

SENATE BILL NO. 1465

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Education and Health

on _____)

(Patron Prior to Substitute--Senator Hanger)

A BILL to amend and reenact §§ 37.2-203, 37.2-500, 37.2-508, 37.2-601, and 37.2-608 of the Code of Virginia, relating to community services boards; behavioral health authorities; purpose; performance contracts.

Be it enacted by the General Assembly of Virginia:

1. That §§ 37.2-203, 37.2-500, 37.2-508, 37.2-601, and 37.2-608 of the Code of Virginia are amended and reenacted as follows:

§ 37.2-203. Powers and duties of Board.

The Board shall have the following powers and duties:

- 1. To develop and establish programmatic and fiscal policies governing the operation of state hospitals, training centers, community services boards, and behavioral health authorities;
- 2. To ensure the development of long-range programs and plans for mental health, developmental, and substance abuse services provided by the Department, community services boards, and behavioral health authorities;
- 3. To review and comment on all budgets and requests for appropriations for the Department prior to their submission to the Governor and on all applications for federal funds;
- 4. To monitor the activities of the Department and its effectiveness in implementing the policies of the Board;
- 5. To advise the Governor, Commissioner, and General Assembly on matters relating to mental health, developmental, and substance abuse services;
- 6. To adopt regulations that may be necessary to carry out the provisions of this title and other laws of the Commonwealth administered by the Commissioner or the Department;

27 7. To ensure the development of programs to educate citizens about and elicit public support for
28 the activities of the Department, community services boards, and behavioral health authorities;

29 8. To ensure that the Department assumes the responsibility for providing for education and
30 training of school-age individuals receiving services in state facilities, pursuant to § 37.2-312;

31 9. To change the names of state facilities;~~and~~

32 10. To adopt regulations that establish the qualifications, education, and experience for registration
33 of peer recovery specialists by the Board of Counseling; and

34 11. To ensure that the Department develops specific goals and objectives for the delivery of
35 services to individuals with mental illness, developmental disabilities, or substance use disorders by
36 community services boards and behavioral health authorities that are consistent with the purposes set forth
37 in §§ 37.2-508 and 37.2-608 and that would enable the Board to advise the Governor, Commissioner, and
38 General Assembly on matters related to community behavioral health and developmental services.

39 Prior to the adoption, amendment, or repeal of any regulation regarding substance abuse services,
40 the Board shall, in addition to the procedures set forth in the Administrative Process Act (§ 2.2-4000 et
41 seq.), present the proposed regulation to the Substance Abuse Services Council, established pursuant to §
42 2.2-2696, at least 30 days prior to the Board's action for the Council's review and comment.

43 **§ 37.2-500. Purpose; community services board; services to be provided.**

44 A. The Department, for the purposes of establishing, maintaining, and promoting the development
45 of mental health, developmental, and substance abuse services in the Commonwealth, may provide funds
46 to assist any city or county or any combinations of cities or counties or cities and counties in the provision
47 of these services. ~~Every county or city or county shall establish a community services board by itself or in~~
48 ~~any combination with other cities and counties, unless it establishes a behavioral health authority pursuant~~
49 ~~to Chapter 6 (§ 37.2-600 et seq.). ~~Every county or city or any combination of cities and counties that has~~~~
50 ~~established a community services board, in consultation with that board, shall designate it as an operating~~
51 ~~community services board, an administrative policy community services board or a local government~~
52 ~~department with a policy advisory community services board. The governing body of each city or county~~
53 ~~that established the community services board may change this designation at any time by ordinance. In~~

54 ~~the case of a community services board established by more than one city or county, the decision to change~~
55 ~~this designation shall be the unanimous decision of all governing bodies.~~ In order to provide
56 comprehensive mental health, developmental, and substance abuse services within a continuum of care,
57 the community services board shall function as the single point of entry into publicly funded mental health,
58 developmental, and substance abuse services.

59 B. The core of services provided by community services boards within the cities and counties that
60 they serve shall include:

- 61 1. Emergency services;
- 62 2. Same-day mental health screening services;
- 63 3. Outpatient primary care screening and monitoring services for physical health indicators and
64 health risks and follow-up services for individuals identified as being in need of assistance with
65 overcoming barriers to accessing primary health services, including developing linkages to primary health
66 care providers; and
- 67 4. Subject to the availability of funds appropriated for them, case management services.

68 C. Subject to the availability of funds appropriated for them, the core of services may include a
69 comprehensive system of inpatient, outpatient, day support, residential, prevention, early intervention, and
70 other appropriate mental health, developmental, and substance abuse services necessary to provide
71 individualized services and supports to persons with mental illness, developmental disabilities, or
72 substance abuse. Community services boards may establish crisis stabilization units that provide
73 residential crisis stabilization services.

74 ~~D. In order to provide comprehensive mental health, developmental, and substance abuse services~~
75 ~~within a continuum of care, the community services board shall function as the single point of entry into~~
76 ~~publicly funded mental health, developmental, and substance abuse services.~~ The purpose of behavioral
77 health services provided by community services boards shall be to enable individuals who have a mental
78 illness or substance use disorder that significantly impairs their functioning to access effective, timely,
79 and cost-efficient services that help them (i) overcome or manage functional impairments caused by the

80 mental illness or substance use disorder and (ii) remain in the community to the greatest extent possible,
81 consistent with the individual's well-being and public safety.

82 E. Every city or county or any combination of cities and counties that has established a community
83 services board, in consultation with that board, shall designate it as an operating community services
84 board, an administrative policy community services board, or a local government department with a
85 policy-advisory community services board. The governing body of each city or county that established
86 the community services board may change this designation at any time by ordinance. In the case of a
87 community services board established by more than one city or county, the decision to change this
88 designation shall be the unanimous decision of all governing bodies.

89 F. A community services board may enter into contracts with private providers to ensure the
90 delivery of services pursuant to this article.

91 **§ 37.2-508. Performance contract for mental health, developmental, and substance abuse**
92 **services.**

93 A. The Department shall develop and initiate negotiation of the performance contracts through
94 which it provides funds to community services boards to accomplish the purposes set forth in this chapter.
95 In the case of operating boards, the Department may, notwithstanding any provision of law to the contrary,
96 disburse state and federal funds appropriated to it for mental health, developmental, or substance abuse
97 services directly to the operating board, when that operating board is authorized by the governing body of
98 each city or county that established it to receive such funds. Six months prior to the end of an existing
99 contract or, if no contract exists, six months prior to the beginning of each fiscal year, the Department
100 shall make available to the public the standard performance contract form that it intends to use as the
101 performance contract for that fiscal year and solicit public comments for a period of 60 days. Such
102 contracts shall be for a fixed term and shall provide for annual renewal by the Board if the term exceeds
103 one year.

104 B. Any community services board may apply for the assistance provided in this chapter by
105 submitting to the Department its proposed performance contract together with (i) the approval of its board
106 of directors for operating and administrative policy boards or the comments of the local government

107 department's policy-advisory board and (ii) the approval of the contract by formal vote of the governing
108 body of each city or county that established it. The community services board shall make its proposed
109 performance contract available for public review and solicit public comments for a period of 30 days prior
110 to submitting its proposed contract for the approval of its board of directors for operating and
111 administrative policy boards or the comments of the local government department's policy-advisory board.
112 To avoid disruptions in service continuity and allow sufficient time to complete public review and
113 comment about the contract and negotiation and approval of the contract, the Department may provide
114 semi-monthly payments of state-controlled funds to the community services board. If the governing body
115 of each city or county does not approve the proposed performance contract by September 30 of each year,
116 the performance contract shall be deemed approved or renewed.

117 C. The performance contract shall (i) delineate the responsibilities of the Department and the
118 community services board; (ii) specify conditions that must be met for the receipt of state-controlled funds;
119 (iii) identify the groups of individuals to be served with state-controlled funds; (iv) set forth specific goals
120 and objectives related to the delivery of services to individuals with mental illness, developmental
121 disabilities, or substance use disorders that are consistent with the purposes set forth § 37.2-500; (v)
122 contain specific-outcome, relevant, and measurable performance measures for to assess the experiences
123 and outcomes of individuals receiving services; provider performance measures, satisfaction measures for
124 individuals receiving services, and participation and involvement measures for individuals receiving
125 services and their family members through community services boards; ~~(v)~~ (vi) contain relevant
126 benchmarks and monitoring activities for each performance measure; (vii) contain mechanisms that have
127 been identified or developed jointly by the Department and community services board and that will be
128 employed collaboratively by the community services board and the state hospital to manage the utilization
129 of state hospital beds; ~~(vi)~~ (viii) establish an enforcement mechanism; should a community services board
130 fail to be in substantial compliance with its performance contract, including notice and appeal processes
131 and provisions for remediation, withholding or reducing funds, methods of repayment of funds, and the
132 Department's exercise of the provisions of subsection E; and ~~(vii)~~ (ix) include-reporting requirements-and
133 for the community services board to report specific information about (a) its revenues, costs, and services

134 provided, and (b) individuals receiving services served, and (c) any other information deemed necessary
135 by the Department, which shall be displayed in a consistent, comparable format determined developed by
136 the Department.

137 The Department may provide for performance monitoring in order to determine whether the
138 community services boards are in substantial compliance with their performance contracts.

139 D. No community services board shall be eligible to receive state-controlled funds for mental
140 health, developmental, or substance abuse services after September 30 of each year unless (i) its
141 performance contract has been approved or renewed by the governing body of each city or county that
142 established it and by the Department; (ii) it provides service, cost, and revenue data and information and
143 aggregate and individual data and information about individuals receiving services, notwithstanding the
144 provisions of § 37.2-400 or any regulations adopted thereunder, to the Department in the format prescribed
145 by the Department; and (iii) it uses standardized cost accounting and financial management practices
146 approved by the Department.

147 E. If, after unsuccessful use of a remediation process described in the performance contract, a
148 community services board remains in substantial noncompliance with its performance contract with the
149 Department, the Department may, after affording the community services board an adequate opportunity
150 to use the appeal process described in the performance contract, terminate all or a portion of the contract.
151 Using the state-controlled resources associated with that contract, the Department, after consulting with
152 the governing body of each city or county that established the board, may negotiate a performance contract
153 with another board, a behavioral health authority, or a private nonprofit or for-profit organization or
154 organizations to obtain services that were the subject of the terminated performance contract.

155 **§ 37.2-601. Behavioral health authorities; purpose.**

156 A. The Department, for the purposes of establishing, maintaining, and promoting the development
157 of behavioral health services in the Commonwealth, may provide funds to assist certain cities or counties
158 in the provision of these services. In order to provide comprehensive mental health, developmental, and
159 substance abuse services within a continuum of care, the behavioral health authority shall function as the
160 single point of entry into publicly funded mental health, developmental, and substance abuse services.

161 B. The governing body of the ~~Cities~~ City of Richmond or Virginia Beach or Richmond or the
162 ~~County of Chesterfield County~~ may establish a behavioral health authority and shall declare its intention
163 to do so by resolution.

164 C. The behavioral health services provided by behavioral health authorities within the cities or
165 counties they serve shall include:

- 166 1. Emergency services;
- 167 2. Same-day mental health screening services;
- 168 3. Outpatient primary care screening and monitoring services for physical health indicators and
169 health risks and follow-up services for individuals identified as being in need of assistance with
170 overcoming barriers to accessing primary health services, including developing linkages to primary health
171 care providers; and
- 172 4. Subject to the availability of funds appropriated for them, case management services.

173 D. Subject to the availability of funds appropriated for them, the behavioral health services may
174 include a comprehensive system of inpatient, outpatient, day support, residential, prevention, early
175 intervention, and other appropriate mental health, developmental, and substance abuse services necessary
176 to provide individualized services and supports to persons with mental illness, developmental disabilities,
177 or substance abuse. Behavioral health authorities may establish crisis stabilization units that provide
178 residential crisis stabilization services.

179 E. ~~In order to provide comprehensive mental health, developmental, and substance abuse services~~
180 ~~within a continuum of care, the behavioral health authority shall function as the single point of entry into~~
181 ~~publicly funded mental health, developmental, and substance abuse services~~ The purpose of behavioral
182 health services provided by behavioral health authorities shall be to enable individuals who have a mental
183 illness or substance use disorder that significantly impairs their functioning to access effective, timely,
184 and cost-efficient services that help them (i) overcome or manage functional impairments caused by the
185 mental illness or substance use disorder and (ii) remain in the community to the greatest extent possible,
186 consistent with the individual's well-being and public safety.

187 **§ 37.2-608. Performance contract for mental health, developmental, and substance abuse**
188 **services.**

189 A. The Department shall develop and initiate negotiation of the performance contracts through
190 which it provides funds to behavioral health authorities to accomplish the purposes set forth in this chapter.
191 The Department may, notwithstanding any provision of law to the contrary, disburse state and federal
192 funds appropriated to it for mental health, developmental, and substance abuse services directly to the
193 behavioral health authority. Six months prior to the beginning of each fiscal year, the Department shall
194 make available to the public the standard performance contract form that it intends to use as the
195 performance contract for that fiscal year and solicit public comments for a period of 60 days.

196 B. Any behavioral health authority may apply for the assistance provided in this chapter by
197 submitting annually to the Department its proposed performance contract for the next fiscal year together
198 with the approval of its board of directors and the approval by formal vote of the governing body of the
199 city or county that established it. The behavioral health authority shall make its proposed performance
200 contract available for public review and solicit public comments for a period of 30 days prior to submitting
201 its proposed contract for the approval of its board of directors. To avoid disruptions in service continuity
202 and allow sufficient time to complete public review and comment about the contract and negotiation and
203 approval of the contract, the Department may provide up to six semi-monthly payments of state-controlled
204 funds to the authority. If the governing body of the city or county does not approve the proposed
205 performance contract by September 30 of each year, the performance contract shall be deemed approved.

206 C. The performance contract shall (i) delineate the responsibilities of the Department and the
207 behavioral health authority; (ii) specify conditions that must be met for the receipt of state-controlled
208 funds; (iii) identify the groups of individuals to be served with state-controlled funds; (iv) set forth specific
209 goals and objectives related to the delivery of services to individuals with mental illness, developmental
210 disabilities, or substance use disorders that are consistent with the purposes set forth in § 37.2-601; (v)
211 contain specific-outcome, relevant, and measurable performance measures for to assess the experiences
212 and outcomes of individuals receiving services; provider performance measures, satisfaction measures for
213 individuals receiving services, and participation and involvement measures for individuals receiving

214 ~~services and their family members~~ through behavioral health authorities;~~(v)~~ (vi) contain relevant
215 benchmarks and monitoring activities for each performance measure; (vii) contain mechanisms that have
216 been identified or developed jointly by the Department and the behavioral health authority and that will
217 be employed collaboratively by the behavioral health authority and the state hospital to manage the
218 utilization of state hospital beds;~~(vi)~~ (viii) establish an enforcement mechanism, should the behavioral
219 health authority fail to be in substantial compliance with its performance contract, including notice and
220 appeal processes and provisions for remediation, withholding or reducing funds, methods of repayment
221 of funds, and the Department's exercise of the provisions of subsection E; and~~(vii)~~ (ix) include reporting
222 requirements and for the behavioral health authority to report specific information about (a) its revenues,
223 costs, and services provided, and (b) individuals receiving services served, and (c) any other information
224 deemed necessary by the Department, which shall be displayed in a consistent, comparable format
225 determined developed by the Department.

226 The Department may provide for performance monitoring to determine whether behavioral health
227 authorities are in substantial compliance with their performance contracts.

228 D. No behavioral health authority shall be eligible to receive state-controlled funds for mental
229 health, developmental, or substance abuse services after September 30 of each year unless (i) its
230 performance contract has been approved by the governing body of the city or county that established it
231 and by the Department; (ii) it provides service, cost, and revenue data and information, and aggregate and
232 individual data and information about individuals receiving services, notwithstanding § 37.2-400 or any
233 regulations adopted thereunder, to the Department in the format prescribed by the Department; and (iii),
234 it uses standardized cost accounting and financial management practices approved by the Department.

235 E. If, after unsuccessful use of a remediation process described in the performance contract, a
236 behavioral health authority remains in substantial noncompliance with its performance contract with the
237 Department, the Department may, after affording the authority an adequate opportunity to use the appeal
238 process described in the performance contract, terminate all or a portion of the contract. Using the state-
239 controlled resources associated with that contract, the Department, after consulting with the governing
240 body of the city or county that established the behavioral health authority, may negotiate a performance

241 contract with a community services board, another behavioral health authority, or a private nonprofit or
242 for-profit organization or organizations to obtain services that were the subject of the terminated
243 performance contract.

244 **2. That the provisions of subsection C of §§ 37.2-508 and 37.2-608 of the Code of Virginia, as**
245 **amended by this act, shall become effective on July 1, 2025.**

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