding provided by the 2020 General Assembly to fund additional capacity for children’s acute inpatient care. Language allows the agency to use the funding to provide alternative private settings for children who would otherwise be admitted to the Commonwealth Center for Children and Adolescents (CCCA). Funding could be used for community discharge assistance from or diversion to CCCA.
- ***Continues Adjustment to Licensing Requirements Due to State of Emergency Declaration.*** Includes language eliminating the requirement that the licensing office conduct a minimum number of unannounced licensing inspections during a state of emergency. The COVID-19 pandemic and resulting state of emergency has

limited the agency's ability to do onsite inspections as required by the *Code of Virginia* and regulatory requirements.

- ***Authorize Emergency Regulations to Align Children's Residential Licensing Regulations with Requirements of the Families First Prevention Services Act (FFPSA).*** Adds language to allow the agency to promulgate emergency regulations to amend the children's residential licensing with federal FFPSA requirements for providers to meet the standards as qualified residential treatment programs.
- ***Provide Flexibility in Use of Crisis Intervention Team (CIT) Training Funds.*** Includes language to allow funds for CIT training provided for rural localities to be used to expand or add CIT programs at CIT assessment sites. Currently, sufficient training funds exist to meet needs in these localities. Language also requires these funds be prioritized for use in rural localities.
- ***Continue Extension of Conditional Licenses.*** Modifies the extension allowed on conditional licenses for providers licensed by the Department of Behavioral Health and Developmental Services from December 31, 2020 to up to six months past the duration of the Governor's emergency declaration. A conditional license is granted to a provider who has successfully completed the application process but has not yet admitted individuals for service. It is time limited and can only be renewed one time for a total of 12 months. Due to the COVID-19 pandemic conditional licenses could be extended beyond 12 months, until December 31, 2020.
- ***Continue Temporary Detention Order Evaluator Workgroup.*** Continues the Temporary Detention Order Evaluator Workgroup established pursuant to Chapters 918 and 919 of the 2020 Acts of Assembly (HB 1699/SB 768) and directs the workgroup to report on its implementation plan by December 1, 2021.
- ***Establish Workgroup to Evaluate Sharing of Behavioral Health Patient Records.*** Establishes a workgroup to review the current processes and barriers to sharing relevant patient information between community hospitals and Community Services Boards for shared patients subject to an Emergency Custody Order and under evaluation for a Temporary Detention Order.
- ***Modify Requirements for Drug Court Use of Long Acting Injectable Drug Treatment.*** Eliminates language requiring the use of non-narcotic, long-acting injectable prescription drug treatment regimens used for drug treatment court programs. Instead, it requires the use of appropriate long-acting injectable prescription drug treatment regimens.
- ***Preserve Historic Records at Central State Hospital.*** Directs the preservation of historic microfiche records at Central State Hospital and for the department to work

with interested partners to digitize such records to be added to the Central State Hospital Digital Library and Archives Project.

- *Develop Options for Virginia Treatment Center for Children.* Directs the department to work with the Virginia Treatment Center for Children (VTCC) to examine and develop strategies that better utilize VTCC in assisting with relief on the census pressures on the Commonwealth Center for Children and Adolescents (CCCA).
 - *Report on Early Psychosis Intervention and Coordinated Specialty Care.* Adds language requiring the Department of Behavioral Health and Developmental Services to report on efforts to provide early psychosis intervention and coordinated specialty care for children, adolescents and young adults by November 15, 2021.
 - *Workgroup on Developmental Disability Waiver Waiting List and Provider Rates.* Establishes a workgroup to review specific issues with Medicaid Developmental Disability waiver rates and also requires development of a plan for eliminating the waiting list for developmental disability waiver services.
 - *Modify Workgroup Analysis of Dementia Services.* Modifies language in the introduced budget related to the creation of and reporting by a workgroup to make recommendations on dementia services to divert and discharge individuals from state behavioral health hospitals.
 - *Modify Requirements for Medication Assisted Treatment.* Modifies language related to medication assisted treatment for individuals who are addicted to opioids. Language changes: (i) clarify that this pertains to funding received by Community Services Boards or a Behavioral Health Authority; (ii) clarify that the funding is used for appropriate long-acting, injectable prescription drug treatment regimens; and (iii) directs that the funding for medication assisted treatment also be prioritized for individuals that are not covered by insurance.
 - *Develop Collaboration Agreement for Chesapeake Regional Healthcare Psychiatric Beds.* Directs the department to collaborate with Chesapeake Regional Healthcare to develop a memorandum of understanding for dedicating a portion of the future beds of a 20-bed psychiatric unit at the hospital for use in providing treatment services to individuals who may otherwise be admitted to state behavioral health hospitals.
- **Department for Aging and Rehabilitative Services (DARS)**
 - *Increase Funding for Brain Injury Programs.* Adds \$1.2 million GF the second year to increase funds for brain injury services contracts. Current contracts have not been adjusted to account for market changes in starting salaries and as a result, starting

salaries for individuals providing these services are far below market rates, resulting in turnover and vacancies among all service providers. Chapter 1289 of the 2020 Acts of Assembly (HB 30) included \$1.0 million from the general fund each year for an increase in funding for brain injury services. However, this funding was unallotted due to the COVID-19 pandemic and subsequently eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).

- ***Restore Funds for Centers for Independent Living.*** Restores \$425,000 GF the second year to support 17 Centers for Independent Living that provide independent living services including independent living skills training, advocacy, information and referral, peer mentoring, and transition services to people with significant disabilities. These funds were included in Chapter 1289 of the 2020 Acts of Assembly (HB 30) but subsequently unallotted in April due to the COVID-19 pandemic and eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).
- ***Restore Fund for Dementia Care Management.*** Restores \$150,000 GF the second year to provide an interdisciplinary plan of care and dementia care management for 50 Virginia residents diagnosed with dementia. The service would be provided through a partnership with the memory and aging care clinic at the University of Virginia and the Alzheimer's Association. Funding was provided in Chapter 1289 of the 2020 Acts of Assembly (HB 30) to serve 50 individuals diagnosed with dementia. That funding was unallotted and subsequently eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).
- ***Fund Demographic Services for Aging Services.*** Adds \$50,000 GF the second year for demographic services to support statewide aging services at the Department for Aging and Rehabilitative Services for the Area Agencies on Aging.
- ***Restore Funding for the Jewish Social Services Agency.*** Restores state support by \$50,000 GF the second year to the Jewish Social Services Agency that provides assistance to low-income seniors who have experienced trauma. This action increases total state support to \$150,000 GF in FY 2022.
- ***Distribute Budget Reductions from Central Appropriations to Agency Budgets.*** Reduces \$1.7 million GF each year in the DARS and the Wilson Workforce and Rehabilitation Center budgets to reflect approved budget reductions in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). These reductions were originally unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30) and subsequently converted to budget reductions in the 2020 Special Session I.
- ***Modify Vocational Rehabilitation Grant Spending Authority.*** Modifies language to allow the agency to use savings of \$768,862 from vacancies and turnover on a

one-time basis to draw down \$2.8 million in additional federal funding for vocational rehabilitation services in FY 2022.

- **Department of Social Services**

Child Welfare Programs and Services

- ***Restore Funding for Family First Prevention Services Act Evidence-Based Prevention Programs.*** The adopted budget restores \$9.2 million GF and \$5.0 million NGF from federal Title IV-E funds in FY 2022 for prevention services for children at risk of foster care placement and their families, pursuant to the Family First Prevention Services Act. Services must be evidence-based and trauma informed mental health services, substance use disorder services and in-home parent skill based training. Further, they must be included in the list of recognized evidence-based programs contained in the federal title IV-E Prevention Services Clearinghouse. Funding for these services was unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30) and subsequently eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). However, Chapter 56 reallotted funding for local departments of social services to begin hiring staff and creating prevention services departments in FY 2022.
- ***Restore Funds for a Cost of Living Adjustment (COLA) for Foster Care and Adoption Subsidy Payments.*** The adopted budget restores \$953,491 GF the second year to adjust foster family home rates and adoption assistance maintenance by 2 percent. The Appropriation Act requires that these rates be increased in the year following a salary increase provided for state employees. State employees received a 2 percent across-the-board raise in June 2019, therefore a similar percentage increase is provided for these rates. Funding for this COLA was unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30) and subsequently eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).
- ***Restores Funds for the Virginia Helping Everyone Access Linked Services (HEALS) Program.*** Restores and increases funding to \$517,553 GF the second year to continue a federal grant program called Linking Systems of Care (LSC) for Children and Youth originally funded by the United States Department of Justice, Office of Justice Programs, and Office for Victims of Crime. The program is a statewide demonstration initiative with the goal of identifying children and youth who have had crimes committed against them and providing trauma informed services to address the potential serious and long-lasting consequences of exposure to crime. Funding for these services was unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30) and subsequently eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005).

- ***Fund Foster Care and Adoption Forecast.*** The adopted budget reduces \$3.8 million GF the first year and \$6.6 million GF the second year and increases \$8.2 million NGF the first year and \$8.0 million NGF the second year for forecast changes to the foster care and adoption programs. Title IV-E foster care expenditures are expected to decrease by \$1.3 million GF and \$1.5 million NGF the first year and \$421,221 GF and \$421,221 NGF the second year. Title IV-E Adoption subsidies are projected to increase by \$3.2 million GF and \$3.9 million NGF the first year and \$2.6 million GF and \$2.6 million NGF the second year. State adoption subsidies are projected to decrease by \$2.3 million each year.

The bulk of the general fund savings for foster care and adoptions totaling \$5.8 million each year is due to the receipt of a 6.2 percent increase in the temporary enhanced Federal Medical Assistance Percentage (FMAP) for federal Title IV-E funds pursuant to the federal Families First Coronavirus Response Act. The enhanced FMAP is in effect through the end of the fiscal quarter in which the federal public health emergency (PHE) expires. The PHE is extended in 90-day increments and was recently extended into the first quarter of fiscal year 2022. Furthermore, the federal government has indicated that it intends to extend the PHE through the end of calendar year 2021 to provide greater budget certainty to states. This adjustment has been calculated for the third quarter and fourth quarter of FY 2021 and the first and second quarters of FY 2022 (January through December 2021), when the enhanced federal match rate is likely to expire. Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005) accounted for this reduction in the first two quarters of FY 2021.

- ***Fund Emergency Approval Process for Kinship Caregivers.*** Provides \$75,000 GF the second year to implement an emergency approval process for kinship caregivers to avert the need to place foster care children into non-relative or congregate foster care placements, particularly during the pandemic.
- ***Transfer Funds for Psychiatric Residential Treatment Facilities (PRTFs) to the Office of Children's Services.*** Transfers \$5.0 million GF and \$5.0 million NGF the second year to the Office of Children's Services to reflect the shift in costs for eligible children receiving residential services in Psychiatric Residential Treatment Facilities from the federal Title IV-E foster care program to the Medicaid program. A policy decision by the Department of Medical Assistance Services will result in all PRTF costs being billed to Medicaid rather than any eligible costs expended to Title IV-E, thus requiring localities to fund a percentage of the state share of these costs in FY 2022.
- ***Transfer Funds for Non-Qualified Residential Treatment Programs to the Office of Children's Services.*** Transfers \$815,306 GF and \$815,306 NGF the second year to the Office of Children's Services for foster care residential placements in non-Qualified

Residential Treatment Programs (QRTPs), pursuant to requirements in the Family First Prevention Services Act (FFPSA). The FFPSA requires that federal Title IV-E may only be used to support children in foster care congregate settings, beyond an initial two-week period, if they meet the Qualified Residential Treatment Program (QRTP) standard. Currently, very few congregate providers meet this requirement and this action anticipates that most of the children in congregate settings will no longer be eligible for IV-E and therefore will shift to being CSA-funded.

Supplemental Nutrition Assistance Program

- ***Fund Improvements in Determining Supplemental Nutrition Assistance Program (SNAP) Payments.*** Adds \$1.9 million GF the first year and \$2.3 million the second year for penalties assessed by the federal government for payment errors in administering SNAP benefits in federal fiscal years (FFY) 2018 and 2019. The funds will be used for activities designed to reduce errors, such as targeted case reviews, training, system improvements and collaboration with local agencies and workers on improvement strategies. The first year amount of \$1.9 million represents the penalty amount (50 percent of the total liability) for not bringing the error rate down in FY 2020. The second year amount of \$2.3 million represents 50 percent of the penalty amount to be reinvested in FY 2022 into approved activities to improve administration of the program. However, 50 percent of the penalty amount is at-risk for repayment the following year if a liability for an excessive payment error rate is established for FFY 2019.
- ***Fund Expansion of Supplemental Nutrition Assistance Program Employment and Training Program (SNAP E&T).*** Provides \$1.0 million GF and \$1.5 million NGF in federal matching dollars and one position in FY 2022 to expand the SNAP E&T program. Currently, the SNAP E&T program is only offered in 25 local departments of social services. This funding will expand the program to additional localities. Federal policy changes require Virginia to serve more SNAP participants in the employment and training program. Recipients of SNAP who are categorized as Able-Bodied Adults Without Dependents (ABAWDS) can only receive SNAP benefits for three months in a 36-month period, unless employed or participating in employment and training activities. Currently, some localities are exempt from this requirement due to economic conditions in those localities; however, it is likely that the federal government may not continue these waivers in the future.
- ***Fund SNAP Knowledge Base Platform Annual License Fee.*** Provides \$333,351 GF and \$333,351 NGF in FY 2022 for the annual license fee for a SNAP knowledge-based application for local departments of social services to assist with cases and help reduce SNAP error rates.

- ***Fund Implementation of SNAP Broad Based Categorical Eligibility.*** Includes \$281,292 GF and \$342,558 NGF the second year to implement statewide SNAP Broad Based Categorical Eligibility to increase participation and reduce food insecurity. This is a state option which assumes that every household member receiving a Temporary Assistance to Needy Families funded service is qualified for SNAP.

Other Spending Increases

- ***Fund CASA Welcome Center.*** Adds \$5.0 million GF the second year to Prince William County for the development of the CASA Welcome Center. Funding is contingent upon private and other nonprofit or governmental funding provided in cash and/or on an in-kind basis. The multipurpose center will assist in providing work-readiness and vocational training, employment placement services, English and adult education, citizenship education, and case management assistance to connect individuals and families with health care and social services in the community.
- ***Fund Northampton County Community Center.*** Adds \$2.0 million GF the second year for the development of the Northampton County Community Center, a multi-use facility which includes space for Northampton County's emergency operations center, a temporary emergency shelter in times of natural and other disasters, recreational and educational opportunities for adults and senior citizens, and space for other governmental and private agencies for needed services for county citizens.
- ***Increase Auxiliary Grant Rate.*** Adds \$4.4 million GF the second year to increase the Auxiliary Grant rate, a state supplement that provides maintenance and care to aged, blind, and disabled adults residing in assisted living facilities (ALF), adult foster care homes, or supportive housing settings, by 10 percent, or \$142, on July 1, 2021.
- ***Expand Child Care Subsidy Program.*** Provides \$9.6 million NGF the first year from the federal Child Care and Development Fund (CCDF) to implement the provisions of Chapter 171 of the 2021 Acts of Assembly, Special Session I (HB 2206), which temporarily expands the Child Care Subsidy Program. Recently, additional CCDF funds became available to states through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (P.L. 116-260).
- ***Restore Funding for Local Staff Minimum Salary to Stabilize Workforce.*** Provides \$2.2 million GF and \$2.2 million NGF the second year to increase the minimum pay band for local departments of social services positions in fiscal year 2022. The pay band minimum would increase by 20 percent for family services positions and 15 percent for all other benefit program services positions, self-sufficiency services

positions, and administration positions that are currently below the new minimum threshold.

- ***Fund Administrative Costs to Implement Percentage of Income Payment Program (PIPP).*** Adds \$3.0 million NGF and two positions in FY 2022 to implement and administer the PIPP program pursuant to the Virginia Clean Economy Act (VCEA) passed in the 2020 Regular Session. The VCEA limits the electric utility payments of persons or households participating in specified public assistance programs, based on a percentage of their income. The nongeneral funds are provided through fees collected from utilities pursuant to the VCEA. The PIPP is to be administered by DSS and the Department of Housing and Community Development. A separate action transfers \$300,000 of this funding to DHCD for administration of the program.
- ***Fund Replacement of Agency Licensing System.*** The adopted budget adds \$2.7 million GF and \$8.0 million NGF the first year and \$911,369 GF and \$125,000 NGF the second year to replace the agency’s obsolete Division of Licensing Programs Help and Information Network (DOLPHIN), and perform necessary upgrades to the Central Registry System and the Background Investigations System. The new licensing system will replace the 18-year old legacy software application, which is currently not supported by VDSS Information Systems and does not provide fundamental functionality or support the capturing of certain data elements needed to comply with state and federal reporting requirements. Language allows for any unexpended funding to be reappropriated in fiscal year 2022 for this purpose.
- ***Restore Funds to Backfill Loss of Funding in Adult Licensing and Child Welfare Unit Licensing Programs.*** Provides \$2.1 million GF and eight positions in FY 2022 to restore funding for adult and child welfare licensing units that was unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30) and subsequently eliminated in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005)). These funds will backfill the loss of shared funding and positions with the child care licensing unit after it is transferred to the Department of Education July 1, 2022. Chapter 860 of the 2020 Acts of Assembly (HB 1012) transferred the authority to license and regulate child day programs and other early child care agencies from the Board of Social Services and Department of Social Services to the Board of Education and Department of Education.
- ***Increase NGF for Child Support Enforcement Incentive Fund.*** The adopted budget increases \$1.2 million NGF for the Child Support Enforcement Incentive Fund the first year. The agency earns a federal incentive payment based on the achievement of federal performance measures.

- ***Restore Funding for the Laurel Center.*** Restores \$500,000 GF the first year for the Laurel Center to support the rehabilitation of an existing freight station building located adjacent to the emergency shelter. This building will house the Empowerment Program and provide a safe and convenient location for job readiness and skills training for survivors of domestic violence.
- ***Restore Funds to Enhance 2-1-1 VIRGINIA Services.*** Restores and adds funds totaling \$462,305 GF and \$362,305 NGF the second year to fund the 2-1-1 VIRGINIA, an information and referral service for human services. Calls to 2-1-1 and referrals had been increasing prior to the pandemic, and have continued to grow in numbers, complexity and urgency since the emergency declaration. Specifically, \$100,000 GF the second year is designated to increase interpretation and translation services to help immigrants in Virginia access local resources through 2-1-1, including healthcare, housing, and other social services.
- ***Implement the Virginia Facilitated Enrollment Program.*** Provides \$376,910 GF and \$2.7 million NGF the second year and two positions that will support the communication of tax data from the Department of Taxation to the agency and the Health Benefit Exchange in order to determine eligibility for the Medicaid program.
- ***Provide Grant to Children’s Harbor for Child Care Services on the Eastern Shore.*** Adds \$250,000 GF the first year for a grant to Children’s Harbor to provide center-based child care services on the Eastern Shore.
- ***Fund Certain Criminal Background Checks in Local Departments of Social Services (LDSS).*** Provides \$78,254 GF and \$113,411 NGF the second year to fund criminal background checks in LDSS offices for employees who view federal tax information. These background checks are necessary to comply with federal Internal Revenue Service requirements.
- ***Fund Confirmatory Adoptions Workload Impact.*** Provides \$84,004 GF and \$51,203 NGF the second year to fund the fiscal impact of Chapter 252 of the 2021 Acts of Assembly, Special Session I (SB 1321), which increases the workload on local departments of social services from the expansion of the stepparent adoption provisions to allow a person who is not the child's stepparent but has a legitimate interest in the child to file a joint petition for adoption with the child's birth parent or parent by adoption.

Decreases

- ***Distribute Budget Reductions from Central Appropriations to Agency Budgets.*** Reduces \$31.1 million GF the first year and \$31.3 million the second year in the agency’s budget to reflect approved budget reductions in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). These reductions were originally

unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30) and subsequently converted to budget reductions in the 2020 Special Session I.

- ***Supplant Child Care for School Age Children Funds.*** Supplants \$16.6 million GF with federal Child Care Development Fund Block Grant funding to provide support to school divisions, local governments and other entities for the provision of space to increase local capacity to provide care for school-age children, purchase personal protective equipment and cleaning supplies and provide a stable financial environment for the operation of these programs. In the 2020 Special Session I, GF funding to support child care for school age children was added and this change supplants such funds with additional federal funds awarded. Language is added to expand the use of the full \$33.2 million of federal funds currently dedicated specifically to school age child care and permits the funding to be used for broader purposes within the range of child care services.
- ***Reflect Savings from State-Funded Kinship Guardianship Assistance Program.*** Reduces \$260,406 GF and \$99,594 NGF the second year for the fiscal impact of Chapter 254 of the 2021 Acts of Assembly, Special Session I (SB 1328), which establishes the State-Funded Kinship Guardianship Assistance Program (State KinGAP), which allows payments to be made to relatives, including fictive kin, who receive custody of a child. A corresponding amendment in the Children's Services Act reflects the increase in maintenance payments from the State KinGAP program while this amendment reflects the decrease in Title IV-E program costs as some children will transition to the State-funded Kinship Guardianship Assistance Program, which has lower maintenance payments than the Title IV-E program.

Language

- ***Authorize Temporary Reimbursement Rate for In-home Child Care Providers.*** Includes language authorizing a temporary regulatory change to increase the maximum rate paid for in-home childcare providers during the COVID-19 pandemic to \$10 per hour. Language prohibits the use of general fund dollars if this change results in the need for additional funding, however, the agency may use available federal funds if so needed.
- ***Authorize Line of Credit for the Department of Social Services.*** Adds language in Part 3 of the budget to extend a \$17.0 million line of credit to the agency for timing issues related to the receipt of federal grants and other payments.
- ***Transfer of CCDF Funds for VIEW Mandated Child Care.*** The adopted budget adds language requiring DSS and the Department of Education (DOE) to ensure that the Temporary Assistance for Needy Families (TANF) Virginia Initiative for Employment and Work (VIEW) mandated child care forecast is funded through a combination of general fund, TANF, and Child Care Development Fund (CCDF)

grant dollars. Language also requires the amount of needed CCDF dollars be identified in the Memorandum of Agreement (MOA) between the agencies and transferred from DOE to DSS within the first 30 days of the fiscal year. Language also sets out the amount appropriated at DSS for VIEW mandated child care and requires the balance needed to be transferred from the CCDF grant at DOE.

- ***Develop Digital Equity Pilot Program.*** Directs the Department of Social Services to design a program to increase the number of low-income Virginians with access to reliable and affordable access to broadband. The department shall report on the design of such a program by November 1, 2021, for consideration by the 2022 General Assembly.
- ***Establish an Interagency Working Group for Local Criminal Justice Diversion Programs.*** Establishes an interagency working group to develop recommendations for local criminal justice diversion programs to provide alternatives to arrest, conviction or incarceration for lower-level offenses.

Technical

- ***Appropriate Federal Funds for Local Staff and Operations.*** Provides an increase in the appropriation of federal funds of \$8.0 million each year to reflect federal pass-through funding to local departments of social services.
- ***Transfer Funding for Assisted Living Facility Screenings from DMAS.*** Transfers \$641,050 GF each year from DMAS for the cost of assisted living facility screenings conducted by staff of local departments of social services. Language also directs the Department for Aging and Rehabilitative Services to modify regulations to eliminate DMAS as the entity responsible for supporting these screenings.
- ***Transfer Funding for Virginia Case Management System (VaCMS) Medicaid Modifications from DMAS.*** Transfers \$300,000 GF each year from DMAS for the state portion of required modifications to the VaCMS for the Medicaid program.

Temporary Assistance to Needy Families (TANF) Block Grant Funding

- ***Adjust Funding for Mandatory TANF Benefits.*** Increases spending on cash assistance provided to TANF recipients by \$1.7 million GF the first year and \$1.4 million GF the second year and reduces spending by \$17.7 million NGF the first year and \$2.6 million NGF the second year to reflect the spending forecast for TANF income benefits and TANF VIEW child care subsidies. TANF spending for mandated benefits has declined in recent years, with the exception of spending for low-income unemployed two-parent families, which has continued to rise during the pandemic. The adopted budget also includes additional TANF spending allocations:

- \$3.0 million NGF the second year to support the Federation of Virginia Food Banks;
- \$2.1 million NGF for the implementation of individual development accounts for TANF recipients;
- \$500,000 NGF for Northern Virginia Family Services;
- \$500,000 NGF for United Community;
- \$250,000 NGF for FACETS;
- \$200,000 NGF for Good Shepherd Housing and Family Services;
- \$200,000 for Lorton Community Action Center;
- \$200,000 for BritePaths;
- \$200,000 for the Koinonia Foundation; and
- \$75,000 for Visions of Youth STRIVE Program.

These proposed actions will leave a TANF balance of \$35.9 million by the end of FY 2022.

- ***Increase TANF Benefits by 10 Percent.*** Provides \$670,476 GF and \$7.7 million NGF the second year to increase Temporary Assistance to Needy Families (TANF) benefits by 10 percent. The general fund amount reflects the increase for the TANF Unemployed Parent program which is state-funded. The General Assembly provided a 15 percent increase beginning July 1, 2020, bringing the average monthly payment for a TANF family to \$361. Language requires the Department of Social Services to develop a plan to increase the standards of assistance by 10 percent annually until the standards equal 50 percent of the federal poverty level.
- ***Fund Changes to the TANF Full Employment Program.*** Proposes \$600,000 NGF the first year and \$104,814 GF and \$2.5 million NGF and two positions the second year to fund changes to the TANF Full Employment Program, a subsidized employment program for TANF recipients. Changes will include an increase to the employee benefit, allowing participants to maintain their TANF benefits.

**TANF Block Grant Funding
FY 2021 and FY 2022**

	Chapter 552 <u>FY 2021</u>	Chapter 552 <u>FY 2022</u>
TANF Resources		
Annual TANF Block Grant Award	\$157,762,831	\$157,762,831
Carry-Forward From Prior Fiscal Year	<u>148,126,074</u>	<u>96,974,124</u>
Total TANF Resources Available	\$305,888,905	\$254,736,955
TANF Expenditures		
<i>VIP/VIEW Core Benefits and Services</i>		
TANF Income Benefits	\$29,707,479	\$42,369,945
Increase Relative Support Payments	8,457,600	8,457,600
Emergency and Diversionary Assistance	139,935	139,935
TANF-UP One-time Payment	211,253	0
VIEW Employment Services	13,612,144	13,612,144
VIEW Child Care Services	0	2,659,033
<i>Revise TANF Full Employment Program</i>	600,000	2,504,815
TANF Caseload Reserve	<u>2,000,000</u>	<u>2,000,000</u>
Subtotal VIP/VIEW Benefits and Services	\$54,728,411	\$71,743,472
<i>Administration</i>		
TANF State/Local Operations	<u>\$56,910,707</u>	<u>\$56,910,707</u>
Subtotal Administration	\$56,910,707	\$56,910,707
<i>TANF Programming</i>		
Healthy Families/Healthy Start (DSS)	\$8,617,679	\$8,617,679
Healthy Families/Healthy Start (VDH)	417,822	417,822
Community Employment & Training Grants	12,000,000	12,000,000
Community Action Agencies (CAAs)	7,750,000	7,750,000
CAA Two Generation/Whole Family Pilot	1,125,000	1,125,000
Local Domestic Violence Prevention Grants	3,846,792	3,846,792
<i>Long Acting Reversible Contraceptives</i>	3,000,000	4,000,000
<i>Federation of Virginia Food Banks</i>	3,000,000	3,000,000
CHIP of Virginia (VDH)	2,400,000	2,400,000
Virginia Early Childhood Foundation	1,250,000	1,250,000
Resource Mothers	1,000,000	1,000,000
Boys and Girls Clubs	2,000,000	2,000,000
Child Advocacy Centers	1,136,500	1,136,500
<i>Northern Virginia Family Services</i>	1,500,000	2,000,000
Early Impact Virginia (home visiting)	600,000	600,000
Laurel Center	750,000	750,000
EITC Grants	185,725	185,725
FACETS	100,000	350,000
<i>Visions of Truth STRIVE Program</i>	75,000	150,000
Summer Feeding Program Pilot	5,240,499	0

**TANF Block Grant Funding
FY 2021 and FY 2022**

	Chapter 552 <u>FY 2021</u>	Chapter 552 <u>FY 2022</u>
<i>TANF Programming (continued)</i>		
<i>Individual Development Accounts</i>	<i>0</i>	<i>2,120,420</i>
Transit Passes	1,000,000	1,000,000
<i>United Community</i>	<i>700,000</i>	<i>1,200,000</i>
Lighthouse Community Center	100,000	100,000
Emergency Food Supply Boxes Program	650,000	0
TANF for Virginia Preschool Initiative at DOE	16,600,000	0
One-time Food Assistance Payment for Head Start Parents	3,738,901	0
Cornerstones	750,000	750,000
<i>Good Shepard Housing and Family Services</i>	<i>0</i>	<i>200,000</i>
<i>Lorton Community Action Center</i>	<i>0</i>	<i>200,000</i>
<i>BritePaths</i>	<i>0</i>	<i>200,000</i>
<i>Koinonia Foundation</i>	<i>0</i>	<i>200,000</i>
Family Restoration Services in Hampton	125,000	125,000
Portsmouth Volunteers for the Homeless	250,000	250,000
Menchville House	<u>125,000</u>	<u>125,000</u>
Subtotal TANF Programming	\$80,033,918	\$59,049,938
Transfers to other Block Grants	\$17,241,745	\$31,182,712
Total TANF Expenditures & Transfers	\$208,914,781	\$218,886,829

*Amounts in bold and italics reflect added spending contained in the Chapter 552 of the 2021 Acts of Assembly, Special Session (HB 1800).

- **Department for the Blind and Vision Impaired**
 - *Provide Appropriation Related to Revenue from Virginia Industries for the Blind (VIB).* The adopted budget increases the appropriation for the VIB by \$25.0 million NGF the first year and \$10.0 million NGF to reflect increases in business due to the COVID-19 pandemic. The VIB has been providing personal protective equipment for federal and state entities, as a designated partner in the emergency supply chain.
 - *Fund Shortfall in the Independent Living Program.* Provides \$57,787 GF the first year and \$346,725 GF the second year to fill vacant positions in the Independent Living Program to assist vision impaired individuals with timely cost effective services.

- *Distribute Budget Reductions from Central Appropriations to Agency Budgets.* Reduces almost \$2.0 million GF each year in the agency’s budget to reflect approved budget reductions in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). These reductions were originally unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30) and subsequently converted to budget reductions in the 2020 Special Session I.