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Exempt Action: Final Regulation Agency Background Document

Agency name	Department of Medical Assistance Services
Virginia Administrative Code (VAC) Chapter citation(s)	12VAC30-70-10, 12VAC30-70-20; 12VAC30-70-30; 12VAC30-70-40; 12VAC30-70-50; 12VAC30-70-60; 12VAC30-70-70; 12VAC30-70-80; 12VAC30-70-90; 12VAC30-70-100; 12VAC30-70-110; 12VAC30-70-130; 12VAC30-70-150; 12VAC30-70-160; 12VAC30-70-201; 12VAC30-70-221; 12VAC30-70-231; 12VAC30-70-241; 12VAC30-70-251; 12VAC30-70-261; 12VAC30-70-271; 12VAC30-70-281; 12VAC30-70-291; 12VAC30-70-301; 12VAC30-70-311; 12VAC30-70-321; 12VAC30-70-331; 12VAC30-70-341; 12VAC30-70-351; 12VAC30-70-361; 12VAC30-70-371; 12VAC30-70-381; 12VAC30-70-391; 12VAC30-70-400; 12VAC30-70-410; 12VAC30-70-415; 12VAC30-70-417; 12VAC30-70-418; 12VAC30-70-420; 12VAC30-70-425; 12VAC30-70-428; 12VAC30-70-430; 12VAC30-70-435; 12VAC30-70-441; 12VAC30-70-450; 12VAC30-70-460; 12VAC30-70-470; 12VAC30-70-480; 12VAC30-70-490; 12VAC30-70-500.
VAC Chapter title(s)	Methods and Standards for Establishing Payment Rates; In-Patient Hospital Care
Action title	Repeal and Replacement of Chapter 70 Reimbursement Regulations
Final agency action date	June 29, 2026
Date this document prepared	June 30, 2026

This information is required for executive branch review pursuant to Executive Order 19 (2022) (EO 19), any instructions or procedures issued by the Office of Regulatory Management (ORM) or the Department of Planning and Budget (DPB) pursuant to EO 19. In addition, this information is required by the Virginia Registrar of Regulations pursuant to the Virginia Register Act (§ 2.2-4100 et seq. of the Code of Virginia). Regulations must conform to the Regulations for Filing and Publishing Agency Regulations (1 VAC 7-10), and the *Form and Style Requirements for the Virginia Register of Regulations and Virginia Administrative Code*.

Brief Summary

Provide a brief summary (preferably no more than 2 or 3 paragraphs) of this regulatory change (i.e., new regulation, amendments to an existing regulation, or repeal of an existing regulation). Alert the reader to all substantive matters. If applicable, generally describe the existing regulation.

This regulatory action repeals and replaces Chapter 70 of the DMAS provider reimbursement regulations in direct response to the mandate in the 2026 Appropriation Act, Item 291.BBBBBB which reads:

The Department of Medical Assistance Services (DMAS) shall submit final exempt regulatory packages to repeal existing provider reimbursement regulations in 12 VAC 30-70, 12 VAC 30-80, and 12 VAC 30-90 and replace them with new sections containing text that is substantially identical to the Medicaid state plan as it was in effect on March 1, 2026. Changes shall not impact any aspect of the Medicaid program or increase costs. These regulatory packages shall be promulgated according to the following schedule: Chapter 70 sections shall be submitted for executive branch review within 45 days from the enactment date of this act; Chapter 80 sections shall be submitted for executive branch review within 75 days from the enactment date of this act; Chapter 90 sections shall be submitted for executive branch review within 95 days from the enactment date of this act.

This regulatory action removes the outdated language related to provider reimbursement rates for chapter 12VAC30-70 and replaces it with text from the up-to-date State Plan as 12VAC30-71.

This action repeals all the chapter 12VAC30-70 regulations and carries over text from 12VAC30-70-418 as regulation 12VAC30-71-245, which text is not present in the State Plan because the services in that regulation are authorized through an 1115 waiver and not the State Plan.

Mandate and Impetus

Identify the mandate for this regulatory change and any other impetus that specifically prompted its initiation (e.g., new or modified mandate, internal staff review, petition for rulemaking, periodic review, or board decision). For purposes of executive branch review, "mandate" has the same meaning as defined in the ORM procedures, "a directive from the General Assembly, the federal government, or a court that requires that a regulation be promulgated, amended, or repealed in whole or part."

The Code of Virginia § 32.1-325, grants to the Board of Medical Assistance Services the authority to administer and amend the Plan for Medical Assistance and to promulgate regulations. The Code of Virginia § 32.1-324, grants the Director of the Department of Medical Assistance Services the authority of the Board when it is not in session.

This action is mandated by the 2026 Appropriation Act, Item 291.BBBBBB, which instructs DMAS to repeal text in 12VAC30-70-10; 12VAC30-70-20; 12VAC30-70-30; 12VAC30-70-40; 12VAC30-70-50; 12VAC30-70-60; 12VAC30-70-70; 12VAC30-70-80; 12VAC30-70-90; 12VAC30-70-100; 12VAC30-70-110; 12VAC30-70-130; 12VAC30-70-150; 12VAC30-70-160; 12VAC30-70-201; 12VAC30-70-221; 12VAC30-70-231; 12VAC30-70-

241; 12VAC30-70-251; 12VAC30-70-261; 12VAC30-70-271; 12VAC30-70-281; 12VAC30-70-291; 12VAC30-70-301; 12VAC30-70-311; 12VAC30-70-321; 12VAC30-70-331; 12VAC30-70-341; 12VAC30-70-351; 12VAC30-70-361; 12VAC30-70-371; 12VAC30-70-381; 12VAC30-70-391; 12VAC30-70-400; 12VAC30-70-410; 12VAC30-70-415; 12VAC30-70-417; 12VAC30-70-418; 12VAC30-70-420; 12VAC30-70-425; 12VAC30-70-428; 12VAC30-70-430; 12VAC30-70-435; 12VAC30-70-441; 12VAC30-70-450; 12VAC30-70-460; 12VAC30-70-470; 12VAC30-70-480; 12VAC30-70-490; 12VAC30-70-500, and replace it with text that is substantially identical to the Medicaid State Plan as was in effect on March 1, 2026.

This action is exempt from the regulatory process in accordance with Va. Code 2.2-4006(A)(4)(a). DMAS is implementing these changes through a Final Exempt regulation pursuant to §2.2-4006 (A)(4)(a), as a regulation that is “[n]ecessary to conform to changes in Virginia statutory law or the appropriation act where no agency discretion is involved.

Statement of Final Agency Action

Provide a statement of the final action taken by the agency including: 1) the date the action was taken; 2) that the agency has “adopted final amendments” to the regulation; 3) the name of the agency taking the action; and 4) the title of the regulation. A suggested statement is, “On [insert date] the Board/Department of [insert name] adopted final amendments to the [title of regulation(s)].”

On June 29, 2026, the Department of Medical Assistance Services adopted final amendments to 12VAC30-70 reimbursement regulations.

DMAS has submitted Final Exempt changes which repeal sections: 12VAC30-70-10, 12VAC30-70-20; 12VAC30-70-30; 12VAC30-70-40; 12VAC30-70-50; 12VAC30-70-60; 12VAC30-70-70; 12VAC30-70-80; 12VAC30-70-90; 12VAC30-70-100; 12VAC30-70-110; 12VAC30-70-130; 12VAC30-70-150; 12VAC30-70-160; 12VAC30-70-201; 12VAC30-70-221; 12VAC30-70-231; 12VAC30-70-241; 12VAC30-70-251; 12VAC30-70-261; 12VAC30-70-271; 12VAC30-70-281; 12VAC30-70-291; 12VAC30-70-301; 12VAC30-70-311; 12VAC30-70-321; 12VAC30-70-331; 12VAC30-70-341; 12VAC30-70-351; 12VAC30-70-361; 12VAC30-70-371; 12VAC30-70-381; 12VAC30-70-391; 12VAC30-70-400; 12VAC30-70-410; 12VAC30-70-415; 12VAC30-70-417; 12VAC30-70-418; 12VAC30-70-420; 12VAC30-70-425; 12VAC30-70-428; 12VAC30-70-430; 12VAC30-70-435; 12VAC30-70-441; 12VAC30-70-450; 12VAC30-70-460; 12VAC30-70-470; 12VAC30-70-480; 12VAC30-70-490; and 12VAC30-70-500.

DMAS is replacing these sections with updated text from the State Plan, and is adding the following sections to the VAC: 12VAC30-71-10; 12VAC30-71-20; 12VAC30-71-30; 12VAC30-71-40; 12VAC30-71-50; 12VAC30-71-60; 12VAC30-71-70; 12VAC30-71-80; 12VAC30-71-90; 12VAC30-71-100; 12VAC30-71-110; 12VAC30-71-120; 12VAC30-71-130; 12VAC30-71-140; 12VAC30-71-150; 12VAC30-71-160; 12VAC30-71-170; 12VAC30-71-180; 12VAC30-71-190; 12VAC30-71-200; 12VAC30-71-210; 12VAC30-71-220; 12VAC30-71-230; 12VAC30-71-240; 12VAC30-71-245; 12VAC30-71-250; 12VAC30-71-260; 12VAC30-71-270; 12VAC30-71-280; 12VAC30-71-290; 12VAC30-71-

300; 12VAC30-71-305; 12VAC30-71-310; 12VAC30-71-320; 12VAC30-71-330; 12VAC30-71-340; 12VAC30-71-350; 12VAC30-71-360; 12VAC30-71-370; 12VAC30-71-380; 12VAC30-71-390; 12VAC30-71-400; 12VAC30-71-410; 12VAC30-71-420; 12VAC30-71-430; 12VAC30-71-440; 12VAC30-71-450; 12VAC30-71-460; 12VAC30-71-470; 12VAC30-71-480; and 12VAC30-71-490.

Although the repealed sections are being replaced with State Plan text, DMAS has made the following necessary and minor changes to the replacement regulation text: (1) fixed typographical errors found in the State Plan throughout; (2) repositioned the State Plan replacement text in certain areas by subject-matter for ease of reference and thematic alignment, more specifically, separating text from the state plan into separate sections at 12VAC30-71-360 through 12VAC30-71-490; (3) removed two sentences from the State Plan language: specifically, the following two sentences that currently exist in the State Plan were not included in this regulatory package because they are sentences included in a header rather than substantive text. The first sentence is confusing and does not provide the detailed information about hospital reimbursement that is included in the other regulatory sections. The second sentence is a sentence fragment that is not clear. The removed sentences are: “The state agency will pay the reasonable cost of in-patient hospital services provided under the Plan. In reimbursing hospitals for the cost of inpatient hospital services provided to recipients of medical assistance.”; (4) added numbering and/or lettering to the State Plan text throughout for added organization; (5) added the words “State Plan” before non-descript State Plan references to attachments for ease of reference; (6) carried over text from 12VAC30-70-418 to 12VAC30-71-245, which is not present in the State Plan but must remain in the VAC, as the services covered are authorized through an 1115 waiver and has no matching language in the State Plan; and (7) updated internal references to repealed regulation sections to the new replacement regulation sections for accuracy and ease of use.

Pursuant to the Code of Virginia § 2.2-4006(A)(4)(a), this final exempt regulatory action is exempt from Article 2 of the Administrative Process Act.

Chapter 70 Replacement Crosswalk

Old Chapter 70 Section	New Chapter 71 Section
10	370
20	380
30	390
40	400
50	410
60	420
70	430
80	440
90	450
100	460
110	470

120 (previously repealed)	--
130	480
140 (previously repealed)	--
150	360
160 (reserved)	--
200 (previously repealed)	--
201	10
210 (previously repealed)	--
220 (previously repealed)	--
221	20
230 (previously repealed)	
231	30
240 (previously repealed)	--
241	40
250 (previously repealed)	--
251	50
260 (previously repealed)	--
261	60
270 (previously repealed)	--
271	70
280 (previously repealed)	--
281	80
290 (previously repealed)	--
291	90
300 (previously repealed)	--
301	100
310 (previously repealed)	--
311	110
320 (previously repealed)	--
321	120
330 (previously repealed)	--
331	130
340 (previously repealed)	--
341	140
350 (previously repealed)	--
351	150
360 (previously repealed)	--
361	160
370 (previously repealed)	--
371	170
380 (previously repealed)	--
381	180
390 (previously repealed)	--
391	190

400	200
410	210
411	220
415	230
417	240
418	245
420	250
425	260
(427) (from approved SPA 21-020)	270
428	280
429	290
435	300
441	305
450	310
460	320
470	330
480	340
490	350
500	490