



Virginia Department of Planning and Budget **Economic Impact Analysis**

12 VAC 35-105 Rules and Regulations for Licensing Providers by the Department of Behavioral Health and Developmental Services
State Board of Behavioral Health and Developmental Services
Town Hall Action/Stage: 6807 / 10862
May 1, 2026

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order 19. The analysis presented below represents DPB's best estimate of the potential economic impacts as of the date of this analysis.¹

Summary of the Proposed Amendments to Regulation

The Board of Behavioral Health and Developmental Services (Board) seeks to amend sections of this regulation that relate to the provision of crisis services. Although most of the proposed changes are intended to clarify the regulation based on providers' feedback, certain new requirements regarding staffing, laundry, and the spacing of recliners may add costs for some providers, whereas a reduction in the number of showers required of certain providers could reduce costs.

Background

The 2024 Session of the General Assembly directed the Board to amend its licensing regulations to ensure and support high-quality crisis services. Accordingly, the Board added provisions for crisis receiving centers, community-based crisis stabilization, crisis stabilization

¹ Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

units, and regional education assessment crisis services habilitation (REACH) providers; these provisions became effective in July 2024.

The Department of Behavioral Health and Developmental Services (DBHDS) reports that crisis services are unique among the services licensed by the agency due to their acute nature, and that the provision of crisis services is an emerging field. Thus, in the first year since those provisions became effective, DBHDS and stakeholders identified various technical and clarifying revisions that would benefit individuals receiving crisis services as well as providers. The most significant changes are summarized below.

- (i) Definitions of and references to REACH and related services would be removed. REACH, which refers to a statewide crisis system of care, currently consists of REACH crisis therapeutic homes and REACH mobile crisis response. These services are now encompassed by Crisis Receiving Centers (CRC) and Crisis Stabilization Units (CSU).
- (ii) The definitions of CRC would be updated to clarify that CRCs are non-residential but may be co-located with CSUs.
- (iii) The definition of CSU would be amended to specify that CSUs meet the requirements of a “residential crisis stabilization unit” of § 38.2-3412.1 of the Code of Virginia, which is necessary for insurance coverage. A separate definition of “residential crisis stabilization service” would be struck.
- (iv) The Board seeks to add a definition for ligature risks to mean, “any element of the environment that could be used to attach a cord, rope, or other material for the purpose of hanging or strangulation.” Requirements for bedrooms (section 1950) and bathrooms (section 1940) would be amended to specify that they are free of any ligature risks, in addition to other elements that may cause injury to an individual.
- (v) Staffing requirements (section 1840) would be amended to add, “Adequate qualified direct care staff necessary to meet the needs of the individuals receiving services shall be on-site.” Although the requirement does not specify a staffing ratio, DBHDS reports that this change is intended to ensure that direct care staff are not dispatched to do laundry (or other tasks) off-site if it leaves the CRC or CSU understaffed.
- (vi) Requirements for beds or recliners (section 1910) would be amended to specify that the recliners provided at CRCs must be at least three feet apart at the head, foot, and sides upright as well as in a reclined position. This change is intended to ensure compliance

with the Health Information Portability and Accountability Act (HIPAA). However, it may result in some providers having to reduce the number of recliners due to space constraints, which would also reduce the number of individuals that can be seen.

- (vii) Requirements for the physical environment for crisis services, bathrooms, and bedrooms would be reorganized and separated into sections 1920, 1940, and 1950, respectively.
- (viii) A section for laundry (section 1930) would be newly added and would require all CRCs and CSUs to “have the ability to launder clothes and linens 24 hours a day.” This section would add a number of requirements to ensure the availability of clean linens, the separation of clean and soiled linens, and appropriate storage and handling of soiled linens.
- (ix) Requirements for bathrooms (1940) would be amended to specify that bathroom equipment and fixtures shall be “interior permanent structures plumbed according to state and local building regulations.” This change is intended to prevent providers from using “pop-up” camp showers. This section would also be amended to reduce the ratio of showers from one per four individuals to one per 16 individuals for CRCs, which are only intended to provide very immediate “23-hour” service, before individuals are moved elsewhere depending on their needs. (The one-to-four ratio would remain for CSUs.) Lastly, a new requirement would be added for providers of multiple services to ensure that separate bathrooms are provided for each service and that bathrooms are not shared with unlicensed services.

Estimated Benefits and Costs

The proposed amendments are intended to clarify the regulations based on stakeholder feedback and insert some new requirements that the Board considers necessary to protect the safety and well-being of individuals who receive crisis services. The Board reports that the requirement for spacing recliners is intended to ensure HIPAA compliance, but providers are already bound by HIPAA; inserting these requirements in the regulation would provide grounds for the Board to take action if a provider is found to be lacking. Similarly, requirements pertaining to staffing, laundry, and bathrooms represent a minimum standard that providers may already satisfy or exceed; inserting these requirements would allow the Board to address any violations. While some providers may incur costs to add staffing, meet the specific laundry requirements, or install bathrooms to satisfy the new requirements, CRCs would benefit from the

reduced bathroom ratio. Lastly, providers and individuals seeking crisis services as well as their families would benefit from greater clarity and streamlining throughout the regulation.

Businesses and Other Entities Affected

The proposed amendments would affect the 496 currently licensed crisis service providers as well as entities seeking licensure to provide crisis services in the future.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.² An adverse impact is indicated if there is any increase in net cost or reduction in net benefit for any entity, even if the benefits exceed the costs for all entities combined.³ As mentioned previously, some providers may need to add staff, or may incur costs to meet certain new requirements. Thus, an adverse impact is indicated.

Small Businesses⁴ Affected:⁵

Some CRCs and CSUs that are small businesses may incur costs to comply with new requirements regarding staffing, laundry, and/or installation of bathrooms.

Types and Estimated Number of Small Businesses Affected

The number of CRCs and CSUs that are small businesses is unknown. Some CRCs and CSUs that are small businesses may already comply with the requirements that would be added, and thus, may not be affected by the proposed changes.

² Pursuant to Code § 2.2-4007.04(D): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance.

³ Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation. As a result, DPB has adopted a definition of adverse impact that assesses changes in net costs and benefits for each affected Virginia entity that directly results from discretionary changes to the regulation.

⁴ Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

⁵ If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

Costs and Other Effects

CRCs and CSUs that are small businesses may incur staffing costs, and/or costs associated with having 24-hour access to a laundry, maintaining a stock of clean laundry on-site, bins for soiled laundry, etc. and/or one-time costs to install bathrooms if they were using “pop-up” camp showers.

Alternative Method that Minimizes Adverse Impact

There are no alternatives that would reduce costs to CRCs and CSUs while ensuring that providers maintain a minimum standard of safety, cleanliness, and wellbeing for the individuals they serve.

Localities⁶ Affected⁷

Community Services Boards (CSBs), which are funded and operated by local governments, are licensed providers of crisis services and would be affected by the proposed changes. Local governments may incur costs to the extent that CSBs are not already in compliance with the new requirements. No specific locality is expected to be disproportionately affected.

Projected Impact on Employment

The proposed amendments are not expected to have an impact on total employment.

Effects on the Use and Value of Private Property

The proposed amendments may marginally reduce the value of some private CRCs and CSUs to the extent that they must incur costs to comply with any of the new requirements. Real estate development costs would not be affected.

⁶ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

⁷ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.