

WVHA **LEGISLATIVE UPDATE**

January 16, 2026

2026 Legislative Session Underway

It's been a busy start to the 60-day regular legislative session with [900 + bills introduced](#) in just 3 days. Many impact hospitals across financial, clinical, regulatory, and operational areas. The WVHA Legislative Team is reviewing these and tracking new introductions. Please contact [me](#) about any bills we should monitor and visit the [Legislature's website](#) for committee info and livestreams.

Governor's State of the State Address, FY 2027 Budget

Governor Patrick Morrisey delivered his second State of the State address to a joint session of the Legislature Wednesday evening. The governor emphasized that "West Virginia's comeback is underway" and outlined an ambitious agenda focused on economic growth, workforce development, affordability, and healthcare transformation.

Healthcare Initiatives

In terms of healthcare initiatives, the Governor focused primarily on the Rural Health Transformation Program and the \$199 million in federal funding for year one that West Virginia will receive, with potential for \$1 billion over five years. In the coming weeks, it's expected the Legislature will consider legislation to statutorily create the fund and authorize use of the dollars by the Governor. In his address, the Governor also emphasized creating a "virtuous cycle" where better health strengthens the workforce, improves productivity, and grows the economy. Key healthcare priorities:

- Breaking the cycle where poor health fuels economic decline
- Connecting healthier residents to job opportunities
- Promoting prevention and wellness through nutrition and lifestyle changes
- Training physicians in nutrition education
- Educating public on new dietary guidelines
- Reinstating Presidential Fitness test

PEIA

PEIA (Public Employees Insurance Agency) has been a contentious issue in the Legislature. In 2024, the PEIA Finance Board approved premium increases—14% for state fund plans and 16% for local government plans, with retirees facing 12% increases. For the year, the board approved a 3% monthly premium increase and a \$200 increase to the monthly spousal surcharge, both taking effect July 1. Governor Morrisey asked legislators to partner with him on PEIA reforms but provided no concrete details.

Budget and Tax Policy

Governor Morrisey proposed a \$5.493 billion budget for West Virginia, up 3.2% from last year. Major expenditures include \$127 million for the Hope Scholarship program, \$78 million for 3% employee pay raises (covering teachers, school service personnel, state police, and executive branch staff), and \$35 million for health insurance. The budget includes funding for a 5% income tax cut (\$125 million), though Morrisey wants 10% (\$250 million total). His approach sidesteps the previous administration's framework tying tax cuts to economic indicators not expected to be met this year. The proposal will likely face legislative resistance. Other priorities include funding to cut the disabilities waiver waitlist in half, \$100 million for roads and bridges, and \$6 million for a revolving fund to rehabilitate child welfare facilities. Morrisey said facility improvements would reduce the 380 children in out-of-state placements and save tens of millions long-term.

Workforce Development

The Governor proposed the Workforce Readiness and Opportunity Act to address the state's labor shortages. The legislation would promote micro-credentialing, establish portable worker benefits, and create fast-track programs for veterans entering civilian jobs. With the construction industry needing 15,000 to 20,000 new workers in coming years, he also called for increased funding for workforce training and technical education to match the state's economic needs.

Other Areas

The Governor also focused on economic development through his "50 by 50" energy plan to triple power generation, infrastructure investments in roads and utilities, and regulatory reforms to attract data center development. In education, he announced a new reading program modeled after Mississippi's successful initiative, expanded digital literacy efforts, and truancy diversion programs.

WVHA-supported bill on Medicaid Provider Enrollment and Credentialing Reform Advances

One of the first bills the House Health Committee considered this week was a WVHA supported bill - [HB 4335](#), which streamlines West Virginia's Medicaid provider enrollment and credentialing process. Michelle Coon, President of Vandalia Health Network and Vice President of Managed Care for Vandalia Health, testified on behalf of the hospital community and offered recommendations to strengthen the bill. HB 4335 now advances to mark-up and passage. Main provisions:

- The Department of Human Services must complete provider enrollment within five business days of receiving a complete application. Incomplete applications require electronic notification within two business days listing missing materials. The department faces quarterly audits and reporting requirements.
- Medicaid MCOs must complete provider credentialing within 60 days of a clean application, with one 30-day extension allowed. Missing deadlines triggers penalties including corrective action plans, monetary sanctions, or credentialing-by-default.
- Starting July 1, 2026, all applications and renewals must be submitted electronically using the CAQH standardized form. Contracting entities cannot require additional information.

Two key improvements were recommended:

- 1. NCQA Accreditation for Gainwell** - Require Gainwell, the state's provider enrollment broker, to obtain NCQA accreditation as a credentialing verification organization—the same standard required of MCOs. This would allow verification to pass through efficiently to MCOs and ensure consistent credentialing standards.
- 2. Single Effective Date** - Establish one uniform effective date for provider enrollment. Providers currently receive five different dates—one from Gainwell and one from each MCO—creating administrative burden and financial hardship as providers see patients without guaranteed reimbursement during gap periods. One proposal would use Gainwell's approval date (when it assigns the Medicaid number) as the universal effective date for all MCOs.

WVHA will continue monitoring this legislation and advocating for these recommended improvements.

Senate Health Committee advances addiction treatment bill

The Senate Health Committee advanced a revised version of [SB 231](#), restructuring West Virginia's addiction care through value-based payments that reward measurable recovery outcomes over service volume. During the Health meeting, Marshall School of Medicine and Marshall Health Network were praised for their addiction treatment programs. Generally, the bill requires Medicaid to establish billing codes and performance metrics by 2026-2027, with full implementation in July 2028. Some success metrics include housing stability, sobriety, criminal justice avoidance, and self-sufficiency. Providers failing benchmarks for three consecutive quarters face penalties or exclusion. The bill moves to Senate Finance Committee for further consideration.

Other Bills of Interest

Below is a small sampling of key hospital/health care bills of interest that have been introduced in the Legislature, with many more to be introduced as the session progresses.

- [HB 4059](#) –Hospitals/Counties to report costs associated with illegal or undocumented immigrants – **pending House Health Committee**
- [HB 4089](#) - Preservation of hair during chemotherapy – **pending House Finance Committee**
- [HB 4359](#) –Exempt existing hospital under CON to move their facility up to 10 miles to a new location – **pending House Health Committee**

If you have any questions, please feel free to contact [me](#). Thanks.

Tony