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

<b>Agency name</b>	Department of Behavioral Health and Developmental Services (DBHDS)
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	12VAC35-105
<b>VAC Chapter title(s)</b>	Rules and Regulations for Licensing Providers by the Department of Behavioral Health and Developmental Services (12VAC35-105)
<b>Action title</b>	Alignment with Medicaid behavioral health services redesign; Coordinated specialty care (CSC)
<b>Date this document prepared</b>	April 6, 2026

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 Department of Behavioral Health and Developmental Services (DBHDS) was directed by the 2025 General Assembly within [Item 293](#) of the 2025 *Appropriation Act* to utilize emergency authority to align licensing regulations with the modifications being made to Medicaid behavioral health services pursuant to [Item 288](#) of the 2025 *Appropriation Act*. Item 288 requirement the Department of Medical Assistance Services (DMAS) to:

*XX. 1. Effective July 1, 2024, the Department of Medical Assistance Services (DMAS) shall have the authority to modify Medicaid behavioral health services such that: (1) legacy services that predate the*

*current service delivery system, including Mental Health Skill Building, Psychosocial Rehabilitation, Intensive In Home Services, and Therapeutic Day Treatment are phased out; (2) legacy youth services are replaced with the implementation of tiered community based supports for youth and families with and at-risk for behavioral health disorders appropriate for delivery in homes and schools, (3) legacy services for adults are replaced with a comprehensive array of psychiatric rehabilitative services for adults with Serious Mental Illness (SMI), including community-based and center-based services such as independent living and resiliency supports, community support teams, and psychosocial rehabilitation services, (4) legacy Targeted Case Management- SMI and Targeted Case Management- Serious Emotional Disturbance (SED) are replaced with Tiered Case Management Services.*

DBHDS shall enact three separate emergency regulatory actions to align the DBHDS Licensing Regulations with the changes to Medicaid by removing provisions that would conflict with newly funded behavioral health services and establishing new licensed services for those newly funded behavioral health services. Those services are: Community Psychiatric Support and Treatment (CPST), Coordinated Specialty Care (CSC) and 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.*

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

### **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.*

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The 2025 General Assembly, per [Item 293](#) of the 2025 *Appropriation Act*, directed DBHDS to promulgate emergency regulations, to be effective within 280 days or less from the enactment of the *Act*, to align licensing regulations with the modifications being made to Medicaid behavioral health services. A regulatory action will follow this action to establish permanent regulations following the emergency regulations.

### **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 2025 General Assembly within the *Appropriation Act* to utilize emergency authority to promulgate regulations which align the licensing regulations with the modifications being made to Medicaid behavioral health services. Item 293 of the 2025 Acts of Assembly Chapter 725 charges the Department to make the changes within this regulatory action and two additional regulatory actions to follow. Section 37.2-203 of the Code of Virginia gives the State Board of Behavioral Health and Developmental Services the authority to adopt regulations that may be necessary to carry out the provisions of Title 37.2 of the Code of Virginia and other laws of the Commonwealth administered by the DBHDS Commissioner. The State Board of Behavioral Health and Developmental Services voted to adopt this regulatory action on Wednesday, April 22, 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 regulatory action is to align DBHDS’s licensing regulations with ongoing interagency efforts to enhance Virginia’s behavioral health services system. The changes in this regulatory action align the DBHDS licensing regulations with changes to Medicaid by removing provisions that would conflict with newly funded behavioral health services and establishing new licensed services for those newly funded behavioral health services. Those services are: Community Psychiatric Support and Treatment (CPST), Coordinated Specialty Care (CSC) and Clubhouse.

This regulatory action will establish the newly licensed service of CSC. The goal of CSC is to provide comprehensive and recovery-oriented treatment for individuals experience 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, support for education and employment goals and more.

**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
- 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.*

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Virginia's behavioral health system is undergoing a multi-phased, interagency process of enhancing the behavioral health services available in the Commonwealth. This process requires coordination between agencies with responsibilities for licensing, funding, and overseeing the delivery of behavioral health services in the Commonwealth. This regulatory action will benefit the public by 1) ensuring that Virginians have access to a continuum of high quality behavioral health services, 2) ensuring that a base level of model fidelity is adhered to by providers of CSC, and 3) aligning DBHDS licensing regulations with Medicaid service expectations to ensure that the licensing and funding of behavioral health services are in alignment.

There are no known disadvantages to the public or the Commonwealth to these regulatory changes.

### **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.*

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There are no alternatives to the regulatory changes contained herein that could achieve the essential purpose of this regulatory action. The regulatory changes contained herein are limited to only those that are necessary to ensure consistency between DBHDS licensing regulations and changes to Medicaid behavioral health services. Misalignment between the two would be problematic for providers of behavioral health services, including small business providers, as well as those who receive behavioral health services in the Commonwealth.

### **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.*

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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, email or fax to Susan Puglisi, 1220 Bank Street, Richmond Virginia, 23219, and 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:  <u>"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.</u>  <u>"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.</u>  <u>"Designated employee" means a provider's named employee or contractor who is at least 18 years of</u>

			<p><u>age and who has met the appropriate prerequisites as specified in 12VAC35-105.</u></p> <p><u>"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.</u></p> <p><u>"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.</u></p> <p><u>"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.</u></p> <p>Edits to the term:</p> <p><u>"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</u></p>
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			<p>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 <u>psychological practitioner working under supervision of a licensed clinical psychologist in accordance with 18VAC125-20-58 and 18VAC125-20-59.</u></p> <p>Likely impact: Clearer regulations. Alignment with Medicaid service changes and current evidence-based practices and terminology to provide person- centered treatment.</p>
<p>12VAC35-105-30. Licenses.</p>			<p>Addition of the license type: Coordinated specialty care.</p> <p>Likely impact: Clearer regulations. Alignment with Medicaid service changes and current evidence-based practices to provide person- centered treatment.</p>
	<p>12VAC35-105-1426. Admission Criteria</p>		<p>Intent: Provide clear admission requirements within CSC programs.</p> <p>Impact: Robust, effective mental health treatment within the Commonwealth that is appropriately administered.</p>

	<p>12VAC35-105-1427. Discharge criteria.</p>		<p>Intent: Provide clear discharge requirements within CSC programs.</p> <p>Impact: Robust, effective mental health treatment within the Commonwealth that is appropriately administered.</p>
	<p>12VAC35-105-1428. Service delivery</p>		<p>Intent: Provide clear service delivery requirements within CSC programs.</p> <p>Impact: Robust, effective mental health treatment within the Commonwealth.</p>
	<p>12VAC35-105-1429. Treatment team and staffing.</p>		<p>Intent: Provide clear requirements to providers of CSC services specifically related to personnel.</p> <p>Impact: Robust, effective mental health treatment within the Commonwealth that is appropriately administered.</p>