JOINT COMMISSION ON HEALTH CARE

STRATEGIES FOR LEGISLATIVE OVERSIGHT OF MEDICAID PROGRAM SPENDING

REPORT TO THE GOVERNOR AND THE
GENERAL ASSEMBLY OF VIRGINIA

REPORT DOCUMENT #67

COMMONWEALTH OF VIRGINIA
RICHMOND
2026

Code of Virginia § 30-168.

The Joint Commission on Health Care (the Commission) is established in the legislative branch of state government. The purpose of the Commission is to study, report and make recommendations on all areas of health care provision, regulation, insurance, liability, licensing, and delivery of services. In so doing, the Commission shall endeavor to ensure that the Commonwealth as provider, financier, and regulator adopts the most cost-effective and efficacious means of delivery of health care services so that the greatest number of Virginians receive quality health care. Further, the Commission shall encourage the development of uniform policies and services to ensure the availability of quality, affordable and accessible health services and provide a forum for continuing the review and study of programs and services.

The Commission may make recommendations and coordinate the proposals and recommendations of all commissions and agencies as to legislation affecting the provision and delivery of health care. For the purposes of this chapter, "health care" shall include behavioral health care.

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Strategies for Legislative Oversight of Medicaid Program Spending

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Option: Submit legislation to direct the JLARC or the JCHC to provide oversight of the Medicaid program and a budget amendment to add four additional staff positions to JLARC or the JCHC to carry out oversight activities. (Option 2, Page 15)

Option: Submit a budget amendment to direct the Joint Subcommittee on Health and Human Resources Oversight to provide continuous oversight of Medicaid and to clarify the roles and responsibilities of supporting agencies. (Option 3, Page 16)

Option: Submit a budget amendment to add two staff positions to both the House Appropriations and Senate Finance and Appropriation Committees. (Option 4, Page 17)

FINDINGS IN BRIEF

State oversight of the Medicaid program is necessary to ensure proper program implementation and appropriate use of funds

States may implement oversight activities to ensure state funds are used effectively and efficiently to accomplish the purpose and goals of the Medicaid program. In Virginia, the Department of Medical Assistance Services (DMAS) is responsible for administering the Medicaid program consistent with guidelines established and within the limits of funding appropriated by the General Assembly. Given the current growth in the cost and complexity of the program, additional efforts may be needed to improve the ongoing monitoring and analysis of the Medicaid program.

The General Assembly has implemented several strategies to enhance oversight of Medicaid program spending

Current oversight efforts include: (1) directing DMAS to report data and information about the Medicaid program to the General Assembly, (2) expanding the role of the General Assembly and legislative staff in the Medicaid forecasting process, (3) establishing the Joint Subcommittee for Health and Human Resources Oversight, and (4) directing the Joint Legislative Audit and Review Commission to study and provide analyses of Health and Human Resources agencies.

Current efforts provide information and data on the Medicaid program but do not incorporate all aspects of program oversight

Overall, current oversight efforts provide legislators with information and data on the Medicaid program but do not incorporate all aspects of program oversight. Oversight efforts are dispersed among numerous entities and are not structured or staffed to provide continuous, proactive, and preventative monitoring and analysis of the data and information received.

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Strategies for Legislative Oversight of Medicaid Program Spending

Virginia's Medicaid program provides health care to low-income individuals and, in terms of state dollars invested, is one of the largest programs in Virginia. As stewards of taxpayer dollars, the General Assembly strives to ensure that the Medicaid program runs efficiently while also serving Medicaid recipients appropriately. In response to significant additional investment in Medicaid over the past decade, the Virginia General Assembly has implemented some legislative oversight of program spending by requiring additional reports from the state Medicaid agency, creating external committees and councils, and increasing involvement of legislative staff and legislative agencies in the Medicaid forecasting process; however, enhancing current efforts could provide more comprehensive oversight of Medicaid program spending in Virginia.

To better understand how legislative efforts to provide oversight of the Medicaid program could be improved, in the spring of 2025, the Joint Commission on Health Care (JCHC) asked staff to:

- Describe past efforts to establish legislative oversight of Medicaid program spending in Virginia,
- Describe strategies for legislative oversight of Medicaid program spending adopted by other states' legislatures, and
- Provide policy options for establishing legislative oversight of Medicaid program spending in Virginia.

Program oversight requires continuous monitoring, reviewing, and evaluating a program's performance

Program oversight is continuous monitoring, reviewing, and evaluating of a program's performance to ensure compliance with laws and regulations, efficiency and effectiveness, and achievement of program goals. Effective oversight should include a clear definition of the program purpose and objectives, collection of adequate and appropriate data and information, analysis of data and information collected to evaluate program outcomes, recommendations for corrective courses of action and future program direction, and opportunity for follow-up and evaluation of the impact of corrective actions undertaken. Oversight functions can be preventative, as an early component of program implementation to identify issues as they occur, or they can be reactive and event-driven, as a response to a problem that has already occurred to understand the conditions that allowed the issue to arise. Preventative oversight requires continuous and regular monitoring, while event-

driven oversight is discrete and targeted, often carried out through an audit or investigation.

Effective program oversight requires clearly defined roles and responsibilities for entities tasked with providing oversight to ensure activities are carried out consistent with intent, access to information and data necessary to evaluate program implementation and outcomes, and adequate staff to conduct oversight activities. Clearly defining roles and responsibilities of an entity tasked with carrying out program oversight provides structure necessary for continuity and consistency regardless of personnel changes.

In government, program oversight is a vital component of checks and balances between the legislative branch, which delegates authority to implement programs and provides funding to support program operations, and the executive branch, charged with implementing and administering programs within the scope of the authority delegated and appropriation provided. Program oversight ensures government programs accomplish their purpose and goals and that public funds are appropriately managed. In the context of state Medicaid programs, effective oversight can ensure state and federal funds are used efficiently to provide quality health care services to eligible individuals while limiting the fiscal impact of programs and ensuring appropriated funds are spent for the greatest benefit of Medicaid members. Information about program design, implementation, operation, spending, and outcomes can inform and guide decisions about the program.

Federal and state governments have a shared responsibility to oversee state Medicaid programs

Medicaid is a joint federal and state program that provides health care coverage to low-income individuals. The federal and state governments share responsibility for operating Medicaid programs and ensuring the programs' overall fiscal integrity. Federal law and regulations establish basic standards for state Medicaid programs while granting states flexibility to design and administer their Medicaid programs consistent with those standards.

Responsibility for funding state Medicaid programs is similarly shared between the federal and state governments. Federal rules require states to pay a share of the cost for Medicaid services, while guaranteeing federal financial participation to cover the remainder of the cost. The amount of federal funds paid to states for services provided to covered individuals varies – federal rules establish a minimum matching rate of 50 percent of the cost of services provided but provide for higher match rates for states with lower per capital income. Federal rules also establish higher matching rates for services provided to individuals in certain eligibility categories. For example, the Federal Medical Assistance Percentage (FMAP) (SIDEBAR) for services provided to adults who became

Federal Medical Assistance Percentage (FMAP) is the amount of federal matching funds for state expenditures for Medicaid and the Children's Health Insurance Programs.

eligible for Medicaid coverage because of the Patient Protection and Affordable Care Act, also referred to as the Medicaid expansion population, is 90 percent, with states required to pay 10 percent of the cost of these services. Because Medicaid is an entitlement program, states must provide covered services to all eligible individuals and cannot cap enrollment or program spending. This means that any individual who meets the state's eligibility requirements is guaranteed coverage, and the federal government is obligated to provide matching funds for state spending on these services.

Medicaid is one of the largest programs and one of the largest drivers of spending for both the federal and state governments. In Fiscal Year (FY) 2024, federal spending on the Medicaid program totaled approximately $593 billion. That same year, Virginia spent just over $22 billion on the state's Medicaid program, including $7.9 billion of state general funds and $14.4 billion in federal matching funds. As stewards of public funds, the federal and state governments have an obligation to ensure funds are spent appropriately and consistently with the program's purpose and rules.

CMS provides federal oversight of the Medicaid program

The Centers for Medicare & Medicaid Services (CMS) is the federal agency responsible for Medicaid program administration. Federal rules require each state that wishes to establish a Medicaid program to submit a written state plan for medical assistance services to CMS for approval (SIDEBAR). State plans must conform to federal rules regarding scope, content, and administration of the Medicaid program. States may update plans for medical assistance services through state plan amendments (SPAs) or may request waivers (SIDEBAR) of specific requirements applicable to state plans; both SPAs and waiver applications must be reviewed and approved by CMS prior to implementation. CMS review of state plans, SPAs, and waivers ensures that state Medicaid programs conform to federal requirements.

Virginia's State Plan for Medical Assistance Services is an agreement between Virginia and the federal government describing how Virginia administers its Medicaid program. It gives an assurance that a state will abide by federal rules and may claim federal matching funds for its program activities. The state plan sets out groups of individuals to be covered, services to be provided, methodologies for providers to be reimbursed and the administrative activities that are underway in Virginia.

State Medicaid programs have primary responsibility for program integrity and must include, as a part of their state plan, provisions for program integrity activities intended to reduce waste, fraud, and abuse in the Medicaid program. Program integrity activities ensure that federal and state taxpayer dollars are spent appropriately on delivering quality, necessary care. The Department of Medical Assistance Services' (DMAS) Program Integrity Division (PID) is responsible for carrying out these activities in

A Medicaid Waiver allows states to "waive" certain Medicaid program requirements to provide services or cover beneficiaries not normally covered by the Medicaid program or to experiment with new approaches to delivering or paying for health care services.

Virginia. CMS periodically reviews state program integrity activities for accuracy and completeness. Focused Program Integrity Reviews ensure that: (1) states are in compliance with federal rules, (2) eligibility decisions are accurate, (3) providers meet all participation requirements, (4) services provided to enrollees are medically necessary and appropriate, and (5) provider payments are accurate and correct. In April of 2021, CMS conducted a Focused Program Integrity Review of Virginia's managed care program and program integrity activities performed by selected managed care organizations (MCOs) under contract with DMAS. Results of this review were positive, with CMS identifying three recommendations that required DMAS to provide a corrective action plan.

CMS also requires states to report projected and actual state Medicaid program expenditures each quarter. Information about projected expenditures is used to compute the amount of FMAP CMS will transfer to the state to fund program operations for that quarter. At the end of each quarter, CMS reviews reports of actual program expenditures to determine whether payments should be adjusted to reconcile amounts paid with actual program spending.

CMS oversight activities are intended to ensure that federal Medicaid program funds are spent appropriately and are consistent with federal rules to effectively and efficiently accomplish program goals and objectives. Review of state plans, evaluation of state program integrity activities, and monitoring of state Medicaid program spending allows CMS to examine how state Medicaid programs operate and ensure states act in a timely manner to prevent waste, fraud, or abuse. When issues with state program operations are identified, CMS works with the state to correct the problem. If a state refuses or is unable to correct problems identified, CMS can use enforcement mechanisms to incentivize compliance, including recouping federal funds previously paid for expenditures subsequently found to be inappropriate.

State oversight of the Medicaid program is necessary to ensure appropriate program implementation and appropriate use of funds

While CMS is required to review and approve state Medicaid plans, SPAs, and waivers, and provides oversight of state Medicaid program administration through reviews of program integrity activities and monitoring of state Medicaid program spending to ensure appropriate use of federal funds, most decisions about how state Medicaid programs operate are largely left up to the states. States may implement oversight activities of their own to ensure state funds are used to effectively and efficiently accomplish the purpose and goals of the Medicaid program.

In Virginia, DMAS is responsible for administering the Medicaid program consistent with direction provided by and within the limits of funding appropriated by the General Assembly. For the 2024-2026 biennium, the General Assembly appropriated $53.8 billion to DMAS to operate the state's Medicaid program. This represents almost one-third of the state's operating budget of $185.3 billion. Although, the General Assembly has implemented

several strategies to enhance oversight of Medicaid program spending and performance, given the current growth in the cost and complexity of the program, additional efforts may be needed to improve monitoring and oversight of the program to provide the information and analyses the General Assembly needs to make informed decisions about the Medicaid program.

Legislative efforts have increased transparency and provide some oversight of Virginia's Medicaid program

The General Assembly has taken steps to gain insight into the Medicaid program by: (1) directing DMAS to report data and information about the Medicaid program to the General Assembly, (2) expanding the role of the General Assembly and legislative staff in the Medicaid forecasting process, (3) establishing the Joint Subcommittee for Health and Human Resources Oversight to monitor activities of executive branch agencies in the Health and Human Resources Secretariat, including DMAS, and (4) directing the Joint Legislative Audit and Review Commission (JLARC) to study and provide analyses of agencies and programs under the Secretary of Health and Human Resources. While these efforts have provided a great deal of information and offered some opportunity for legislative oversight of the Medicaid program, more consistent, proactive, and comprehensive efforts could result in more effective oversight.

The General Assembly requires DMAS to report data and information about the Medicaid program

The General Assembly requires DMAS to submit reports on the Medicaid program at various intervals throughout the year. The number of agency reports has increased over time, from 58 reports in FY 2023 to 87 reports in FY 2026, reflecting the General Assembly's increasing interest in the Medicaid program. While many of the reports submitted by DMAS provide a great deal of information that can be helpful to legislators seeking a better understanding of the Medicaid program, the number of required reports places a significant burden on DMAS staff. Limited staff capacity to produce the increasing number of reports can result in late reports or reports with limited explanation and analysis. The narrow focus of reports provided, which address specific program components of the Medicaid program, make it difficult to contextualize the information provided or evaluate the impact of developments affecting one program component on other areas of program operations. Additionally, the sheer number of reports can make in-depth review of the reports provided challenging for legislators and other stakeholders.

The General Assembly also requires DMAS to publish data and information about the Medicaid program on the agency's public website, including monthly enrollment data; expenditures by service; policy changes authorized by the General Assembly; and a list of programmatic and policy changes, such as state plan amendments, federal waiver renewals and amendments, and regulatory changes, and their potential costs or savings.

Stakeholders report that while the amount of information available on the website is significant, data and information posted often lack explanation needed to fully understand its relevance in the context of the larger Medicaid program. Additionally, the need to update dashboards and other data provided on the agency's website creates burdens on DMAS staff and limited staff capacity can delay updates or additions to the information provided.

While DMAS provides information and data about the Medicaid program to legislators and other stakeholders through reports and the agency's website, the General Assembly lacks a structure and process for systematic review, analysis, and synthesis of the information provided. Reports are submitted to various recipients including the General Assembly or selected committees and subcommittees thereof, as well as various commissions and other legislative bodies; however, recipients may not have established processes for review and response to the information provided. As a result, issues affecting the efficiency and effectiveness of the Medicaid program may not be identified or may go unaddressed as responsibility for responding is unclear. When report recipients do respond to information provided, the lack of coordination between recipients can result in incomplete or conflicting responses or duplication of effort.

The General Assembly monitors the Medicaid forecast throughout the year

Medicaid forecasting is a process that occurs annually to predict the amount of funding needed to properly operate Virginia's Medicaid program for the remainder of the fiscal year in which forecasting occurs and the next two fiscal years. Requirements for the forecasting process are captured in the annual Appropriation Act. In recent years, the General Assembly has added requirements to the forecasting process to improve transparency and afford staff of the House Appropriations Committee (HAC) and the Senate Finance and Appropriations Committee (SFAC) opportunity to receive more information and participate more fully in both the forecasting process and monitoring of agency spending throughout the year. Language included in Item 292 of the Appropriation Act of 2025 requires DMAS to provide a preliminary forecast to staff of Virginia's Department of Planning and Budget (DPB), HAC, and SFAC for their review by October 15 each year, and to consider feedback on the forecast provided by staff of DPB, HAC, and SFAC in developing the final forecast, due November 1 of each year. In addition, DMAS must submit monthly expenditure reports that compare actual expenditures to the official Medicaid forecast and quarterly reports summarizing managed care expenditures. DMAS must notify DPB as well as the Chairs of the HAC and SFAC if the agency identifies unexpected trends in program spending that may have a significant budgetary impact.

To gain additional insight into Medicaid program spending throughout the year, the General Assembly created the External Financial Review Council (EFRC) in 2021. The EFRC is charged with monitoring Medicaid expenditures and enrollment growth to determine the program's financial status. EFRC members include: the Secretaries of Finance and Health and Human Resources, or their designees, and appropriate staff from DPB, HAC, SFAC, and

JLARC. The EFRC meets three times per year, in April, July and October. During these meetings, DMAS must report information on (1) expenditures and enrollment compared to the official Medicaid forecast, (2) enrollment trends by eligibility category and differences as compared to the most recent forecast, (3) any changes to the managed care programs, or contracts with managed care organizations, and (4) spending and utilization trends within the managed care programs.

Increased insight into the Medicaid forecasting process and monitoring of Medicaid program expenditures are intended to provide General Assembly members with earlier, more frequent, and more comprehensive information about the annual Medicaid forecast and opportunities to address any concerns regarding forecast accuracy. Stakeholders interviewed by JCHC staff report that changes to the Medicaid forecasting process, including creation of the EFRC, have resulted in better transparency and access to additional information, but also report that the forecasting process and the structure of the EFRC can limit opportunities to critically evaluate and respond to the data and information provided. Stakeholders suggest that better explanation and analysis of the forecasting and expenditure data is needed to support legislative decision making regarding the Medicaid program.

The Joint Subcommittee for Health and Human Resources Oversight monitors several executive branch agencies, including DMAS

The General Assembly created the Joint Subcommittee for Health and Human Resources Oversight (Joint Subcommittee) in 2017 to: (1) monitor, evaluate and respond to federal legislation that repeals, amends, or replaces the Affordable Care Act, Medicaid (Title XIV of the Social Security Act), or the Children's Health Insurance Program (CHIP) (Title XXI of the Social Security Act) and recommend actions to be taken by the General Assembly to address the impact of such federal legislation that would affect the state budget and health care coverage; (2) evaluate federal changes for opportunities to improve Virginia's Medicaid and other health insurance programs; (3) provide ongoing oversight of initiatives and operations of the Health and Human Resources agencies; and (4) examine progress made in implementing various health and human service agency initiatives. Membership of the Joint Subcommittee is bicameral and bipartisan and comprised of five members from the HAC and SFAC selected by the Chairs of those committees. Enabling language included in the annual Appropriation Act since 2017 provides that the Joint Subcommittee shall receive support from staff of the HAC, SFAC, JLARC, and DMAS. In 2022, the General Assembly added JCHC to the list of agencies charged with providing support to and help with facilitating the work of the Joint Subcommittee and transferred one position from JLARC to the JCHC for this purpose.

The Joint Subcommittee receives information about programs in the Health and Human Resources Secretariat in the form of presentations on selected topics from appropriate agencies, including DMAS. However, because the Joint Subcommittee is intended to provide

oversight of all agencies and programs within the Health and Human Resources Secretariat, the Joint Subcommittee's work is not focused on oversight of the Medicaid program alone. For example, at the July 2025 meeting, the Joint Subcommittee received information from DBHDS on updates about the Department of Justice settlement, waiver services for individuals with development disabilities, and supportive housing.

While the Joint Subcommittee receives information about issues affecting programs and agencies for which it is responsible to inform legislators and support legislative decision making, the Joint Subcommittee is not structured or resourced to provide continuous, proactive, and preventive oversight. The breadth of the Joint Subcommittee's charge – all agencies and programs of the Health and Human Resources Secretariat – and the need to balance competing legislative priorities and demands limit the scope of work the Joint Subcommittee can take on each year. As a result, the Joint Subcommittee must prioritize efforts to understand the causes of and agency responses to pressing problems affecting agency operations and outcomes. Limited time and capacity may also constrain opportunities for follow-up and long-term monitoring of agency performance to understand the impact of agency responses to identified problems. Additionally, while several agencies are charged with providing staff support to the Joint Subcommittee, the roles and obligations of the identified agencies are not clear. As result, the work of supporting the Joint Subcommittee falls primarily on the staff of the HAC and SFAC, who facilitate the work of the Joint Subcommittee in addition to their regular duties. While current staff provide extensive support to the Joint Subcommittee, staff capacity could limit the scope of the work that may be carried out by the Joint Subcommittee. Ultimately, the breadth of the Joint Subcommittee's charge, the need to prioritize pressing legislative issues, the lack of clearly defined roles for supporting agencies, and the limited staff support available to the Joint Subcommittee may constrain its ability to provide continuous, proactive, and preventive monitoring and oversight of the Medicaid program.

The JLARC Health and Human Resources Unit was created to conduct studies and analyses of agencies and programs under the Health and Human Resources Secretariat

In 2018, the General Assembly designated JLARC as the agency to review and evaluate agencies and programs under the Secretary of Health and Human Resources, including DMAS and the Medicaid program. The General Assembly expected JLARC to complete longer-term studies of agencies and programs; shorter-term, targeted analyses of spending trends and other issues warranting examination; and assessments of the soundness and accuracy of population and spending forecasts, including the process, assumptions, methodology, and results thereof. JLARC was to direct the work in consultation with the Joint Subcommittee, and the Chairman of JLARC was authorized to appoint a subcommittee to provide guidance and direction for the agency's ongoing review and evaluation activities, subject to the full Commission's supervision and such guidelines as the Commission might provide.

To carry out the new duties, JLARC established a Health and Human Resources (HHR) Unit and approved processes for selecting projects to be completed by the Unit. Long-term studies requested by the Joint Subcommittee, JLARC, or the General Assembly remained subject to JLARC's traditional work planning process and required approval from the full Commission for inclusion on the HHR Unit's work plan. Requests for short-term analyses could be approved by the Chairman and Vice-Chairman of JLARC in consultation with the Chairman of the Joint Subcommittee, bypassing the traditional work planning process to allow for quicker responses to requests. Results of long-term studies and short-term analyses were to be presented to JLARC, with members of the Joint Subcommittee invited to attend meetings at which findings and recommendations were presented.

In fall 2018, JLARC staff solicited input from the Joint Subcommittee to identify priority study topics. In response to this input, the HHR Unit completed a review of the implementation of STEP-VA in 2019, five targeted reviews of components of the Medicaid program completed in 2019 and 2020, and a review of the Children's Services Act in 2020. In addition to these requests from the Joint Subcommittee, the HHR Unit completed a review of community services boards (CSB) funding requested by the Joint Subcommittee on Mental Health Services in the Commonwealth in the 21st Century in 2019, and a review of oversight of mental health parity requirements by the State Corporation Commission's Bureau of Insurance required by the second enactment clause of Chapter 847 of the Acts of Assembly of 2020. Since 2020, JLARC has completed studies of two additional behavioral health topics – a study of behavioral health services provided by the Commonwealth's CSBs completed in 2022 and a study of the Commonwealth's state psychiatric hospitals completed in 2023.

While JLARC's HHR unit completed five targeted reviews of components of the Medicaid program between 2018 and 2020, the HHR Unit was not charged with providing continuous, proactive oversight of Medicaid. Study reports and briefings yielded information about the agencies and programs reviewed and provided recommendations for changes to improve efficiency and effectiveness, consistent with the HHR Unit's charge, but such efforts were reactive and reliant upon requests from the Joint Subcommittee, JLARC, or the General Assembly to initiate. As a result, when external sources stopped requesting specific studies and analyses, the HHR Unit's work was impacted. For example, disruptions caused by the COVID-19 pandemic and changes in General Assembly priorities curtailed the Joint Subcommittee's activities. As a result, the Joint Subcommittee stopped requesting work from the HHR Unit. The request-driven nature of the HHR Unit's work was not conducive to providing continuous, proactive monitoring and evaluation to identify problems affecting agencies and program operations before they could impact performance and to respond to the impact of program changes over time. While JLARC established processes for rapid approval and completion of short-term analyses, the HHR Unit was not charged with producing the rapid, targeted responses required by the scope and timelines of the Joint Subcommittee's work. Finally, because the HHR Unit was charged with

providing studies and analyses of all agencies and programs within the Health and Human Resources Secretariat, it did not exclusively focus on the Medicaid program.

Current oversight efforts provide legislators with information and data on the Medicaid program but do not incorporate all aspects of program oversight

The General Assembly has implemented multiple strategies to enhance oversight of the Medicaid program, including an increasing number of reports on program design, operations, outcomes, and spending; expanding the role of the legislature and legislative staff in creating and monitoring the Medicaid forecast; establishing the Joint Subcommittee to provide oversight of agencies and programs within the Health and Human Resources Secretariat; and directing JLARC to provide evaluations and analyses of agencies and programs under the Secretary of Health and Human Resources. However, stakeholders noted two challenges to current efforts. First, while current efforts yield extensive information about and provide some oversight of the Medicaid program, the efforts are diffused among numerous entities that receive information and carry out evaluations and analyses. Second, current efforts are not structured or staffed to provide continuous, proactive, and preventative monitoring and analysis of data and information received. Resolution of these two issues could improve oversight of the Medicaid program.

The General Assembly could direct a legislative body to provide oversight of the Medicaid program

The General Assembly has the authority to establish committees, subcommittees, commissions, and legislative branch agencies to help carry out its work. To enhance oversight of the Medicaid program, the General Assembly could direct a new or an existing body within the legislative branch to carry out oversight activities. To support effective oversight, the General Assembly should clearly define the scope of the oversight function and the roles and responsibilities of the legislative body charged with providing oversight of the Medicaid program to provide an appropriate structure and provide resources to ensure adequate staffing with appropriate skills and experience.

A legislative body charged with Medicaid oversight could provide comprehensive oversight and address gaps in current oversight processes

A legislative body charged with providing oversight of Virginia's Medicaid program could build on current legislative efforts to monitor the program's performance and ensure the program is operating consistently with legislative intent and expectations. It could also reduce the burden of current Medicaid oversight activities on existing legislative branch agencies, committees, subcommittees, and commissions by taking on some of the tasks for which they are responsible, streamlining the oversight process, eliminating overlapping and duplicative efforts, and improving efficiency.

A legislative body charged with oversight of Medicaid could:

- **Provide in-depth analysis and interpretation of data and information about the Medicaid program.** DMAS provides a substantial amount of data and information about many aspects of Medicaid program operations to the General Assembly and the public, but the sheer volume of information provided combined with a need for additional analysis and explanation may limit its usefulness to legislators, who lack time and resources to contextualize and evaluate the information provided. A legislative body charged with Medicaid oversight could take primary responsibility for receiving and reviewing data, information, and reports produced by DMAS and other agencies and providing analysis and interpretation of the data and information received for legislators. A legislative body charged with Medicaid oversight could also proactively monitor Medicaid program implementation, outcomes, and spending to identify areas in which the program was not performing consistently with legislative intent or potential budgetary shortfalls and could provide recommendations for legislative action to address the problems identified (SIDEBAR).

  New Mexico's Legislative Finance Committee completes an annual Medicaid Accountability report. This report takes a systemwide look at New Mexico Medicaid program indicators as well as consolidates information on expenditures and health-related outcomes of Medicaid programs. In Virginia, an annual report on the status of Medicaid would allow staff to continuously monitor the Medicaid program via ongoing data analysis and allow staff to identify new or emerging trends of importance for General Assembly members.

- **Provide information to educate and inform legislators about the Medicaid program.** The Medicaid program is complex, and legislators may lack the time and resources necessary to thoroughly examine all aspects of program requirements, processes, services, and outcomes. A legislative body charged with providing oversight of the Medicaid program could provide information and analysis to educate and inform legislators about: (1) Medicaid program rules, requirements, operations, and outcome; (2) specific issues impacting the Medicaid program; and (3) options for addressing issues identified.
- **Advise legislators regarding the impact of proposed legislation related to the Medicaid program.** The General Assembly is authorized to enact legislation to add or modify Medicaid services or operations. Stakeholders report that introduced legislation may lack specificity or program guardrails necessary to limit the scope or cost of the proposed change. A legislative body charged with oversight of the Medicaid program could work with legislators to examine the impacts of proposed legislation on Medicaid program operations or cost.
- **Streamline communication between DMAS and the General Assembly.** DMAS currently submits required reports to the General Assembly or various committees or subcommittees thereof. A legislative body charged with oversight of the Medicaid

program could be designated as an appropriate entity to receive reports provided by DMAS to ensure efficient review and analysis and convey essential information to oversight body members, the General Assembly, and legislative staff. The legislative body could also advise the General Assembly regarding the scope of requested reports to ensure needed data and information are conveyed. A legislative body charged with oversight of the Medicaid program could advise the General Assembly about: (1) realistic timelines for reporting, (2) whether reports are duplicative or redundant, and (3) whether there exists other, more effective opportunities to obtain information, such as through the DMAS website or dashboards, to reduce administrative burden on the agency.

- **Conduct policy studies at the request of the General Assembly.** A legislative body charged with oversight of the Medicaid program could conduct studies and analysis of topics requested by legislators, similar to existing legislative commissions.

A legislative body charged with oversight of the Medicaid program would need to employ both fiscal analysts and policy analysts to complete the full range of oversight responsibilities. A fiscal analyst could provide analyses of the Medicaid forecast and spending, as well as reviews and analysis of Medicaid program financial data to evaluate proposed budget requests, develop spending strategies for new programs, and support policy analysis on specific topics or concerns. A policy analyst could prepare, compile, and analyze Medicaid program data to conduct studies on a range of Medicaid topics, evaluate Medicaid program performance, and analyze Medicaid program outcomes and effects of programs on patient outcomes.

The General Assembly could direct a legislative commission to provide Medicaid oversight in Virginia

Legislative commissions are permanent standing bodies created by the General Assembly to conduct studies, evaluate state programs, and make recommendations for policies. Legislative commissions are created in statute, and legislative action is required to create, alter, or eliminate a legislative commission. Each commission's enabling legislation must specify the membership and composition. In Virginia, commissions are traditionally bicameral, composed of both members of the House of Delegates and the Senate. Some commissions also include representatives of executive branch agencies and non-legislative citizen members, with or without authority to vote on matters before the commission.

Legislation creating a commission must specify the agency charged with providing staff support to carry out the work of the Commission. Some commissions are staffed by employees of the Division of Legislative Services who provide support and assistance to legislative commissions in addition to other duties. Other commissions are authorized and appropriated funds to hire staff to carry out the work necessary to accomplish the commission's statutory purpose. As of FY 2026, more than 30 Virginia commissions were authorized and funded to hire staff, with the number of full-time positions approved for

each commission ranging from three to 41. Commissions with full-time, dedicated staff are generally able to provide more comprehensive research and analysis and can hire individuals with expertise in the subject matter of the Commission.

Each commission's enabling legislation must also set out the purpose, powers, and duties of the commission. Commissions generally focus on a single subject or policy area and are directed through their enabling legislation to carry out specific responsibilities related to that subject or policy area. For example, the Joint Commission on Technology and Science (JCOTS) "studies all aspects of technology and science, and strives to encourage, promote, and assist in the development of sound technology and science policy in the Commonwealth" while the Behavioral Health Commission is directed to "study and make recommendations for the improvement of behavioral health services and the behavioral health service system in the Commonwealth." The Behavioral Health Commission is also tasked with providing "ongoing oversight of behavioral health services and the behavioral health service system in the Commonwealth by monitoring and evaluating established programs, services, delivery and payment structures, and the implementation of new services and initiatives in the state."

The nature of work products varies among commissions. For commissions with dedicated staff, studies and other products are generally completed within 1 to 2 years and culminate in a formalized report and presentation to commission members. Studies traditionally result in policy options which have the potential to become commission recommendations if the commission votes to endorse the option. While most commission work products require extensive time to prepare and complete, a commission with dedicated staff could be directed to complete studies and projects more quickly, or to undertake longer-term projects such as ongoing monitoring of relevant programs.

The General Assembly could create a new legislative commission to provide oversight of the Medicaid program

A new legislative commission could provide an effective mechanism for comprehensive oversight of the Medicaid program. A commission focused solely on Medicaid oversight could provide the structure and staff resources to receive reports and other data and information about the Medicaid program, analyze the data and information received, identify potential issues affecting the efficiency or effectiveness of the Medicaid program, develop policy options to address inefficiencies or improve program effectiveness, convey essential information to the commission and General Assembly members, and evaluate the impact of policy changes on Medicaid program operations and outcomes. A new commission with adequate staff could also educate and inform General Assembly members about the Medicaid program, advise General Assembly members regarding proposed legislation related to the Medicaid program, and conduct policy analysis and other studies of topics selected by the commission members or the General Assembly. A new commission could focus solely on carrying out Medicaid oversight, providing more comprehensive

information and analysis than is currently available to the General Assembly. A new commission's processes, procedures, and workflows could be designed to provide information more quickly than existing legislative entities, to be more responsive to legislative needs and requests.

➔ **Option 1:** The JCHC could submit legislation and a budget amendment to establish a new legislative commission with dedicated staff to provide oversight of the Medicaid program, including regular analysis of Medicaid program operations, outcomes, and expenditures, as well as policy analyses and other studies to provide recommendations about issues selected by commission members or referred by the General Assembly.

Creation of a new legislative commission would require legislation setting out the commission's purpose, powers and duties, membership, staffing, and reporting requirements. Creation of a new commission with dedicated staff would also require a budget amendment to provide funds for staff salaries and overhead, administrative, and operating costs. Recent budget requests for additional staff submitted by existing legislative commissions suggest that at least $181,741 would be required for each staff member employed by a new legislative commission. A new legislative commission would also require an Executive Director; analysis of existing legislative commissions indicates that approximately $250,000 would be required to pay the salary and cover the cost of benefits for this role. Based on these estimates, staffing a new commission with one executive director and four analysts (two policy analysts and two fiscal analysts) would require approximately $1 million per year. Additional funding would be required for rental of office space and other administrative and operating costs, as well as costs of entering into contracts with actuaries or other experts to provide services to support comprehensive oversight of the Medicaid program. Biannual appropriations for similarly sized existing legislative commissions range from just under $1 million to just over $2.2 million. A smaller appropriation would result in the addition of fewer staff, reducing the capacity of the existing legislative commission to carry out the full scope of oversight responsibilities.

The General Assembly could direct and appropriately resource an existing commission to provide additional capacity for Medicaid oversight

Virginia could consider directing an existing, permanent commission to provide oversight of the Medicaid program. The current powers and duties of two existing legislative commissions – the JCHC and JLARC - align with anticipated responsibilities for Medicaid oversight. The JCHC is required to, "study the operations, management, jurisdiction, powers, and interrelationships of any department, board, bureau, commission, authority, or other agency with any direct responsibility for the provision and delivery of health care in the Commonwealth." JLARC is required to, "make performance reviews of operations of state agencies to ascertain that sums appropriated have been or are being expended for the purposes for which such appropriations were made and to evaluate the effectiveness of programs in accomplishing legislative intent," and to "study on a continuing basis the

operations, practices, and duties of state agencies as they relate to efficiency in the utilization of space, personnel, equipment, and facilities." Language included in the Appropriation Act also designates JLARC as the agency to review and evaluate agencies and programs under the Secretary of Health and Human Resources, including DMAS and the Medicaid program and to provide studies of such agencies and programs; analyses of spending trends and other issues warranting examination; and assessments of the soundness and accuracy of population and spending forecasts, including the process, assumptions, methodology, and results thereof. The General Assembly could expand the scope of either the JCHC or JLARC to include Medicaid oversight.

An existing commission tasked with providing oversight of the Medicaid program could perform the same work as a new legislative commission; however, the new responsibilities would be in addition to existing duties. As a result, any existing legislative commission to which responsibility for Medicaid oversight is assigned would need to revise existing processes, procedures, and workflows to accommodate the work of Medicaid oversight and ensure timely response to legislative requests for information and options. An existing commission to which responsibility for Medicaid oversight was assigned would also require additional staff to carry out the work, as existing staff do not have capacity to take on additional responsibilities.

➔ **Option 2:** The JCHC could submit legislation to direct the Joint Legislative and Audit Review Commission (JLARC) *or* the Joint Commission on Health Care (JCHC) to conduct oversight of the Medicaid program, including regular evaluations of program operations, outcomes, and expenditures and policy analyses and other studies to provide recommendations about issues related to the Medicaid program selected by commission members or referred by the General Assembly; and a budget amendment to add four additional staff positions (two policy analysts and two fiscal analysts) to JLARC or the JCHC to allow the commission carry out required oversight activities

The responsibility for Medicaid oversight added to the powers and duties of an existing legislative commission would require legislation to amend the commission's enabling legislation. To ensure that an existing commission charged with providing oversight of the Medicaid program is successful, the General Assembly would need to clearly define the role, responsibilities, powers, and duties associated with the new charge. The General Assembly would also need to provide resources to ensure adequate staffing to carry out effective Medicaid oversight. Recent budget requests for additional staff submitted by existing legislative commissions suggest that at least $181,741 would be required for each additional staff member. Therefore, the Virginia General Assembly would need to appropriate approximately $726,965 to add four additional full-time positions to an existing commission to carry out the work of Medicaid oversight. A smaller appropriation would result in addition of fewer staff, reducing the capacity of the existing legislative commission to carry out the full scope of oversight responsibilities.

The General Assembly could direct the Joint Subcommittee for Health and Human Resources Oversight to provide additional oversight of the Medicaid program

The Joint Subcommittee for Health and Human Resources Oversight currently receives information about and provides some oversight of agencies and programs in the Health and Human Resources Secretariat. However, the breadth of the Joint Subcommittee's charge prevents the Joint Subcommittee from focusing exclusively on oversight of the Medicaid program. The number of topics available for consideration by the Joint Subcommittee and the need to balance competing legislative priorities may limit the Joint Subcommittee's ability to examine certain programs or issues in a given year or to follow-up or conduct long-term monitoring to evaluate the effectiveness of corrective actions requested or undertaken in response to the Joint Subcommittee's work. Lack of clarity around expectations for staff support may further limit the ability of the Joint Subcommittee to provide proactive, continuous oversight of the Medicaid program.

The General Assembly could amend the Appropriation Act to direct the Joint Subcommittee to provide continuous monitoring and oversight of the Medicaid program and to provide ongoing evaluation of Medicaid program design, operations, spending, and outcomes. The General Assembly could also amend language included in the Appropriation Act to clarify the roles and responsibilities of agencies charged with providing support for and facilitating the work of the Joint Subcommittee to ensure adequate staffing to carry out oversight activities. Clarifying the role of the Joint Subcommittee with regard to ongoing oversight of the Medicaid program and the expectations of agencies tasked with providing support to the Joint Subcommittee could provide additional structure and resources needed to carry out continuous, proactive, and preventive oversight of the Medicaid program.

➔ **Option 3:** The JCHC could submit a budget amendment to direct the Joint Subcommittee on Health and Human Resources Oversight (the Joint Subcommittee) to provide continuous oversight of the Commonwealth's Medicaid program and to clarify the roles and responsibilities of agencies charged with providing support for and facilitating the work of the Joint Subcommittee.

Responsibilities for Medicaid oversight would be in addition to the existing workload of the Joint Subcommittee, which lacks dedicated staff to coordinate or carry out oversight activities. Assistance provided by agencies charged with supporting and facilitating the work of the Joint Subcommittee, including HAC, SFAC, JLARC, the JCHC, and DMAS would be in addition to existing workloads of these agencies, necessitating careful planning and prioritization to ensure work is completed consistently with the needs and timelines of the Joint Subcommittee.

The General Assembly could provide funding to the House Appropriations and Senate Finance and Appropriations Committees to add staff to support Medicaid oversight functions

Current staff of HAC and SFAC perform many essential functions to support development and implementation of Virginia's state budget. These same staff also provide support to the Joint Subcommittee for Health and Human Resources Oversight, which may request technical assistance to interpret reports and analyze data for any program or agency under the Health and Human Resources Secretariat. Adding staff to HAC or SFAC could reduce the burden of Medicaid oversight activities on existing staff and allow legislative staff to provide additional evaluation and analysis of agencies and programs in the Health and Human Resources Secretariat generally or the Medicaid program specifically. However, it is unlikely that staff added to HAC and SFAC would have the capacity to complete the full scope of proposed Medicaid oversight and splitting the responsibilities between the two Committees could dilute the effectiveness of carrying out the new functions.

➔ **Option 4:** The JCHC could submit a budget amendment to add two staff positions to both the House Appropriations and Senate Finance and Appropriation Committees. Additional staff could be tasked with supporting the Joint Subcommittee on Health and Human Resources Oversight generally or with carrying out oversight of the Medicaid program specifically.

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