



COMMONWEALTH of VIRGINIA

Office of the Governor

Marvin B. Figueroa
Secretary of Health and Human Resources

September 3, 2026

Todd McMillion
Director
Department of Health and Human Services
Centers for Medicare and Medicaid Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601

Dear Mr. McMillion:

Attached for your review and approval is amendment 26-027, entitled "Nursing Facility Reimbursement" to the Plan for Medical Assistance for the Commonwealth. I request that your office approve this change as quickly as possible.

Sincerely,

A handwritten signature in black ink, appearing to be "M. Figueroa", enclosed within a large, loopy oval shape.

Marvin B. Figueroa

Attachment

cc: Steve Ford, Director, Department of Medical Assistance Services
CMS, Region III

Transmittal Summary

SPA 26-027

I. IDENTIFICATION INFORMATION

Title of Amendment: Nursing Facility Reimbursement

II. SYNOPSIS

Basis and Authority: The Code of Virginia (1950) as amended, § 32.1-325, grants to the Board of Medical Assistance Services the authority to administer and amend the Plan for Medical Assistance. The Code of Virginia (1950) as amended, § 32.1-324, authorizes the Director of the Department of Medical Assistance Services (DMAS) to administer and amend the Plan for Medical Assistance according to the Board's requirements.

Purpose: The 2026 Appropriations Act requires DMAS to make the following changes:

- Item 291.BBB: The state plan is being revised to increase the direct and indirect operating rates to 25.4 percent above a facility's calculated price-based rates where at least 80 percent of the resident population have one or more of the following diagnoses: quadriplegia, traumatic brain injury, multiple sclerosis, paraplegia, or cerebral palsy. In addition, a qualifying facility must have at least 90 percent Medicaid utilization and a case mix index of 1.15 or higher in fiscal year 2014.
- Item 291.LLL.1.b: The state plan is being revised to increase nursing home and specialized care per diem rates effective until June 30, 2027. DMAS shall distribute the funding as an add-on payment to the per diem rates in effect as of June 30, 2026. This add-on payment shall be effective until June 30, 2027.

Substance and Analysis: The section of the State Plan that is affected by this amendment is "Methods and Standards for Establishing Payment Rates for Long-Term Care"

Impact:

- Item 291.BBB: There are no expected increases or decreases in annual fee-for-service aggregate expenditures in federal fiscal year 2027.
- Item 291.LLL.1.b: The expected increase in annual fee-for-service aggregate expenditures is \$4,730,124 in state general funds and \$5,069,876 in federal funds in federal fiscal year 2027.

Tribal Notice: Please see attached.

Prior Public Notice: See Attached.

Public Comments and Agency Analysis: DMAS received one comment on the SPA. The comment agreed with increasing the nursing facility rate as long as employees receive an increase in pay and better health benefits. Item 291.LLL.1.b of the 2026 Appropriations Act does not specify where nursing facilities have to direct the add-on payment, so DMAS has decided to proceed with the SPA without any changes.



Outlook

Tribal Notice – Nursing Facility Reimbursement

From Lee, Meredith (DMAS) <Meredith.Lee@dmass.virginia.gov>**Date** Mon 8/24/2026 8:51 AM

To TribalOffice@MonacanNation.com <TribalOffice@monacannation.com>; Ann Richardson <chiefannerich@aol.com>; Pamelathompson4@yahoo.com <Pamelathompson4@yahoo.com>; rappahannocktrib@aol.com <rappahannocktrib@aol.com>; regstew007@gmail.com <regstew007@gmail.com>; Richard.matens@pamunkey.org <Richard.matens@pamunkey.org>; chief <chief@monacannation.gov>; chiefstephenadkins@gmail.com <chiefstephenadkins@gmail.com>; bradbybrown@gmail.com <bradbybrown@gmail.com>; tabitha.garrett@ihs.gov <tabitha.garrett@ihs.gov>; administrator@nansemond.gov <administrator@nansemond.gov>; info@afwellness.com <info@afwellness.com>; info@fishingpointhc.com <info@fishingpointhc.com>; contact@Nansemond.gov <contact@Nansemond.gov>; brandon.custalow@mattaponination.com <brandon.custalow@mattaponination.com>; admin@umitribe.org <admin@umitribe.org>; lorraine.reels-pearson@ihs.gov <lorraine.reels-pearson@ihs.gov>; remedios.holmes@ihs.gov <remedios.holmes@ihs.gov>; lindsey.taylor@ihs.gov <lindsey.taylor@ihs.gov>; joni.lyon@ihs.gov <joni.lyon@ihs.gov>; Howard, Joanne <Joanne.howard@cit-ed.org>; chief <Chief@Nansemond.gov>; AssistantChief@Nansemond.gov <AssistantChief@Nansemond.gov>; steven.tupponce@umithealth.com <steven.tupponce@umithealth.com>; owen.adams@umitribe.gov <owen.adams@umitribe.gov>; Jennifer.Floor@ihs.gov <Jennifer.Floor@ihs.gov>

1 attachment (221 KB)

DMAS Director Steve Ford approved and signed 08.24.2026 - Tribal Notice Letter.pdf;

Dear Tribal Leaders and Indian Health Programs:

Attached is a Tribal Notice letter from Virginia Medicaid Director Steve Ford indicating that the Department of Medical Assistance Services (DMAS) plans to submit a State Plan Amendment (SPA) to the federal Centers for Medicare and Medicaid Services to make changes to nursing facility reimbursement.

If you would like a copy of the SPA documents or proposed text changes, or if you have any questions, please let us know.

Thank you! -- Meredith Lee

Meredith Lee
Policy Supervisor
Policy Division
Department of Medical Assistance Services
meredith.lee@dmass.virginia.gov, (804) 371-0552
Hours: 7:00 am - 3:30 pm (Monday-Friday)
www.dmass.virginia.gov



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DMAS is committed to providing quality health care coverage and services efficiently to qualified Virginians in the Commonwealth.



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

STEVE FORD
DIRECTOR

SUITE 1300
600 EAST BROAD STREET
RICHMOND, VA 23219
804/786-7933
800/343-0634 (TDD)
www.dmas.virginia.gov

August 24, 2026

SUBJECT: Notice of Opportunity for Tribal Comment – State Plan Amendment related to Nursing Facility Reimbursement.

Dear Tribal Leader and Indian Health Programs:

This letter is to notify you that the Department of Medical Assistance Services (DMAS) is planning to amend the Virginia State Plan for Medical Assistance with the Centers for Medicare and Medicaid Services (CMS). Specifically, DMAS is providing you notice about a State Plan Amendment (SPA) that the Agency will file with CMS to make the following changes to the state plan to comply with the 2026 Appropriations Act:

- Item 291.BBB: The state plan is being revised to increase the direct and indirect operating rates to 25.4 percent above a facility's calculated price-based rates where at least 80 percent of the resident population have one or more of the following diagnoses: quadriplegia, traumatic brain injury, multiple sclerosis, paraplegia, or cerebral palsy. In addition, a qualifying facility must have at least 90 percent Medicaid utilization and a case mix index of 1.15 or higher in fiscal year 2014.
- Item 291.LLL.1.b: The state plan is being revised to increase nursing home and specialized care per diem rates effective until June 30, 2027. DMAS shall distribute the funding as an add-on payment to the per diem rates in effect as of June 30, 2026. This add-on payment shall be effective until June 30, 2027.

We realize that the changes in this SPA may impact Medicaid members and providers, including tribal members and providers. Therefore, we encourage you to let us know if you have any comments or questions. The tribal comment period for this SPA is open through September 23, 2026. You may submit your comments directly to Meredith Lee, DMAS Policy Division, by phone (804) 371-0552, or via email: Meredith.Lee@dmas.virginia.gov. Finally, if you prefer regular mail you may send your comments or questions to:

Virginia Department of Medical Assistance Services
Attn: Meredith Lee
600 East Broad Street
Richmond, VA 23219

Please forward this information to any interested party.

Sincerely,

A handwritten signature in blue ink, appearing to read "S Ford".

Steve Ford
Director

An official website [Here's how you know](#) ▼

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Agency

Department of Medical Assistance Services

Board

Board of Medical Assistance Services

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General Notice

Public Notice - Intent to Amend State Plan - Nursing Facility Reimbursement

Date Posted: 8/26/2026

Expiration Date: 2/26/2027

Submitted to Registrar for publication: YES

[30 Day Comment Forum](#) is underway. Began on 8/26/2026 and will end on 9/25/2026

**LEGAL NOTICE
COMMONWEALTH OF VIRGINIA
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES
NOTICE OF INTENT TO AMEND**

(Pursuant to §1902(a)(13) of the *Act (U.S.C. 1396a(a)(13))*)

THE VIRGINIA STATE PLAN FOR MEDICAL ASSISTANCE

This Notice was posted on August 26, 2026

The Virginia Department of Medical Assistance Services (DMAS) hereby affords the public notice of its intention to amend the Virginia State Plan for Medical Assistance to provide for changes to the *Methods and Standards for Establishing Payment Rates – Long-Term Care (12 VAC 30-90)*.

This notice is intended to satisfy the requirements of 42 C.F.R. § 447.205 and of § 1902(a)(13) of the *Social Security Act*, 42 U.S.C. § 1396a(a)(13). A copy of this notice is available for public review from Meredith Lee, DMAS, 600 Broad Street, Suite 1300, Richmond, VA 23219, or via e-mail at: Meredith.Lee@dmass.virginia.gov.

DMAS is specifically soliciting input from stakeholders, providers and beneficiaries, on the potential impact of the proposed changes discussed in this notice. Comments or inquiries may be submitted, in writing, within 30 days of this notice publication to Meredith Lee and such comments are available for review at the same address. Comments may also be submitted, in writing, on the Town Hall public comment forum attached to this notice.

This notice is available for public review on the Regulatory Town Hall (<https://townhall.virginia.gov>) on the General Notices page, found at: <https://townhall.virginia.gov/L/generalnotice.cfm>

In accordance with the 2026 Appropriation Act, DMAS will be making the following changes:

Methods & Standards for Establishing Payment Rates-Long-Term Care (12 VAC 30-90)

1. In accordance with Item 291.BBB, the state plan is being revised to provide direct and indirect operating rates equal to 25.4 percent above the calculated price-based rates for qualifying facilities where at least 80 percent of the resident population have one or more of the following diagnoses: quadriplegia, traumatic brain injury, multiple sclerosis, paraplegia, or cerebral palsy, with at least 90 percent Medicaid utilization

and a case-mix index of 1.15 or higher in fiscal year 2014. This continues reimbursement authorized in Item 306, paragraph CCC 7 (Chapter 780, 2016 Acts of Assembly), and Item 313, paragraph KKKK of the 2020 Appropriation Act (Chapter 56, 2020 Special Session I Acts of Assembly).

There are no expected increases or decreases in annual fee-for-service aggregate expenditures in federal fiscal year 2027 or federal fiscal year 2028.

2. In accordance with Item 291.LLL.1.b, the state plan is being revised to increase nursing home and specialized care per diem rates effective until June 30, 2027. DMAS shall distribute the funding as an add-on payment to the per diem rates in effect as of June 30, 2026. This add-on payment shall be effective until June 30, 2027.

The expected increase in annual fee-for-service aggregate expenditures is \$4,730,124 in state general funds and \$5,069,876 in federal funds in federal fiscal year 2027, and there are no expected increases or decreases in annual fee-for-service aggregate expenditures in federal fiscal year 2028.

Contact Information

Name / Title:	Meredith Lee / <i>Policy Supervisor</i>
Address:	600 East Broad Street Richmond, 23219
Email Address:	Meredith.Lee@dmass.virginia.gov
Telephone:	(804)371-0552 FAX: (804)768-1680 TDD: (800)343-0634

This general notice was created by Meredith Lee on 08/26/2026 at 7:40am



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Public comment forums

Regulatory Activity Forums (20)		Guidance Document Forums (34)
Actions (10) Periodic Reviews () Petitions for Rulemaking () General Notices (10)		
Board of Medical Assistance Services		
View Comments	Public Notice - Intent to Amend State Plan - Nursing Facility Reimbursement	General Notice Public Notice - Intent to Amend State Plan - Nursing Facility Reimbursement Closed: 9/25/26 1 comments Last comment: 9/21/26 4:11 pm

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES FOR LONG-TERM CARE

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- h. The direct and indirect price for each peer group shall be based on the following adjustment factors:
- a. Direct adjustment factor- 105.000% of the peer group day-weighted median neutralized and inflated cost per day for freestanding nursing facilities.
 - Effective July 1, 2021, the direct adjustment factor shall be 109.3% of the peer group day-weighted median neutralized and inflated cost per day for freestanding nursing facilities.
 - b. Indirect adjustment factor - 100.735% of the peer group day-weighted median inflated cost per day for freestanding nursing facilities.
 - Effective July 1, 2021, the indirect adjustment factor shall be 103.3% of the peer group day-weighted median inflated cost per day for freestanding nursing facilities.
- i. Facilities with costs projected to the rate year below 95% of the price shall have an adjusted price equal to the price minus the difference between the facility's cost and 95% of the unadjusted price. Adjusted prices will be established at each rebasing. New facilities after the base year shall not have an adjusted price until the next rebasing.
- j. Special circumstances.
- 1. Effective July 1, 2022, DMAS shall establish a new direct and indirect peer group for nursing facilities operating with at least 80% of the resident population has one or more of the following diagnoses: quadriplegia, traumatic brain injury, multiple sclerosis, paraplegia, or cerebral palsy. In addition, a qualifying facility must have at least 90% Medicaid utilization and a nursing facility case-mix index of 1.15 or higher in fiscal year 2014. For qualifying nursing facilities defined under this paragraph, the direct and indirect operating rates shall equal 25.4% above the calculated price-based rates.
 - The department shall utilize the data from the most recent rebasing to make this change effective for fiscal year 2023 and subsequent rate years until this change is incorporated into the next scheduled rebasing.
 - 2. For rebasings effective on or after July 1, 2020, DMAS shall move nursing facilities located in the former Danville Metropolitan Statistical Area to the Other MSAs peer group.
- k. Individual claim payment for direct costs shall be based on each resident's Resource Utilization Group (RUG) during the service period times the facility direct price.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES FOR LONG-TERM CARE

1. Resource Utilization Group (RUG) is a resident classification system that groups nursing facility residents according to resource utilization and assigns weights related to the resource utilization for each classification. The department shall use RUGs to determine facility case-mix for cost neutralization as defined in 12 VAC 30-90-306 in determining the direct costs in setting the price and for adjusting the claim payments for residents.
 - a. The department shall neutralize direct costs per day in the base year using the most current RUG grouper applicable to the base year.
 - b. The department shall utilize RUG-III, version 34 groups and weights in fiscal years 2015 through 2017 for claim payments.
 - c. Beginning in fiscal year 2018, the department shall implement RUG-IV, version 48 Medicaid groups and weights for claim payments.
 - d. RUG-IV, version 48 weights used for claim payments will be normalized to RUG-III, version 34 weights as long as base year costs are neutralized by the RUG-III 34 group. In that the weights are not the same under RUG-IV as under RUG-III, normalization will ensure that total direct operating payments using the RUG-IV 48 weights will be the same as total direct operating payments using the RUG-III 34 grouper.
- m. Effective October 1, 2026, through June 30, 2027, DMAS shall increase nursing facility and specialized care rates by \$14.50 per day. This add-on payment will be included in the indirect rate.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES FOR LONG-TERM CARE

12. Pediatric unit capital cost. Pediatric unit capital costs will be reimbursed in accordance with subdivision 9 of this section, except that the occupancy requirement shall be 70% rather than the required occupancy percentage.

13. The cost reporting requirements of 4.19-D, Supp 1, page 35 (12 VAC 30-90-70) and 4.19-D, Supp 1, page 37 (12 VAC 30-90-80) shall apply to specialized care providers.

14. Effective July 1, 2020 through June 30, 2023, specialized care operating rates shall be increased by inflating the 2020 rates based on the section of the state plan called the Nursing Facility Price Based Payment Methodology, which starts on page 26.2 of 4.19D, Supplement 1. After state fiscal year 2023, the rates shall revert to the existing prospective methodology.

15. Effective October 1, 2026, through June 30, 2027, DMAS shall increase nursing facility and specialized care rates by \$14.50 per day. This add-on payment will be included in the indirect rate.

12 VAC 30-90-265. Reserved.

12VAC30-90-266. Traumatic Brain Injury (TBI) payment.

DMAS shall provide a fixed per day payment for nursing facility residents with TBI served in the program in accordance with resident and provider criteria, in addition to the reimbursement otherwise payable under the provisions of the Nursing Home Payment System. Effective for dates of service on and after August 19, 1998, a per day rate add-on shall be paid for recipients who meet the eligibility criteria for these TBI payments and who are residents in a designated nursing facility TBI unit of 20 beds or more that meets the provider eligibility criteria. The rate add-on for any qualifying provider's fiscal year shall be reviewed annually to determine the appropriateness of the amount, not to exceed \$50 per patient day, and any changes will be published and distributed to the providers. (Refer to NHPS, Appendix VII, page 1 (12VAC30-90-330), Traumatic brain injury diagnoses, for related resident and provider requirements.)

12 VAC 30-90-267. Private room differential.

A. Payment shall be made for a private room or other accommodations more expensive than semi-private (two or more bed accommodations) only when such accommodations are medically necessary. Private rooms will be considered necessary when the resident's condition requires him/her to be isolated for his/her own health or that of others.

B. Physician certification justifying the private room must be on file prior to the resident's discharge from the semi-private room. The term 'isolation' applies when treating a number of physical and mental conditions. These include communicable diseases which require isolation of the resident for certain periods. Private room accommodations may also be necessary for residents whose symptoms or treatments are likely to alarm or disturb others in the same room.

C. Reimbursement for private rooms will only be made when authorized by the Virginia Department of Medical Assistance Services (DMAS).

D. The Medicaid private room differential shall be calculated by applying the percent difference between the facility's private and semi-private room charges to the total case mix neutral Medicaid rate for the facility.

12 VAC 30-90-268 through 12 VAC 30-90-269. Reserved.

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 6 — 0 0 2 7

2. STATE

V A3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT

XIX



XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

10/1/2026

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2027 \$ 5,069,876b. FFY 2028 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-D, Supplement 1, revised pages 26.5, 26.5.1, and 578. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)Same as box #7.

9. SUBJECT OF AMENDMENT

Nursing Facility Reimbursement

10. GOVERNOR'S REVIEW (Check One)



GOVERNOR'S OFFICE REPORTED NO COMMENT



COMMENTS OF GOVERNOR'S OFFICE ENCLOSED



NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL



OTHER, AS SPECIFIED:

Secretary of Health and Human Resources

11. SIGNATURE OF STATE AGENCY OFFICIAL



12. TYPED NAME

Steve Ford

13. TITLE

Director

14. DATE SUBMITTED

08/24/2026

15. RETURN TO

Department of Medical Assistance Services
600 East Broad Street, #1300
Richmond VA 23219

Attn: Policy Supervisor

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES FOR LONG-TERM CARE

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