



# COMMONWEALTH of VIRGINIA

## *Department of Medical Assistance Services*

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**April 27, 2026**

### **MEMORANDUM**

**TO:** The Honorable Luke E. Torian  
Chair, House Appropriations Committee

The Honorable L. Louise Lucas  
Chair, Senate Finance and Appropriations Committee

**FROM:** Steve Ford  
Director, Virginia Department of Medical Assistance Services

**SUBJECT:** Private Hospital Physician – Supplemental Payments Report, FY2025

This report is submitted in compliance with Item 288.OO.9.c. of the 2025 Appropriation Act, which states:

*The purposes to which the additional payments authorized in paragraph OO.9.b. of this Item shall be applied include: (i) increasing and enhancing access to outpatient care for Medicaid recipients; (ii) stabilizing and supporting critical healthcare workforce needs; and (iii) advancing the department's health and quality improvement goals; these shall contain specific measurable outcomes that will be approved, and monitored by the Department quarterly. Payment shall be dependent on progress towards goal attainment on all three programs no later than October 1. The department, with the assistance of the participating organizations, shall report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by December 1 of each year on the impact of this initiative.*

Should you have any questions or need additional information, please feel free to contact me at (804) 664-2660.

SF/wrf

Enclosure

Pc: The Honorable Marvin B. Figueroa, Secretary of Health and Human Resources

# Annual Update on Outcomes: Supplemental Payments to Private Hospitals for Physician Services

March 2026

## Report Mandate:

Item 288.OO.9.c. of the 2025 Appropriation Act states:

The purposes to which the additional payments authorized in paragraph OO.9.b. of this Item shall be applied include: (i) increasing and enhancing access to outpatient care for Medicaid recipients; (ii) stabilizing and supporting critical healthcare workforce needs; and (iii) advancing the department's health and quality improvement goals; these shall contain specific measurable outcomes that will be approved, and monitored by the Department quarterly. Payment shall be dependent on progress towards goal attainment on all three programs no later than October 1. The department, with the assistance of the participating organizations, shall report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by December 1 of each year on the impact of this initiative.

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## Background

Item 288.OO.9 of the 2025 Appropriation Act requires the Department of Medical Assistance Services (DMAS) to make supplemental payments and managed care directed payments to private hospitals for physician services effective July 1, 2024. These private hospitals and related systems must execute affiliation agreements with public entities that are capable of transferring funds to the department for purposes of covering the non-federal share of the authorized payments.

DMAS selected specific, measurable quality metrics aligned with the requirements of Item 288.OO.9.b. of the 2025 Appropriation Act to support the objectives of the physician supplemental payment initiative and track accountability. Each metric is tied to one of the three statutory purposes and is monitored quarterly to assess progress toward goal attainment.

### **Goal (i): Increasing and enhancing access to outpatient care for Medicaid recipients**

Two measures support this goal: *Chronic Health Condition Management* and *Maternity After Hours Access*. The *Chronic Health Condition Management* measure assesses access to effective outpatient care for Medicaid members with select chronic conditions, with a focus on reducing potentially avoidable hospitalizations. The *Maternity After Hours Access* measure evaluates the increased availability and access of timely pre and postnatal care outside standard business hours, supporting identification of complications and improved

maternal and infant health outcomes.

**Goal (ii): Stabilizing and supporting critical health care workforce needs**

The *Nursing Retention and Turnover* measure evaluates workforce stability by assessing nursing retention. Maintaining a stable nursing workforce supports continuity of care, patient safety, and overall care quality.

**Goal (iii): Advancing the department’s health and quality improvement goals**

The *Screening, Brief Intervention, and Referral to Treatment (SBIRT)* measure assesses the use of evidence-based screening to identify substance use risk and facilitate early intervention and referral to treatment, supporting improved health outcomes and prevention of adverse health consequences.

**Participating Providers**

DMAS currently has three private hospitals participating with executed affiliation agreements:

<b>Private Hospital</b>	<b>Affiliated Public Entity</b>
Sentara Norfolk General	Eastern Virginia Medical School (EVMS)
Riverside Hospital	City of Newport News
Valley Health System	City of Winchester Winchester Public Schools Town of Woodstock

**Annual Update**

DMAS issued the state fiscal year (SFY) 2025 managed care portion of the supplemental payments in December 2025. At this time, only the managed care portion may be paid because the CMS has approved the managed care state directed payment preprint but has not yet approved the associated State Plan Amendment.

DMAS has designated SFY 25 as the baseline year for the associated quality measures and is collecting data from participating providers. Baseline data will be included in the SFY 26 report. SFY 2026 will be the first year in which supplemental payments may be reduced if the required quality benchmarks are not achieved.

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**About DMAS and Medicaid**

The mission of the Virginia Medicaid agency is to improve the health and well-being of Virginians through access to high-quality health care coverage. The Department of Medical Assistance Services

(DMAS) administers Virginia's Medicaid and CHIP programs for over 2 million Virginians. Members have access to primary and specialty health services, inpatient care, dental, behavioral health as well as addiction and recovery treatment services. In addition, Medicaid long-term services and supports enable thousands of Virginians to remain in their homes or to access residential and nursing home care.

Medicaid members historically have included children, pregnant women, parents and caretakers, older adults, and individuals with disabilities. In 2019, Virginia expanded the Medicaid eligibility rules to make health care coverage available to more than 600,000 newly eligible, low-income adults.

Medicaid and CHIP (known in Virginia as Family Access to Medical Insurance Security, or FAMIS) are jointly funded by Virginia and the federal government under Title XIX and Title XXI of the Social Security Act. Virginia generally receives an approximate dollar-for-dollar federal spending match in the Medicaid program. Medicaid expansion qualifies the Commonwealth for a federal funding match of no less than 90% for newly eligible adults, generating cost savings that benefit the overall state budget.