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Emergency Regulation and Notice of Intended Regulatory Action (NOIRA) Agency Background Document

Agency name	Department of Behavioral Health and Developmental Services (DBHDS)
Virginia Administrative Code (VAC) Chapter citation(s)	12VAC35-105
VAC Chapter title(s)	Rules and Regulations for Licensing Providers by the Department of Behavioral Health and Developmental Services (12VAC35-105)
Action title	2026 Coordinated Specialty Care (CSC) alignment with Medicaid behavioral health services redesign
Date this document prepared	~~July 14, 2026~~ August 6, 2026 (revised)

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), 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, 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 the subject matter, intent, and goals 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 or changes. If applicable, generally describe the existing regulation.

The General Assembly directed the Department of Behavioral Health and Developmental Services (DBHDS) through the budget bill to utilize emergency authority to align licensing regulations with the modifications being made to Medicaid behavioral health services by July 1, 2026. During the 2026 Special Session I, the 2026-2028 Appropriation Act extended the implementation deadline for behavioral health redesign by one year and reauthorized the directive for emergency regulations (Item 297).

To comply with the legislative mandates, the State Board of Behavioral Health and Developmental Services must adopt three separate emergency actions that conform DBHDS Licensing Regulations with changes to be made by the Department of Medical Assistance Services (DMAS) replacing legacy

services with Community Psychiatric Support and Treatment (CPST); Coordinated Specialty Care (CSC); and Mental Health Clubhouse Services (Clubhouse).

This regulatory action will establish the newly licensed service of CSC.

Acronyms and Definitions

Define all acronyms used in this form, and any technical terms that are not also defined in the "Definitions" section of the regulation.

Coordinated Specialty Care (CSC)
Department of Behavioral Health and Development Services (DBHDS)
Department of Medical Assistance Services (DMAS)
State Board of Behavioral Health and Developmental Services (State Board)

Mandate and Impetus (Necessity for Emergency)

Explain why this rulemaking is an emergency situation in accordance with § 2.2-4011 A and B of the Code of Virginia. In doing so, either:

a) Indicate whether the Governor's Office has already approved the use of emergency regulatory authority for this regulatory change.
b) Provide specific citations to Virginia statutory law, the appropriation act, federal law, or federal regulation that require that a regulation be effective in 280 days or less from its enactment.

As required by § 2.2-4011, also describe the nature of the emergency and of the necessity for this regulatory change. In addition, delineate any potential issues that may need to be addressed as part of this regulatory change.

Item 293 of the 2024-2026 Appropriation Act directs DBHDS to promulgate emergency regulations, in collaboration with DMAS, to "align licensing regulations with the modifications being made to Medicaid behavioral health services." A regulatory action to establish permanent regulations will follow this emergency action.

Legal Basis

Identify (1) the promulgating agency, and (2) the state and/or federal legal authority for the regulatory change, including the most relevant citations to the Code of Virginia or Acts and Assembly chapter number(s), if applicable. Your citation must include a specific provision, if any, authorizing the promulgating agency to regulate this specific subject or program, as well as a reference to the agency's overall regulatory authority.

DBHDS was directed by the General Assembly to promulgate emergency regulations that align its provider licensing regulations with the modifications being made by DMAS to Medicaid behavioral health services. Item 293 of the 2024-2026 Appropriation Act mandates the changes within this regulatory action.

Section 37.2-203 of the Code of Virginia gives the State Board the authority to adopt regulations that may be necessary to carry out the provisions of Title 37.2 of the Code and other laws of the Commonwealth administered by the DBHDS commissioner. The State Board voted to adopt this regulatory action at its meeting on July 15, 2026.

Purpose

Describe the specific reasons why the agency has determined that this regulation is essential to protect the health, safety, or welfare of citizens. In addition, explain any potential issues that may need to be addressed as the regulation is developed.

The purpose of this action is to comply with the legislative mandate by aligning DBHDS licensing regulations with anticipated DMAS changes to Medicaid by establishing the new behavioral health service of CSC.

The goal of CSC is to provide comprehensive and recovery-oriented treatment for individuals experiencing a first episode of psychosis. CSC aims to improve the quality of life and social and clinical outcomes for individuals served by offering a team-based approach that includes collaborative treatment planning, individual and family therapy, medication management, and support for education and employment goals.

Substance

Briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both. A more detailed discussion is provided in the "Detail of Changes" section below.

The substantive provisions of this regulatory action include:

1) Definitions necessary for the integration of CSC into the Licensing Regulations;
2) Admission criteria for CSC;
3) Discharge criteria for CSC;
4) Minimum service delivery requirements for CSC; and
5) Minimum requirements for treatment teams and staffing.

Issues

Identify the issues associated with the regulatory change, including: 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions; 2) the primary advantages and disadvantages to the agency or the Commonwealth; and 3) other pertinent matters of interest to the regulated community, government officials, and the public. If there are no disadvantages to the public or the Commonwealth, include a specific statement to that effect.

Virginia's behavioral health system is undergoing a multi-phased, interagency process of transformation to enhance the service delivery system. This requires coordination among agencies with responsibilities for licensing, funding, and oversight behavioral health services in the Commonwealth.

The primary advantages of this regulatory action include (1) improving access to a continuum of high-quality behavioral health services for Virginians; (2) ensuring CSC providers adhere to a base level of model fidelity; and (3) reducing administrative burden by aligning provider licensing regulations with Medicaid service expectations.

There are no known disadvantages to the public or the Commonwealth.

Alternatives to Regulation

Describe any viable alternatives to the regulatory change that were considered, and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the regulatory change. Also, include discussion of less intrusive or less costly alternatives for small businesses, as defined in § 2.2-4007.1 of the Code of Virginia, of achieving the purpose of the regulatory change.

There are no alternatives to the regulatory changes contained herein that could achieve the essential purpose of this action, which itself is mandated by the General Assembly.

The amendments are limited to those that are necessary to avoid conflict between DBHDS licensing regulations and planned DMAS modifications to Medicaid behavioral health services. Misalignment would be problematic for licensed providers of behavioral health services seeking DMAS enrollment, many of which are small businesses, as well as for individuals receiving services and their families.

Periodic Review and Small Business Impact Review Announcement

This NOIRA is not being used to announce a periodic review or a small business impact review.

Public Participation

Indicate how the public should contact the agency to submit comments on this regulation, and whether a public hearing will be held, by completing the text below. In addition, as required by § 2.2-4007.02 of the Code of Virginia describe any other means that will be used to identify and notify interested parties and seek their input, such as regulatory advisory panels or general notices.

The Department of Behavioral Health and Developmental Services is providing an opportunity for comments on this regulatory proposal, including but not limited to (i) the costs and benefits of the regulatory proposal, (ii) any alternative approaches, and (iii) the potential impacts of the regulation.

Anyone wishing to submit written comments for the public comment file may do so through the Public Comment Forums feature of the Virginia Regulatory Town Hall web site at: https://townhall.virginia.gov. Comments may also be submitted by mail or email to Susan Puglisi, 1220 Bank Street, Richmond Virginia, 23219, or susan.puglisi@dbhds.virginia.gov. In order to be considered, comments must be received by 11:59 pm on the last day of the public comment period.

A public hearing will not be held following the publication of the proposed stage of this regulatory action.

Detail of Changes

List all regulatory changes and the consequences of the changes. Explain the new requirements and what they mean rather than merely quoting the text of the regulation. For example, describe the intent of the language and the expected impact. Describe the difference between existing requirement(s) and/or agency practice(s) and what is being proposed in this regulatory change. Use all tables that apply, but delete inapplicable tables.

If an existing VAC Chapter(s) is being amended or repealed, use Table 1 to describe the changes between existing VAC Chapter(s) and the emergency regulation. If existing VAC Chapter(s) or sections are being repealed and replaced, ensure Table 1 clearly shows both the current number and the new number for each repealed section and the replacement section.

Table 1: Changes to Existing VAC Chapter(s)

Current chapter-section number	New chapter-section number, if applicable	Current requirements in VAC	Change, intent, rationale, and likely impact of new requirements
12VAC35-105-20. Definitions		Definitions for the Licensing Regulations.	Addition of the following terms: "Coordinated specialty care" or "CSC" means an evidence-based treatment approach that supports the recovery of adolescents and young adults experiencing an initial onset of psychosis. CSC provides coordinated, targeted treatment in the early stages of mental illness through integrated medical, psychological, and rehabilitative interventions. "CSC rehabilitation skill-building" means facilitating wellness and autonomy through the restoration of skills, as set forth in the plan of care, in symptom management, interpersonal relationships, communication, problem solving, coping skills, and community integration. "Designated employee" means a provider's named employee or contractor who is at least 18 years of age and who has met the appropriate prerequisites as specified in 12VAC35-105. "Health literacy support" means both (i) medication administration by licensed professional working within the scope of their practice and (ii) support regarding mental health and associated health risks, monitoring for adverse side effects or results of that medication, support regarding the role of prescription medications and their effects, including side effects, and the importance of compliance and adherence. Services are provided with family or caregivers when they are for the direct benefit of the individual. "LMHP-resident in psychology" or "LMHP-RP" means an individual in a residency as

			that term is defined in 18VAC125-20-10 for clinical psychologists. An LMHP-RP shall be in continuous compliance with the regulatory requirements for supervised experience as found in 18VAC125-20-65. LMHP-RPs also include licensed psychological practitioners working under supervision of a licensed clinical psychologist in accordance with 18VAC125-20-58 and 18VAC125-20-59. "Psychotherapy" means the application of principles, standards, and methods of the counseling profession in (i) conducting assessments and diagnoses for the purpose of establishing treatment goals and objectives and (ii) planning, implementing, and evaluating treatment plans using treatment interventions to facilitate human development and to identify and remediate mental, emotional, or behavioral disorders and associated distresses that interfere with mental health. Edits to the term: "Credentialed addiction treatment professional" means a person who possesses one of the following credentials issued by the appropriate health regulatory board: (i) an addiction-credentialed physician or physician with experience or training in addiction medicine; (ii) a licensed nurse practitioner or a licensed physician assistant with experience or training in addiction medicine; (iii) a licensed psychiatrist; (iv) a licensed clinical psychologist; (v) a licensed clinical social worker; (vi) a licensed professional counselor; (vii) a licensed nurse practitioner with experience or training in psychiatry or mental health; (viii) a licensed marriage and family therapist; (ix) a licensed substance abuse treatment practitioner; (x) a resident who is under the supervision of a licensed professional counselor (18VAC115-20-10), licensed marriage and family therapist (18VAC115-50-10), or licensed substance abuse treatment practitioner (18VAC115-60-10) and is registered with the Virginia Board of Counseling; (xi) a resident in psychology who is under supervision of a licensed clinical psychologist and is

			registered with the Virginia Board of Psychology (18VAC125-20-10); or (xii) a supervisee in social work who is under the supervision of a licensed clinical social worker and is registered with the Virginia Board of Social Work (18VAC140-20-10); or (xiii) a licensed psychological practitioner working under supervision of a licensed clinical psychologist in accordance with 18VAC125-20-58 and 18VAC125-20-59. Likely impact: Clearer regulations. Alignment with Medicaid service changes and current evidence-based practices and terminology to provide person-centered treatment.
12VAC35-105-30. Licenses.			Addition of the license type: Coordinated specialty care Likely impact: Clearer regulations. Alignment with Medicaid service changes and current evidence-based practices to provide person-centered treatment.
	12VAC35-105-1426. Admission Criteria.		Intent: Provide clear admission requirements within CSC programs. Impact: Robust, effective mental health treatment within the Commonwealth that is appropriately administered.
	12VAC35-105-1427. Discharge criteria.		Intent: Provide clear discharge requirements within CSC programs. Impact: Robust, effective mental health treatment within the Commonwealth that is appropriately administered.
	12VAC35-105-1428. Service delivery.		Intent: Provide clear service delivery requirements within CSC programs. Impact: Robust, effective mental health treatment within the Commonwealth.
	12VAC35-105-1429. Treatment team and staffing.		Intent: Provide clear requirements to providers of CSC services specifically related to personnel. Impact: Robust, effective mental health treatment within the Commonwealth that is appropriately administered.