

Medicaid Work Requirements Under H.R. 1

September 2026



What's Changing in Virginia Medicaid

As a result of a new federal law — H.R. 1, enacted July 4, 2025 — important changes are coming to Medicaid for some Virginians in 2027, including:

- **New Medicaid work requirements** that mean certain individuals will need to work, go to school, volunteer, or qualify for an exemption to stay covered.
- **More frequent eligibility renewals** every 6 months instead of 12 months.



These changes take effect January 1, 2027.

Who Do These Changes Apply To?

Work requirements and six-month renewals only apply to adults with Medicaid Expansion coverage.

That means adults:

- Ages 19 through 64
- With incomes below 138% of the Federal Poverty Level (\$22,025 per year for an individual)
- Not eligible for Medicare

Other members, including children and those who are pregnant or age 65 or older, are not affected.

About **550,000** Virginians count on Medicaid expansion for health coverage.



These Changes Take Effect in 2027

NEW APPLICANTS

Subject to the new work requirement and six-month renewals beginning **January 1, 2027.**

For example: an individual who applies and is approved for Expansion coverage on January 13, 2027 will have coverage effective January 1, 2027 - June 30, 2027.

EXISTING MEMBERS

Subject to these changes at their first 2027 renewal, starting with those whose renewal is due in **March 2027.**

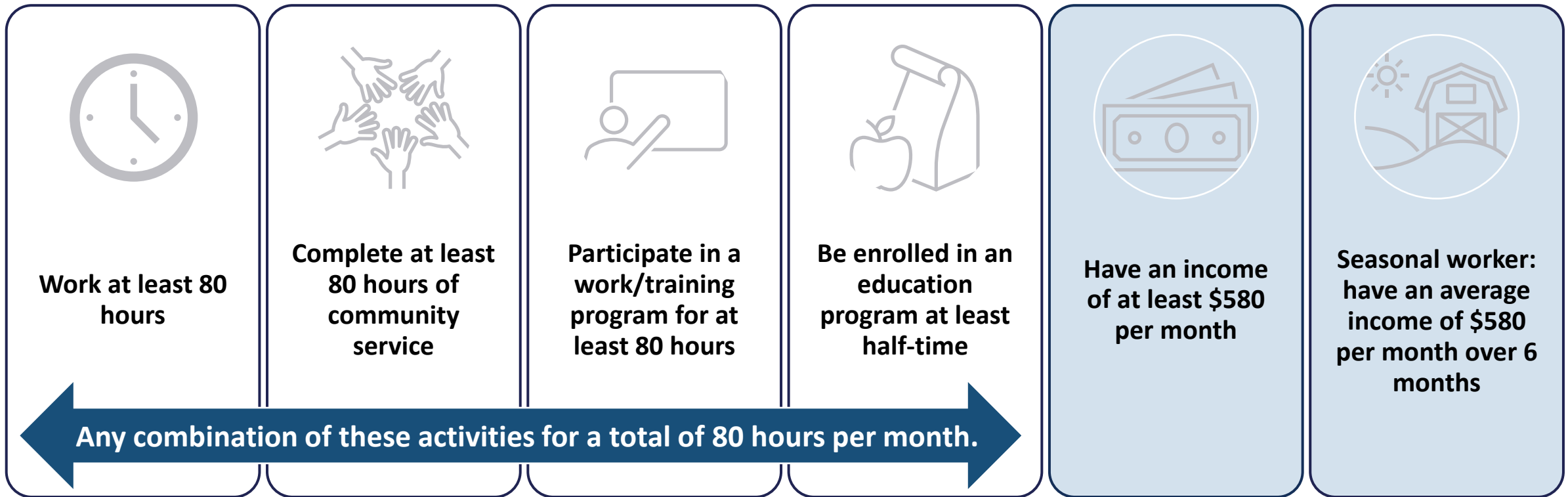
For example: an individual with coverage effective through March 31, 2027 will have a renewal initiated in January by the state. If the individual is renewed, their coverage will be extended from April 1 - September 30, 2027.

Important Exemptions from Work Requirements

- ✓ Former foster care youth (until age 26)
- ✓ American Indians and Alaskan Natives
- ✓ Parent, guardian, or family caregiver of a child under 14 or of an individual with a disability
- ✓ Veterans with a 100% disability rating
- ✓ Pregnant or within 12 months postpartum
- ✓ Medically frail individuals (those with a disability, serious mental health condition, substance use disorder, or serious or complex medical condition)
- ✓ Meets SNAP or TANF work requirements
- ✓ Participating in a substance use treatment and rehabilitation program
- ✓ Currently or recently incarcerated
- ✓ Living in an area with a federally-declared emergency
- ✓ Living in a locality with a certain unemployment rate
- ✓ Received inpatient (or similar) care
- ✓ Traveled outside your community for your care or that of a dependent

Meeting Medicaid Work Requirements

An individual must do at least one of the following in a given month to be compliant with the requirements.



What Counts as Qualifying Activities?

Work

- Paid employment
- Self-employment
- In-kind work
- Unpaid work (unpaid internships, trial-period work, and certain caregiving activities)

Volunteering

Unpaid work for public or nonprofit entities, such as:

- Volunteer work for charitable organizations, schools, food banks, or shelters
- Community improvement projects
- Court-ordered community service

Education

- High school or state-approved GED program
- Higher education (e.g., college, graduate, and doctorate programs)
- Career and technical education programs

Work Training

- Workforce Innovation and Opportunity Act (WIOA) authorized programs
- State-approved employment and training programs
- Veterans' employment and training programs
- Apprenticeship and pre-apprenticeship programs
- Among others

When Someone Must Have Met the Requirement

If an individual is not exempt, they must have a qualifying activity (work, education, volunteering, work program, or income) during a required “lookback period.”

NEW APPLICANTS

Applicants must meet the requirement the month before applying.

For example: Maya applies for coverage in February 2027. If she is not exempt, she must have a qualifying activity (e.g., work or education) in January 2027.

EXISTING MEMBERS

Members must meet the requirement for at least 1 month since their last eligibility determination or renewal.

For example: Sarah’s coverage is effective April 1, 2026-March 31, 2027. To renew by the end of March 2027, if she is not exempt, she must have worked, gone to school, or had another qualifying activity for at least 1 month since April 1, 2026.

She is renewed from April 1, 2027-September 30, 2027. When she is next up for renewal, she must have a qualifying activity for at least 1 month since April 1, 2027.

Reporting Exemptions or Qualifying Activities

 Our priority is helping eligible Virginians stay covered. DMAS is focused on streamlining these new requirements, reducing paperwork, and automating as much as possible.

- Whenever possible, Virginia Medicaid will use information already available to the state to automatically enroll or renew coverage (called the “ex parte” process).
- In 2027, for most exemptions and compliance activities, **Virginia will rely on information an individual provides in their application or renewal form (i.e., accept “self-attestation”).**
 - Additional documentation requirements will apply in 2028.
- If more information is needed to show compliance or exemption, individuals can share information with Virginia through existing and new channels:

Mail:
Cover Virginia
Centralized Mail

Online:
CommonHelp

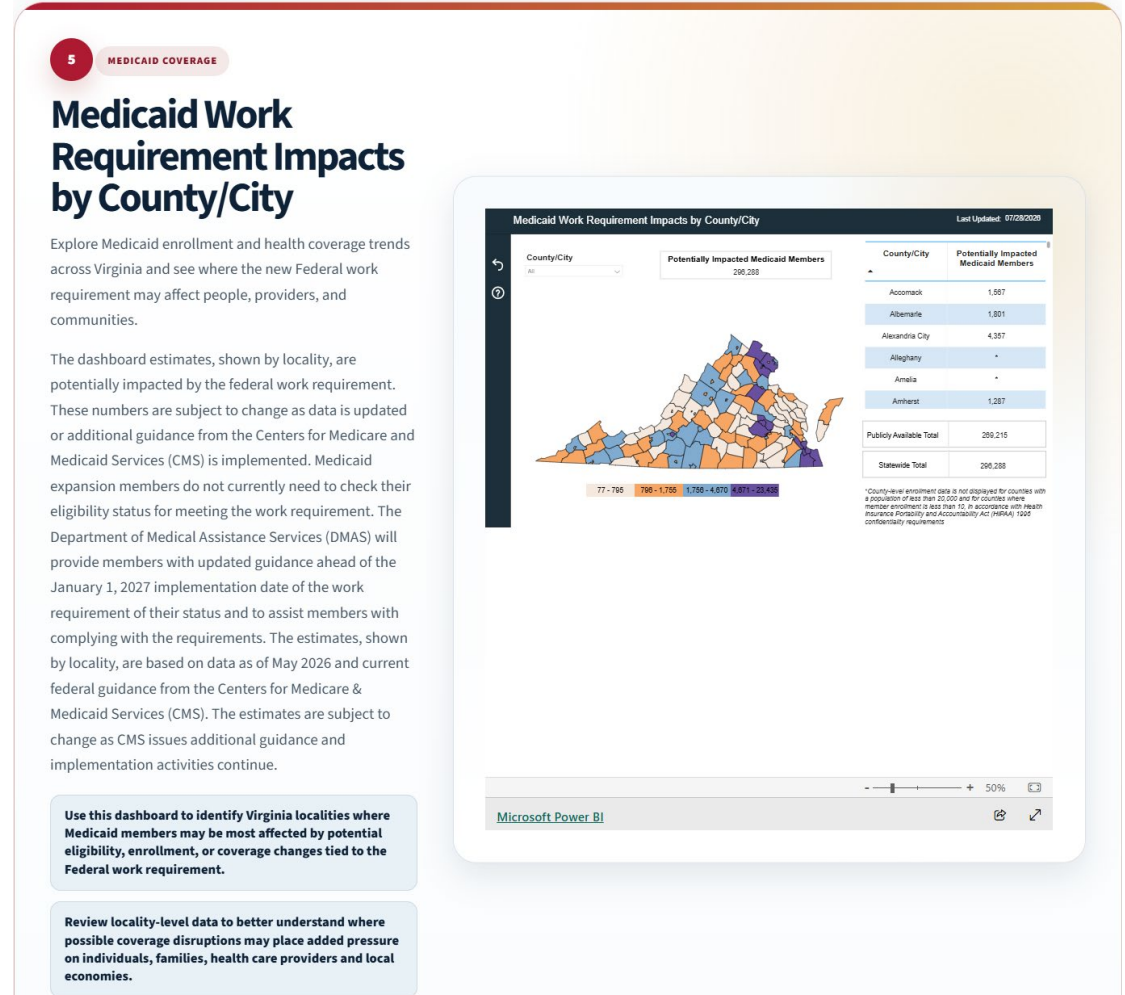
By Phone:
Cover Virginia
Call Center

In Person: Local
Department of
Social Services

New online portal
*(under
development)*

Impact in Virginia

- The Secretary of Health and Human Resources has published dashboards estimating where Virginians may be most affected.
- Of the 550,000 Virginians with Medicaid expansion, as many as 300,000 may be at risk.

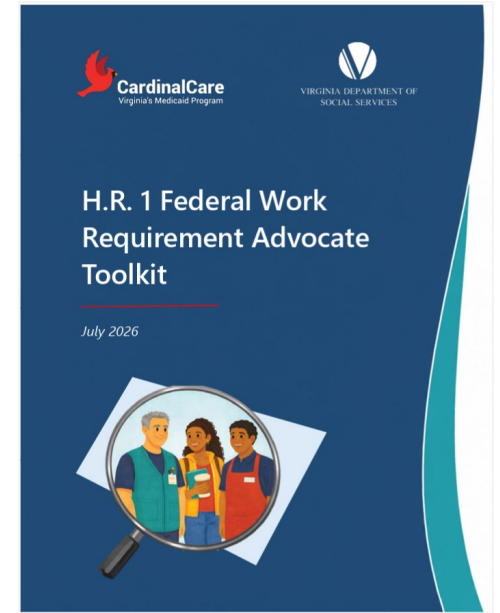


Visit these dashboards online:
<https://www.hhr.virginia.gov/hhr-dashboard>

How Virginia Communities Can Help

- **Spread the Word:** Help keep your community informed about these upcoming changes to Medicaid. **DMAS has published toolkits, one pagers, and other materials online to help.**
- **Connect Virginians to Services and Supports:** Help individuals in your communities access employment, volunteering, education, work training, and other opportunities.

Visit www.dmas.virginia.gov, sign up for member, advocate, or provider newsletters, and follow us online to stay up to date.



[View the toolkit here!](#)



Facebook:
@CardinalCare



Instagram:
@CardinalCare



LinkedIn: @Virginia Department of
Medical Assistance Services

What Virginians Can Do Now to Stay Covered

- 1 Update contact information**

Make sure Virginia Medicaid has a current address, phone, and email
- 2 Watch for notices from the state**

Medicaid Expansion members will get a notice **by September 30, 2026** explaining the new work requirement.
- 3 Stay tuned for more information**

DMAS will be posting more resources online and keeping Virginia informed

H.R.1 Medicaid Townhalls

DMAS will be holding virtual townhalls to discuss these changes in the coming weeks.

Session	Date	Time
Members and applicants	September 15, 2026	12pm-1pm
Providers	September 24, 2026	7:30am-8:30am
Community stakeholders	October 22, 2026	6pm-7pm
General session	November 10, 2026	12pm-1pm
General session	December 2, 2026	12pm-1pm
General session	January 15, 2027	12pm-1pm

Register here: <https://www.dmas.virginia.gov/news-updates/new-federal-requirements/town-halls/>

Questions – Where To Get Help



PHONE

Cover Virginia Call Center: 1-855-242-8282 (TDD: 1-888-221-1590)



ONLINE

Live chat: [Coverva.dmas.virginia.gov](https://coverva.dmas.virginia.gov)

Visit – dmas.virginia.gov/news-updates/new-federal-requirements/



IN PERSON

Visit your local Department of Social Services

Find your nearest local department of social services by visiting:

<http://www.dss.virginia.gov/localagency/>

Cardinal Care Internship Program Update



Cardinal Care Internship Program Overview and Goals

Program Overview & Goals

- Program Implemented in January 2024 with 3 cohorts hosted annually
- Program open to students currently pursuing or have recently received degree as well as recent high school graduates
- Goals:
 - Develop trained and prepared leaders within the Commonwealth
 - Build a talent pipeline to support current and future needs.
 - Increase awareness of public service careers in state government.
 - Strengthen partnerships with high schools, colleges, and universities.
 - Provide agency leadership with development through internship mentorship.



Development Curriculum

- Foundational understanding of working for the Commonwealth of Virginia and what it means to be a Public Servant.
- Broadening their understanding of the Cardinal Care Program.
- Receptiveness and Coachability
- Workplace Etiquette and Business Decorum
- Planning, Organizing and Prioritizing
- Effective Communication, Teamwork, and Future Career readiness.
 - Resume' Building
 - Interviewing
 - Public Speaking/Presentations
 - LinkedIn Page



Cardinal Care Internship Program Overview and Goals

Hands On Experiences

- Group and Individual projects that will enhance the health and well-being of our population.
- A guided tour of the Capitol and General Assembly Building
- The opportunity to observe a special session of the Joint Commission on Health Care, and other General Assembly meetings/sessions.
- 1-2 Community Service Projects
 - The last cohort volunteered at The Doorways residential facility, where they cooked meals for the residents.
- Participation in the COVA Internship Connection's activities
- Presenting their projects and also their lessons learned during their graduation.



GETTING INVOLVED WITH THE COMMUNITY



Program Impact

Partnered with 20 colleges and universities during the program's development

Graduated 50 interns as of August 11, 2026

Achieved a 38% hire rate at DMAS

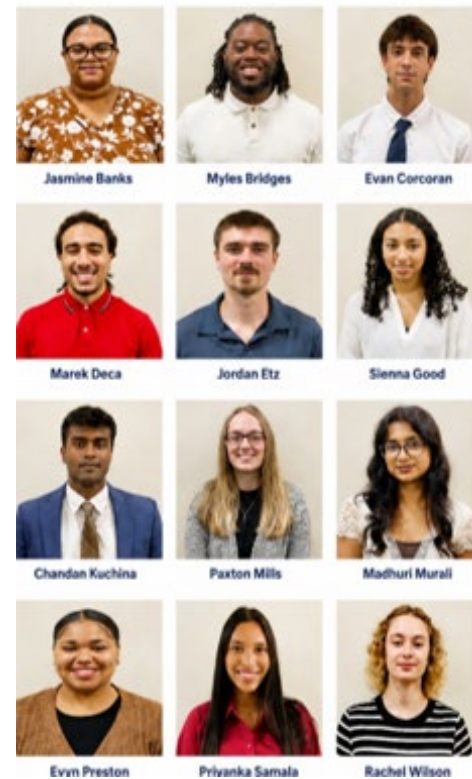
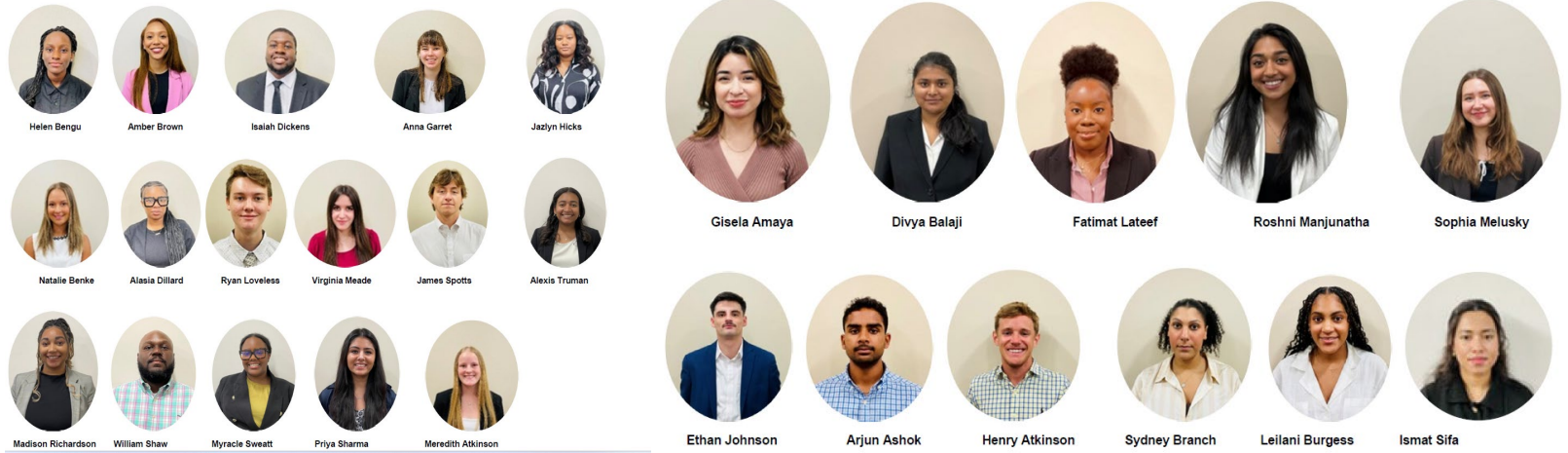


Highlighted Intern Alumni - 2026

- Paxton Mills
 - The Lived Experience Expert of the Year Award – National Bleeding Disorders Foundation
- Chandan Kuchina
 - 2026 U.S. Representative Donald McEachin Scholarship Award recipient.
- Anna Garrett
 - The UVA Sorensen Institute for Civic Leadership's Emerging Leaders Program



Cardinal Care Internship Alumni



Budget Update

Cat Pelletier
Chief Financial Officer
September 2026

Agenda

- FY 2027 Appropriation
- 2026 Appropriation Actions

FY 2027 Appropriation (in Millions)

Program Category	FY 2027 GF	FY 2027 NGF	FY 2027 Total	% of Total
Medicaid	8,221.3	20,827.8	29,049.1	94.9%
CHIP & MCHIP	271.6	555.5	827.1	2.7%
Admin	110.6	402.0	512.6	1.7%
Rural Health Transformation Grant	-	200.0	200.0	0.7%
Temporary Detention Orders	12.6	-	12.6	0.0%
HIV Ins Premiums and Uninsured Medical Catastrophe Fund	0.8	0.0	0.8	0.0%
Total	8,616.9	21,985.3	30,602.2	100%

- Admin is 1.7% of overall budget
- 28.3% of budget is funded through GF

2026 Appropriation Act

Cost Containment Items

Item	Brief Description
291.BB.6-7	Elimination of Inflation and Rebasing for PRTFs & ARTS Providers
291.PPPPP	Elimination of FY2027 & FY2028 Inflation for all Providers
291.MMMMM	Standardize Hourly Limits Across HCBS Waivers – 56-hour Soft Cap on Personal Care / Assistance Services under DD Waivers
291.WW.2	ABA Services – 20 Hours-per-Week Cumulative Limit and Requires Autism Spectrum Disorder; Includes Provisional Diagnosis of Autism Spectrum Disorder for Children Age Five and Younger for One Year.
291.KKKKK	Mobile Crisis – 4-Hour Limit per Incident and Network Changes for Mobile Crisis Services
291.LLLLL	Eliminates Coverage for Community Stabilization Services
291.NNNNN	Personal Care – Removes Live-in Exemption from Electronic Visit Verification Requirements
295.PP	Requires Service Facilitation to be included into the Statewide Service Broker Model via the Fiscal Employer Agent Contract and Eliminates Service Facilitation as a Standalone Service

2026 Appropriation Act

Cost Containment Items

Item	Brief Description
291.00000	Requires Contract Actuary to Review Each MCO's Administrative Expenses for Reasonability and include Attainable Adjustments in the Capitation Rate Development to Ensure Efficient Use of Capitation Revenues by MCOs.
291.RRRRR	Modify Managed Care Underwriting Provisions
291.KKK.2	Authorizes \$2,000 Dental Cap on Adult Dental Services
291.EEEEE.4	Authorizes Supplemental Drug Rebates for CGM and Related Supplies
291.MMMM.2-7	Modify Medicaid Criteria for Weight Loss Drugs
295	\$5.5M Reduction in Administrative Budget

2026 Appropriation Act Rates & Reimbursement

Item	Brief Description
291.JJJJJ.1-4	Rate Increases for Selected Services in DD Waiver
291.SSSSS.1-2	Increases Personal Care Rates 4% on January 1, 2027, and 3.9% on January 1, 2028
291.QQQQQ	Budget Neutral Change in Reimbursement Methodology for Rehabilitation Hospitals
3-5.14.J	Requires Rural Hospitals Receiving Enhanced Supplemental Payments to Retain Labor & Delivery Units
291.TTTTT.1-3	Defers NF Rebasing until July 1, 2030, and Establishes NF Reimbursement Methodology Workgroup
291.LLL.1.b	One-time NF Add-on Payment to Per Diem in FY 2027 Only
291.BBB	Recognize Virginia Home Rate

2026 Appropriation Act Rates & Reimbursement

Item	Brief Description
291.QQ.1-6	Increases Annual Amounts for GME Residency Slot from \$100K to \$145K
291.LL.2	Modifies Formula to Calculate In Lieu of DSH Supplemental Payments to CHKD
291.JJ.10	Enhanced Indirect Medical Education Supplemental Payments to Ballad Health
291.JJ.14	Enhanced Indirect Medical Education Supplemental Payments to Riverside Hospital
291.JJ.11.a-b	Enhanced Indirect Medical Education Supplemental Payments to Private Teaching Hospitals
291.JJ.12	Allows Qualified Charitable Contributions as State Share for Supplemental Payments to Teaching Hospitals Affiliated with Virginia Tech Carilion School of Medicine
291.QQ.7-9	GME Technical Assistance and Reporting

2026 Appropriation Act Programs & Services

Item	Brief Description
291.WWWW.1-2	Allows for Participation in CMS Model for Sickle Cell CGT and Allows Value Based Agreement and Unbundling of Drug from DRG in Order to Participate in CMS Model
291.GGGGG	Extends Authority for Medicaid Neurobehavioral and Neurobehavioral Facility Services
291.TT.1	Extends Implementation Date for Behavioral Health Redesign to July 1, 2027
291.LLL.2.a-c, e, f	Updates to VBP Language
291.VVVV	Performance Measures for Non-Emergency Medical Transportation

2026 Appropriation Act

Administrative & Reporting

Item	Brief Description
295.WW.1-2	Medicaid Financial Sustainability Workgroup
295.SS	Prospective Payment System Transition Study for CCBHC / STEP-VA Services
291.WW.3	Applied Behavioral Analysis Workgroup
295.XX	Midwifery Workgroup
296.A.2	Reporting on Rural Health Transformation Grant
291.UUUUU.1-4	340B Reporting Requirement
295.RR	Delays Implementation of a Single Pharmacy Benefits Manager to January 1, 2028
295.AAA	Reach Out and Read Pilot Program
295.UU	Authorizes DMAS to Issue RFP for PACE Program in Shenandoah Valley

2026 Appropriation Act

Administrative

Item	Brief Description
295.T.1	Provides Funding for Centralized Call Center and Eligibility Operations
295.T.3	Funding to Implement Federal Community Engagement and Eligibility Verification Requirements
295.VV	Provides Emergency Authority for H.R.1 Implementation
295.BBB	Expands VHCF Project Connect for Medicaid Outreach & Enrollment
295.W	Provides Federal Match to the Virginia Center for Health Innovation for Medicaid-related Expenses
295.TT	DMAS and DSS to Collaborate on Notice Practices to Applicants and Recipients of Medical Assistance Services
295.ZZ	Updates Waiver Rules to Allows Individuals Receiving Consumer-Directed Services to Serve as Their Own Employer of Record (EOR)
295.OO	Authorizes Assessment Tool for Children < 18 to Utilize in Long Term Care (LTC) Screenings
295.V.5	Allows Using CMP Funds for Participating in Federal NF Staffing Campaign Administered by CMS

BUILDING AND TRANSFORMING COVERAGE, SERVICES, AND SUPPORTS FOR A HEALTHIER VIRGINIA (BTCSSHV)

1115 Demonstration Waiver Public Comment Forum:
Addiction and Recovery Treatment Services (ARTS),
Serious Mental Illness/Serious Emotional Disturbance
(SMI/SED) and Former Foster Care Youth (FFCY)

Virginia Board of Medical Assistance Services

September 22, 2026

Virginia's 1115 Demonstration Waiver – BTCSSHV

Building and Transforming Coverage, Services, and Supports for a Healthier Virginia (Number: 11-W-00297/3)

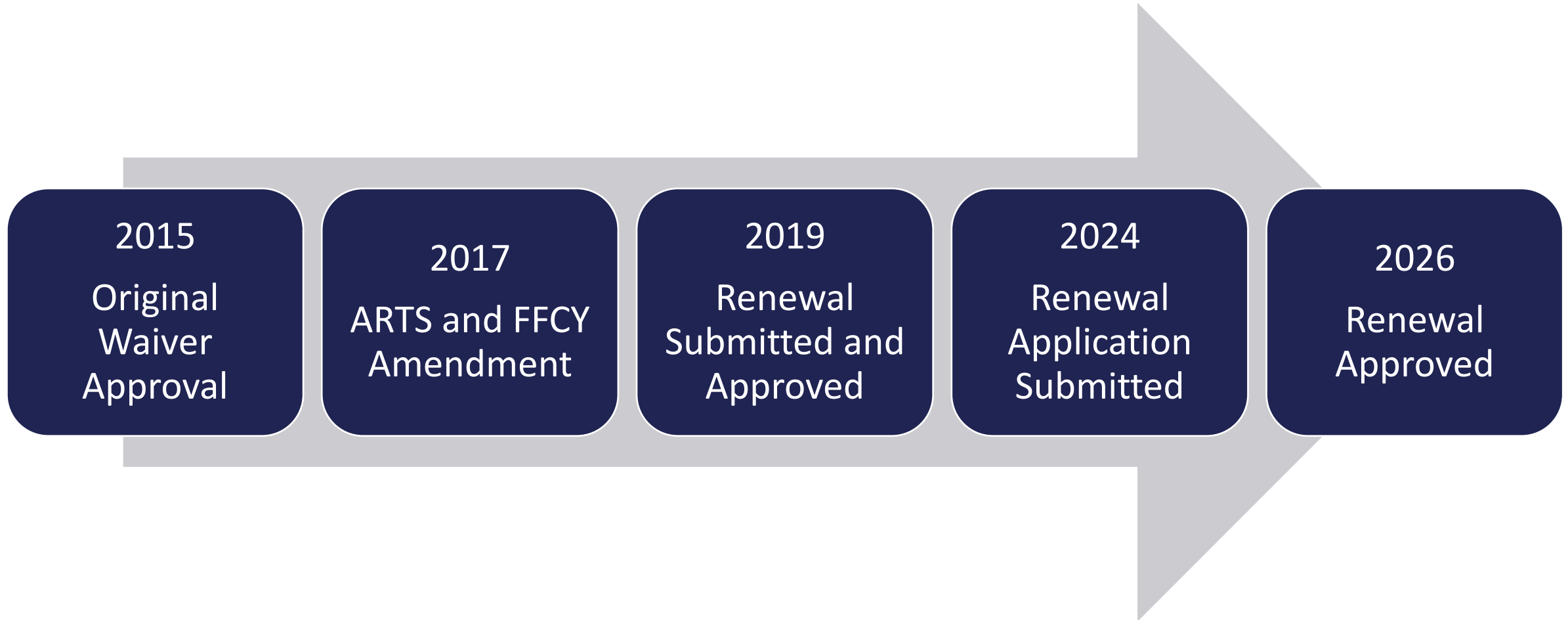
Virginia currently holds an 1115(a) Demonstration Waiver with the Centers for Medicare and Medicaid Services (CMS) entitled Building and Transforming Coverage, Services and Supports for a Healthier Virginia (BTCSSHV). This waiver provides substance use disorder (SUD), serious mental illness (SMI)/serious emotional disturbance (SED), and former foster care youth (FFCY) components to build upon Medicaid delivery system reforms already in place under Virginia's State Plan and Medicaid managed care program.

Virginia's 1115 Demonstration Waiver – BTCSSHV

Forum for Public Comment

The goal of this presentation is to provide the public with updates on the status of the BTCSSHV Demonstration Waiver and allow for the opportunity to provide meaningful comment on the progress of the demonstration.

Virginia's 1115 Demonstration Waiver - BTCSSHV



Virginia's 1115 Demonstration Waiver - BTCSSHV

In the 2024 renewal application, Virginia proposed extending the SUD and FFCY components of the Commonwealth's current 1115 demonstration to build upon Medicaid delivery system reforms already in place under Virginia's State Plan and Medicaid managed care program. Virginia also proposed removing High Needs Supports components due to lack of funding from the General Assembly.

This renewal application was approved by CMS on July 31, 2026, extending Virginia's demonstration "Building and Transforming Coverage, Services, and Supports for a Healthier Virginia" and its related activities:

1. Continuing to provide essential SUD services to all Medicaid enrollees through the ARTS benefit; and
2. Maintaining authority for coverage of FFCY who aged out of foster care in another state and turned 18 prior to January 1, 2023.
3. Federal authority to fund specified short-term SMI services in qualifying IMD settings that would otherwise be subject to federal IMD exclusion.

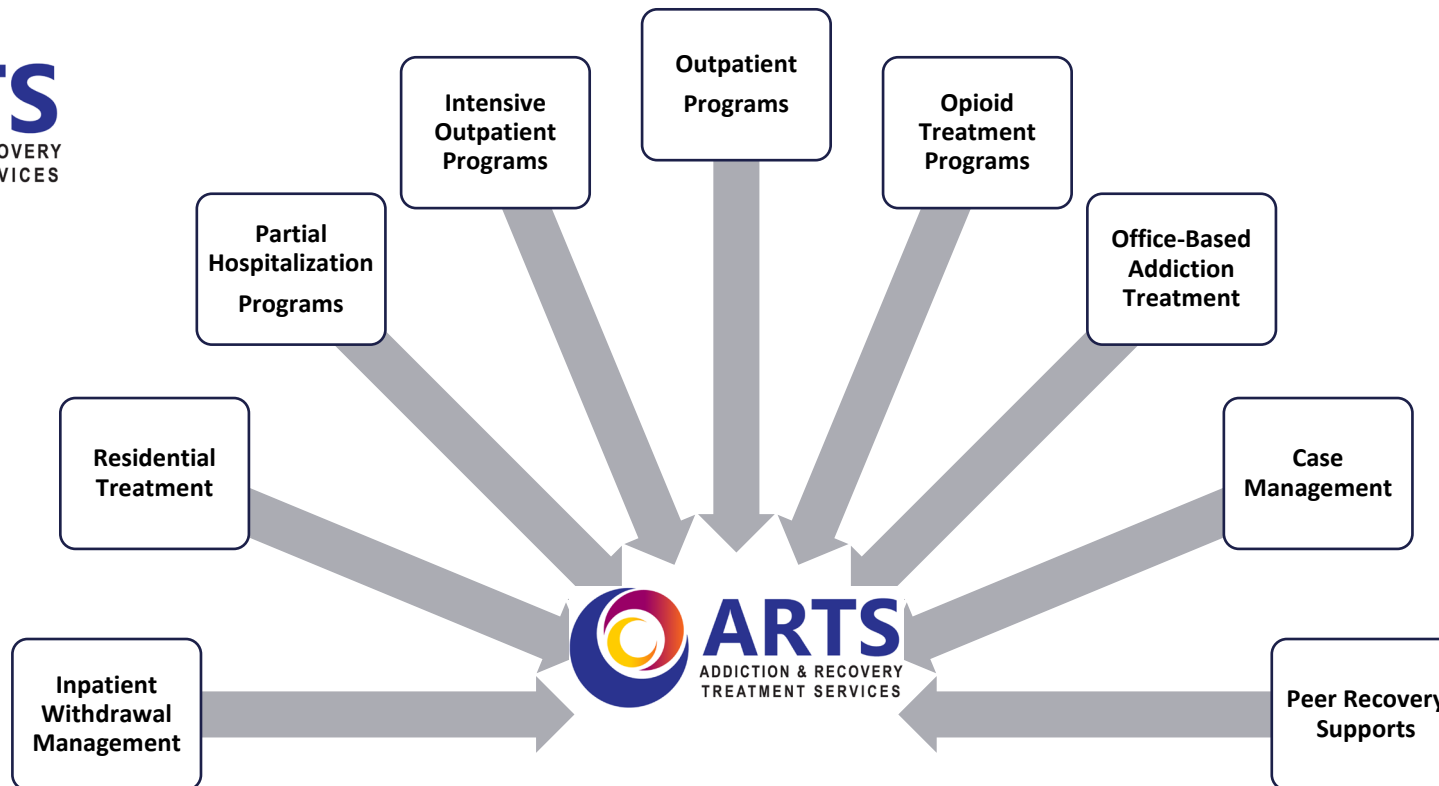
Former Foster Care Youth (FFCY)

- Youth who age out of foster care services are at a higher risk for a number of negative outcomes, including homelessness, incarceration, and substance use
- This expenditure authority allows individuals who turn 18 while in foster care in any state to continue receiving Medicaid coverage up to age 26
 - Goal: increase and strengthen overall coverage to improve health outcomes
- DMAS, state and local Departments of Social Services (DSS), and Managed Care Organizations (MCOs) coordinate efforts to effectively transition these members to adulthood
 - Beginning July 2025, FFCY members are automatically enrolled into Virginia's new Foster Care Specialty Plan through Anthem HealthKeepers Plus, but can choose to Opt-Out and select a different MCO at any time
 - Care Management contract and reporting requirements for MCOs & DMAS oversight
 - DMAS External Quality Review: Beginning in 2021, an annual Child Welfare Focus Study includes analysis of health care utilization of FFCY member population

Serious Mental Illness (SMI)/Serious Emotional Disturbance (SED)

- CMS approved Virginia's SMI 1115 demonstration authority effective August 1, 2026, allowing DMAS to use federal Medicaid funding for specified services for eligible individuals with serious mental illness in qualifying settings that are otherwise subject to the federal IMD exclusion
- This approval supports short-term inpatient for individuals with SMI in qualifying IMD settings, creates greater flexibility to strengthen the SMI crisis and inpatient continuum of care, supports better coordination between inpatient/crisis services and community-based care, and establishes federal quality, access, reporting, and oversight requirements that DMAS must meet
- DMAS must achieve a statewide average length of stay of no more than 30 days for members receiving treatment in an IMD setting through this demonstration

Virginia Medicaid SUD Benefit: Addiction & Recovery Treatment Services (ARTS)



ARTS offers a fully integrated physical and behavioral health continuum of care.

DMAS' goal is to ensure that members are matched to the right level of care to meet their evolving needs as they enter and progress through treatment.

Addiction and Recovery Treatment Services

- Due to federal 1115 Demonstration Waiver requirements, ARTS was built based on the American Society for Addiction Medicine (ASAM) continuum of care, which is a comprehensive model for SUD treatment, providing a full continuum of care for members to receive the most appropriate services in the most appropriate setting possible.
- This expenditure authority allows individuals who are aged 21 or older to receive high intensity treatment in behavioral health facility settings including psychiatric hospitals and residential treatment centers.
- This facet of the program is essential to managing hospital discharges effectively for individuals who demonstrate a higher level of support needed after a crisis or overdose event.

BTCSSHV – Evaluation Outcomes

CMS requires that states perform external evaluations of 1115(a) Demonstration Waivers. To meet this requirement, DMAS partners with the Department of Health Policy in the School of Public Policy at Virginia Commonwealth University (VCU).

In 2024, CMS accepted an Interim Evaluation Report from VCU that provided information concerning how successful the Demonstration Waiver has been in Virginia.

BTCSSHV – Evaluation Outcomes From External Evaluation

Increases in treatment providers.

- The number of buprenorphine waived prescribers treating Medicaid members more than doubled in the first two years of the waiver renewal, from 913 prescribers in 2020 to 1,900 prescribers in 2022.
- Difference-in-differences analyses show that the number of buprenorphine prescribers and SUD treatment facilities accepting Medicaid patients increased in Virginia after ARTS implementation in 2017 and Medicaid expansion in 2019, relative to other Southern non-expansion states.

Increases in utilization of ARTS services

- The number of members using ARTS services continued to increase in the first two years of the renewal, from 2,655 members using ARTS services per 100,000 members in 2020 to 2,911 per 100,000 members in 2022, a 9.6% increase.

BTCSSHV – Evaluation Outcomes From External Evaluation

Medications for Opioid Use Disorder (MOUD) treatment rates continue to increase

- MOUD treatment rates (the percent of members with diagnosed opioid use disorder (OUD) receiving MOUD treatment) continued to increase, from 69.7% in 2020 to 77.9% in 2022, a 12% increase.
- Since the year prior to ARTS implementation in 2017, MOUD treatment rates have increased from 43% in 2016 to 77.9% in 2022, an increase of 81%.

SUD-related emergency department (ED) and acute inpatient admissions stabilize in recent years

- The overall number of behavioral health-related acute inpatient admissions (for both SUD and mental health disorders) decreased in Virginia following implementation of the ARTS benefit in 2017, relative to admissions in North Carolina (which did not implement a similar benefit or Medicaid expansion). However, admissions in Virginia increased following Medicaid expansion 2019.

BTCSSHV – Evaluation Outcomes From External Evaluation

Care coordination and care transition services increase.

- Claims for care coordination services through OBAT and OTP providers increased 33% in the first two years of the renewal, from 11,085 claims in 2020 to 14,807 claims in 2022.
- Overall, 60% of respondents to a representative survey of members receiving ARTS services reported receiving assistance with other non-SUD services, including 26% who received help for a medical problem, 38% who received help with a mental health problem, and 18% who received help with housing, food, or employment.

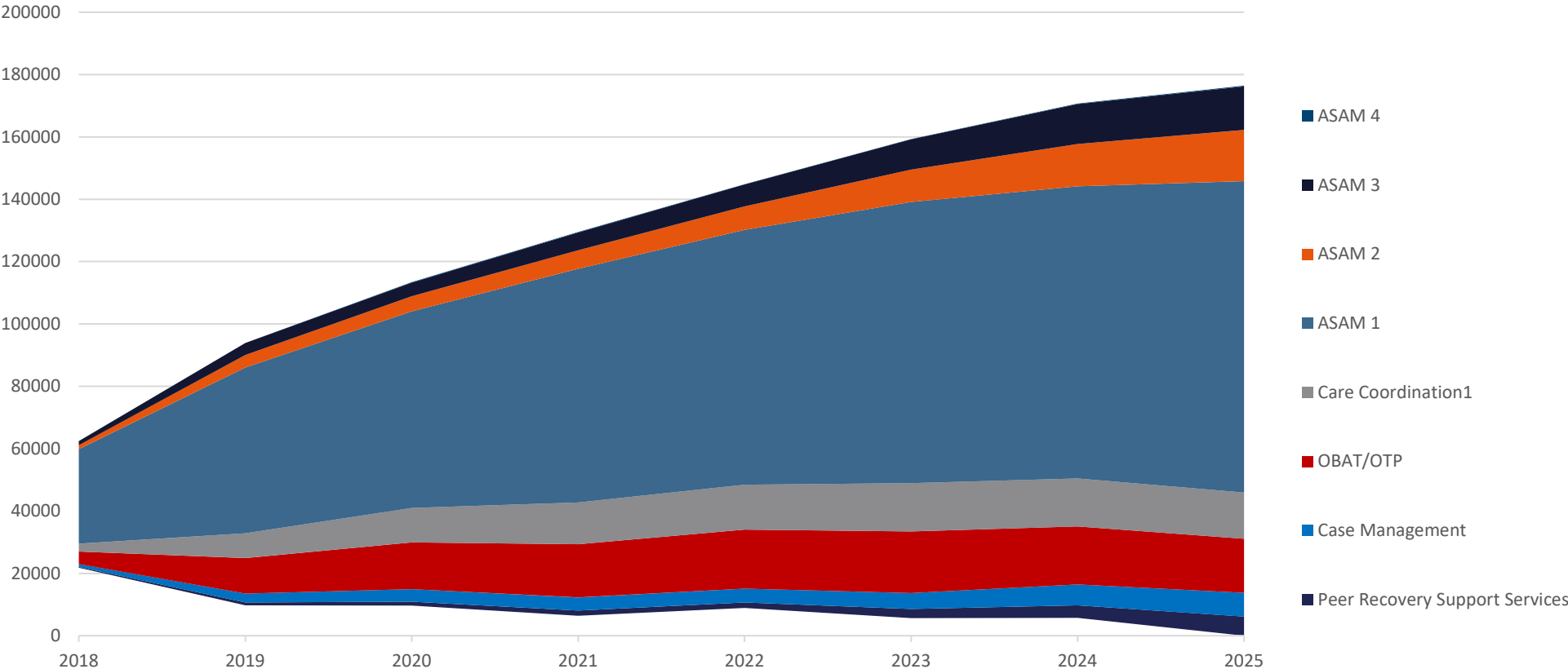
Decrease in fatal and nonfatal OUD-related overdoses

- After rising precipitously between 2018 and 2020, the number of fatal and nonfatal OUD related overdoses among Medicaid members decreased, from a high of 236 overdoses per 100,000 Medicaid members in 2021 to 208 overdoses per 100,000 members in 2022. The change in overdoses among Medicaid members during this period is similar to trends in fatal overdoses among all Virginians, as reported by the Virginia Department of Health and the Center for Disease Control and Prevention.

More members utilizing ARTS Services since Program Inception



Number of Members Receiving ARTS Services by Level of Care, 2018-2025



Questions and Public Comments



Thank you for your attention and feedback!

Questions

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