



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

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October 1, 2026

MEMORANDUM

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

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

Michael Maul
Director, Department of Planning and Budget

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

SUBJECT: Annual Report: Civil Money Penalty Reinvestment Funds FY 26

This report is submitted in compliance with Item 295.V.6. of the 2026 Appropriation Act, which states:

By October 1 of each year, DMAS shall provide an annual report for the previous fiscal year that includes the amount of revenue collected and spending activities to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees and the Director, Department of Planning and Budget (DPB).

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 Report: Civil Money Penalty Reinvestment Funds

FY 26

October 2026

Report Mandate:

Item 295.V6. of the 2026 Appropriation Act states:

By October 1 of each year, DMAS shall provide an annual report for the previous fiscal year that includes the amount of revenue collected [in civil money penalties levied against and collected from Medicaid nursing facilities for violations of rules identified during survey and certification as required by federal law and regulation] and spending activities to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees and the Director, Department of Planning and Budget (DPB).

Executive Summary

Civil Money Penalties (CMPs) are monetary penalties that the Centers for Medicare and Medicaid Services (CMS) may impose on nursing facilities for each day or instance of noncompliance with Medicare and Medicaid participation requirements. A portion of these funds are returned to the state and may be reinvested into activities that protect or benefit residents of Virginia's nursing facilities. The Virginia General Assembly appropriates the Commonwealth's CMP funds for uses allowable by CMS. Virginia

must maintain an emergency reserve of funds to provide assistance, support, and protection for residents in the event that a facility closes, loses certification, or experiences an emergency or natural disaster. Funds in excess of the emergency reserve may be used for special projects that benefit residents and improve quality of life or care. The Department of Medical Assistance (DMAS) has the responsibility to administer and disburse CMP Reinvestment Funds as approved by CMS.

In State Fiscal Year (FY) 2026, DMAS continued administration of the Civil Money Penalty Reinvestment Program (CMPRP), overseeing the activities and funding of special projects to improve quality of care and quality of life for residents of nursing facilities (NFs) in the Commonwealth. In addition to the CMPRP, DMAS sought and gained approval from CMS to use CMP reinvestment funds to carry out training opportunities for nursing facility staff under the Nursing Facility Quality Improvement Program (NFQIP)¹.

On September 29, 2025, CMS updated the policies and procedures for the use of CMP reinvestment funds. These updates included streamlining the approval process by creating a centralized application review process and modifying reporting policies. The updates also increased project funding caps from \$5,000 to \$6,000 per facility per year. Finally, the updates have expanded allowable uses of funds to include workforce development

¹ Chapter 2, Acts of Assembly (Virginia, 2022)

projects, behavioral health projects, and a broader definition of allowable technologies.

On July 1, 2025, the Virginia CMP Fund held \$13,840,471. During the year, facility penalty payments totaled \$1,702,240. Fund expenditures totaled \$636,424. Net accounts payable accruals to clear in SFY27 totaled (\$10,484). This resulted in a year-end balance of \$14,895,803 in the CMP Fund.

Fund Balance and Spending Activities

Expenditures during FY26 include funds spent on i) active CMPRP projects; ii) active NFQIP projects; iii) projects from previous years granted extensions; iv) project invoices from previous fiscal years paid in the current fiscal year; v) and costs associated with administering the program.

SFY 26 CMP Fund Balance	
Beginning balance as of July 1, 2025	\$13,840,471
Penalties Received	\$1,702,240
Expenditures	(\$636,424)
Net Accounts Payable	(\$10,484)
Ending Balance	\$14,895,803

SFY 26 Expenditures	
Active CMPRP Projects	\$436,140
Active NFQIP Projects	\$200,038
Administrative Costs	\$246
Total	\$636,424

CMPRP Overview

CMP Reinvestment projects may be awarded funding for up to three years. Funding past the first year is contingent upon results and deliverables. Ten CMPRP projects were active in FY26. Approximately 70 of Virginia's 290 nursing facilities (about 24%) participated in at least one CMPRP project in FY26. Of the 70 participating facilities, 31% (n=22) have overall quality ratings of one star or two stars through the CMS Five-Star Quality Rating System.

SFY26 CMPRP Active Projects		
Number of Projects	Funds Expended	NFs Participating
10	\$436,140	70

NFQIP Overview

Virginia's NFQIP provides resources to the Commonwealth's nursing facilities and nursing facility staff to support efforts to improve the quality of life and quality of care for residents. NFQIP projects differ from traditional projects in that DMAS is the entity approved by CMS to use CMP reinvestment funds. Per CMS, projects carried out by state agencies must adhere to different funding parameters. However, like those in CMPRP, these projects may also be awarded up to three years of funding. During FY26, DMAS, through an Interagency Agreement (IAG) with Virginia Commonwealth University (VCU) delivered three trainings for facility staff and began work on a fourth. These training courses are open to all facilities in the Commonwealth.

Relocation Expenses

As required by CMS program guidance, the Commonwealth has set aside \$1,000,000 to cover emergency assistance, including support and protection of residents of a facility that closes (voluntarily or involuntarily) or is decertified (including offsetting costs of relocating residents to home and community-based settings or another facility, etc.), or other appropriate emergency needs.

CMPRP Project Activities and Spending

CMPRP Projects Completed in FY26

The following four CMPRP projects concluded during FY26:

Cognitive Wellness Environment

Saber Health Care's Cognitive Wellness Environment Project enhanced the therapeutic memory care environments of four participating facilities by offering residents with dementia opportunities to reminisce using life skills stations in "roles" they once performed, and by providing sensory equipment to create a calming space within the memory care neighborhood. Residents demonstrated greater interest and participation in daily activities after implementation of the project's goals. Seventy percent of participating residents maintained or improved PHQ9 scores, which measure severity of depression. This aligns with reports from families and staff noting positive shifts in residents' behavior, mood, and interpersonal interactions. In FY26, funding supported the implementation of life skills stations in four Saber Health Care facilities.

- **Total Award:** \$18,760 over one year
- **Total Expenditures:** \$13,362
- **SFY26 Expenditures:** \$13,362

Dementia Live: A Foundational Experiential Education Tool Leading to Competent and Empathetic Care Partners for Persons Living with Dementia

Dementia Live is an experiential education program delivered by Age-u-cate Training Institute that simulates cognitive and sensory impairments, giving participants a real-life, in-their-shoes experience of what it feels like living with dementia. Residents with dementia benefit when staff encourage them using a person-centered approach. Over the course of one year, staff at nine nursing facilities participated in the project. Due to high rates of facility staff and leadership turnover at participating facilities, only 37% of participating staff completed the six-hour online training program and became certified Dementia Live coaches.

- **Total Award:** \$49,394 over one year
- **Total Expenditures:** \$49,394
- **SFY26 Expenditures:** \$11,562

Memory Care Enhancements (Two Projects)

Davis and McDaniel Veterans Care Center and Sitter Barfoot Veterans Care Center were funded separately for similar projects to enhance their respective memory care units by purchasing sensory items to reduce loneliness and ease anxiety of residents within their respective memory care units. The sensory items were used to provide cognitive, physical, social, and sensory stimulation to improve mood and reduce anxiety in residents. Both facilities reported that use of the items proved successful in promoting wellbeing and decreasing distress. Residents at Davis and McDaniel Veterans Care Center averaged an 83% decrease in socially inappropriate behaviors. At Sitter Barfoot, an estimated 50%- 67% of residents demonstrated a reduction in behaviors related to anxiety and an estimated 75% - 100% of residents experienced improved quality of life.

- **Total Award:** Davis and McDaniel - \$4,913; Sitter Barfoot - \$4,968; each over one year
- **Total Expenditures:** Davis and McDaniel - \$3,713; Sitter Barfoot - \$560
- **SFY Expenditures:** Davis and McDaniel - \$3,713; Sitter Barfoot - \$560

CMPRP Projects Ongoing in FY26

The following two CMPRP projects were approved for funding prior to FY26 and are still ongoing at the close of FY26:

Dementia Certified Practitioner Training

Friendship Foundation's Certified Dementia Practitioner Training project seeks to address the gap in the number of staff who specialize in working with individuals with dementia. Over three years, 90 direct-care staff from three Friendship facilities (30 staff from each facility) will be trained to become Certified Dementia Practitioners (CDPs). Of those trained as CDPs, 12 staff

will be trained to become Certified Alzheimer's Disease and Dementia Care Trainers (CADDCTs). In FY26, funding supported CDP training for 26 staff across three Friendship facilities. Four of those trainees also became CADDCTs who will train other staff. This brings current totals to 39 CDP certifications and 8 CADDCT certifications.

- **Total Award:** \$40,620 over three years.
- **Total Expenditures:** \$26,231
- **SFY Expenditures:** \$13,091

The Java Project: Addressing Social Isolation and Loneliness

The goal of the Java Project is to improve the quality of life for residents in facilities by decreasing loneliness and social isolation through the implementation of three evidence-based, standardized, peer-support activity programs. LeadingAge Virginia is implementing the three activities at participating nursing facilities over three years starting with JAVA Music in year one (FY25), JAVA Memory ("Java Time") in year two (FY26), and JAVA Mentorship in year three (FY27). In FY 26, residents at 11 facilities participated in Java Memory. The project reports a 14% decrease in social isolation and 20% decrease in loneliness, with a 23% increase in happiness among observed residents at these facilities.

- **Total Award** Awarded \$253,485 over three years
- **Total Expenditures:** \$161,154
- **SFY Expenditures:** \$81,428

CMPRP Projects Beginning in FY26

The following projects were approved by CMS to use CMP Reinvestment Funds beginning in FY26 to improve the quality of life or care for residents of Virginia's nursing facilities:

Reducing Loneliness and Increasing Engagement Through In-Room Visits from a Miniature Horse

Goodwin House aims to improve resident life satisfaction by reducing loneliness and social isolation via high-touch, interactive visits with a miniature horse at four facilities. This unique program provides residents, particularly those confined to their rooms or unable to engage in other activities, with an emotionally enriching experience that enhances their quality of life. The miniature horse visits are specifically designed to accommodate individuals with physical challenges that make it difficult to leave their rooms or apartments, as the horse is trained to interact comfortably at bed height. To date, 87% of participating residents demonstrated active or moderate engagement during the visits, and 100% of participating residents demonstrated a positive change in mood after a visit.

- **Total Award:** \$59,400 over three years

- **Total Expenditures:** \$4,650
- **SFY Expenditures:** \$4,650

Friendship Life Skills Activities

Friendship Life Skill Activities, implemented by Friendship Foundation, directly benefits residents by providing supplies for life skill activities stations that simulate laundry, gardening, childcare, and other daily living skills for individuals, especially those experiencing dementia, living at three facilities (Friendship Health and Rehab Center, Friendship Health and Rehab Center South, and Friendship Richfield Health Center). Because of the expanded capacity for engaging and therapeutic activities these supplies provide, this project improves the quality of life of all the residents at Friendship's three nursing facilities. To date, 37% of participating residents have seen improvement in Minimum Data Set (MDS) scores relating to disruptive or distressing behaviors.

- **Total Award:** \$13,076 over one year
- **Total Expenditures:** \$13,076
- **SFY Expenditures:** \$13,076

Immersive Empathy: Training that Improves Quality of Care for Residents

LeadingAge Virginia, in partnership with Embodied Labs, is engaging staff at 20 facilities in a web-immersive training that emulates common chronic conditions of residents. The training improves staff empathy and knowledge, resulting in increased staff confidence in providing care, deepened understanding of care recipient needs, and reduced work-related stress and burnout. The project has completed taking baseline measurements and is actively training staff at participating facilities.

- **Total Award:** \$199,957 over two years
- **Total Expenditures:** \$97,554
- **SFY Expenditures:** \$97,554

2SeeMe – An Activities Program to Improve Quality of Life

The goal of this program by 2NOOME, LLC is to enhance mood, well-being and socialization through an understanding of residents' life stories. The project provides training and supports to staff at 28 participating facilities as well as hardcover and electronic books so residents can create biological life story books. Anticipated outcomes for participating residents in this evidence-based program are to enhance quality of life by increasing social engagement, psychological health and satisfaction with the program. Twenty-three facilities have received the training thus far and baseline data has been collected.

- **Total Award:** \$419,496 over three years

- **Total Expenditures:** \$93,499
- **SFY Expenditures:** \$93,499

NFQIP Project Activities and Spending

DMAS is partnering with VCU Gerontology to provide training to nursing facilities aimed at improving nursing facility quality in Virginia. In FY26, all 290 facilities in the state had access to three training opportunities via the DMAS NFQIP. A fourth training was approved by CMS to use CMP Reinvestment funds and initial activities to get the training up and running began just prior to the close of the fiscal year.

Person-Centered Trauma-Informed Care Training Series

This three-course series offers 15 distinct self-paced virtual modules exploring person-centered, trauma-informed care to equip nursing facility staff with the ability to respond to the unique needs of the dynamic and diverse nursing facility resident population. In FY26, facilities had access to five modules in course one. Course two will be released in FY27, and course three will be released in FY28. To date, 60 individuals have enrolled in course one, and 6 individuals have received badges of completion.

- **Total Award:** \$260,100 over three years
- **Total Expenditures:** \$92,640
- **SFY Expenditures:** \$74,975

Deepening Your Person-Centered Dementia Care Practice: A Learning and Relearning Journey

This three-year virtual dementia care training program aims to enhance the quality of dementia care in Virginia's 290 facilities by equipping staff at all levels with innovative, evidence-based knowledge and practical strategies. The training, offered via 12 live webinars, fosters a culture of learning and listening by integrating the voices and experiences of people with dementia and of direct care providers. One month after each webinar, participants can come back together with experts in a "Huddle Up" session to ask questions, share successes and challenges, and learn from others. During FY26, six webinars and five Huddle Ups occurred. An estimated 120 facilities were represented by webinar attendees. Attendees that complete the post-webinar survey overwhelmingly report increases in knowledge, competence, and confidence.

- **Total Award:** \$261,000 over three years
- **Total Expenditures:** \$83,123
- **SFY Expenditures:** \$83,123

Pathways to Quality: Advancing Nursing Home Care for Better Outcomes

This six-part training series offers 12 free webinars on improving quality of care. Each 120-minute interactive workshop takes a deep dive into best practices for understanding and managing a specific value-based purchasing measure. One month after each webinar, an optional, one-hour Huddle-Up Session is offered to participants as an opportunity to engage more deeply. About 85 facilities were represented by attendees of the two webinars that occurred during FY26. Feedback from attendees has been positive although the number of facility staff completing the post-webinar survey has been minimal.

- **Total Award:** \$261,000 over three years
- **Total Expenditures:** \$41,939
- **SFY Expenditures:** \$41,939

Moments that Matter Most: Ethical Decision Making in Resident Care

This series of eight webinars and optional Huddle Ups equips nursing facility staff with practical tools and strategies to recognize, navigate, and respond to complex decisions and ethical challenges in everyday nursing home care with compassion, professionalism, and person-centered care. Work on this series began in June 2026 and the first webinar will occur in October 2027. No funds were expended in FY26.

- **Total Award:** \$174,000 over two years
- **Expenditures:** None to date

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 approximately 1.7 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.