

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-25-26  
Baltimore, MD 21244-1850



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**State Demonstrations Group**

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November 17, 2025

Cheryl Roberts  
Medicaid Director  
Virginia Department of Medical Assistance Services  
600 East Broad Street  
Richmond, VA 23219

Dear Director Roberts:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved a temporary extension of the state's section 1115 demonstration, entitled "Building and Transforming Coverage, Services, and Supports for a Healthier Virginia" (Project Number 11-W-00297/3), in order to allow the state and CMS to continue negotiations on the state's demonstration application submitted on July 26, 2024. This demonstration will now expire December 31, 2026.

CMS's approval is conditioned upon the state's continued compliance with the special terms and conditions (STC) defining the nature, character, and extent of anticipated federal involvement in the project. The current STCs and expenditure authorities will continue to apply during the temporary extension period of this demonstration. The state's current budget neutrality agreement will continue to apply as described in the STCs, until December 31, 2026, or until the demonstration is extended, whichever is sooner. CMS acknowledges that section 71118 of subchapter C of chapter 1 of subtitle B of title VII of Public Law 119-21, which CMS refers to as the Working Families Tax Cuts Legislation (WFTCL), adds a new subsection (g) to section 1115 of the Social Security Act with budget neutrality requirements that will apply beginning January 1, 2027, to CMS approvals of section 1115 Medicaid demonstration project applications, renewals, or amendments.<sup>1</sup> CMS intends to provide additional information prior to January 1, 2027 about the section 1115(g) requirements.

CMS also acknowledges that chapter 1 of subtitle B of the WFTCL makes other changes to the Medicaid and CHIP programs. To the extent that any of those changes will affect the authorities within this demonstration, CMS will partner with Virginia to ensure compliance with and successful implementation of changes as described in the WFTCL during this temporary extension period.

The state must continue to monitor and evaluate its demonstration as stipulated in the STCs. The state may include the temporary extension period within its Summative Evaluation Report for the current demonstration period, due 18 months after the end of the temporary extension

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<sup>1</sup> <https://www.congress.gov/bill/119th-congress/house-bill/1/text>

period. Alternatively, if CMS approves a full demonstration extension, the state may include the temporary extension period in the evaluation activities for the next full demonstration approval period.

Your CMS project officer for this demonstration is Anisha Truitt-Joyner. Ms. Truitt-Joyner is available to answer any questions concerning your section 1115 demonstration and can be reached at [anisha.truittjoyner@cms.hhs.gov](mailto:anisha.truittjoyner@cms.hhs.gov).

Sincerely,

Karen LLanos  
Acting Director

cc: Margaret Kosherzenko, State Monitoring Lead, Medicaid and CHIP Operations Group