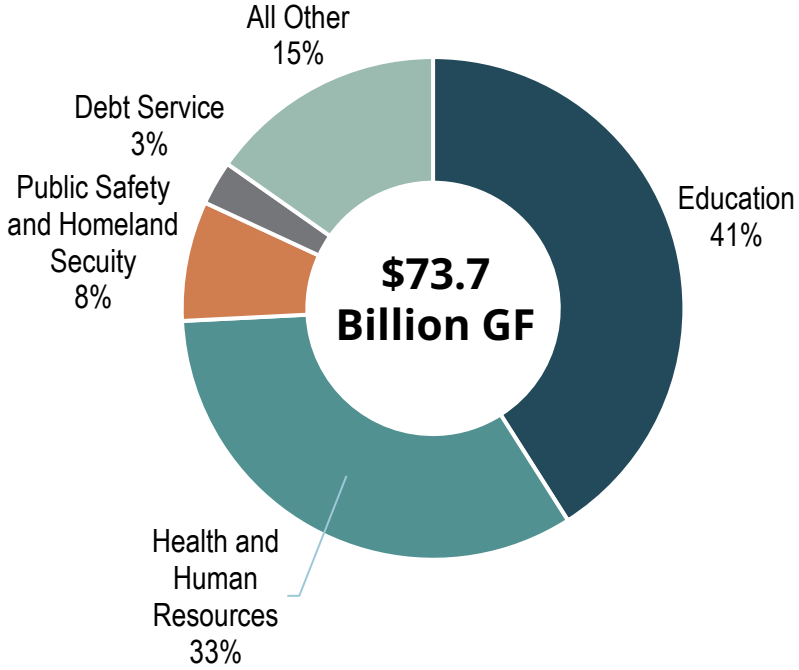
Overview of Budget Actions for Behavioral Health

Chapter 1, 2026 Special Session I Acts of Assembly

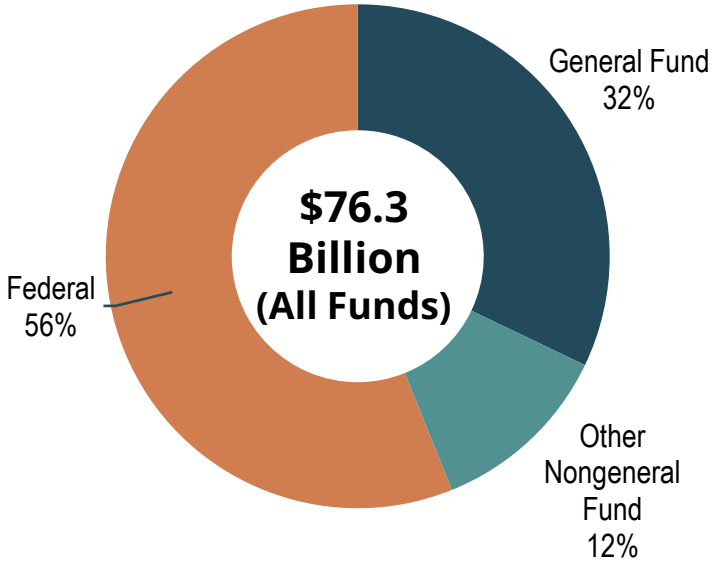
July 7, 2026

Health and Human Resources - 2026-28 Biennial Budget

2026-28 Biennial GF Operating Budget
(Note: $203.5 Billion Budget From All Funds)

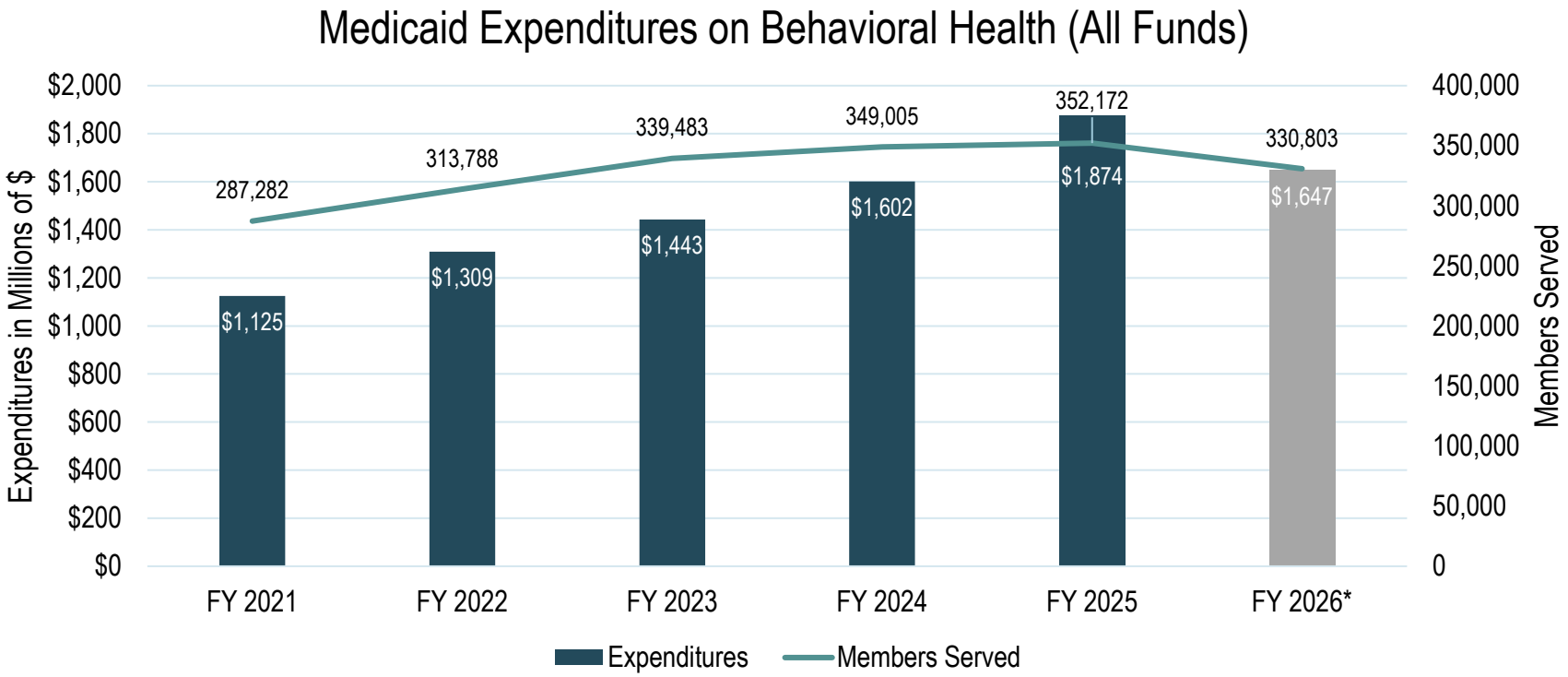


HHR Biennial Budget by Fund Source
($24.5 Billion GF)



Source: Chapter 1, 2026 Special Session I Acts of Assembly.

Medicaid is a Significant Payor for Behavioral Health Services



Source: DMAS Behavioral Health Service Utilization and Expenditures Dashboard as of June 29, 2029.
** FY 2026 year-to-date contains claims submitted from July 1, 2025, through May 31, 2026.*

Overview of Health & Human Resources Funding in Chapter 1

- Chapter 1 reflects 2026 Special Session I actions that result in a net increase in HHR of $3.2 billion GF over the biennium above the base budget.

- Mandatory spending changes include:
  - $2.8 billion GF for the Medicaid Forecast;
  - $136.1 million GF for the Children's Services Act:
  - $235.4 million GF for the federal H.R.1 changes to the SNAP Program that shift costs to the state;
  - $93.6 million GF shortfall in the Health Care Fund; and
  - $84.8 million GF for the Children's Health Insurance Programs.

- Major GF discretionary spending amendments include:
  - $81.7 million GF for an increase in Medicaid developmental disability waiver rates;
  - $50.0 million GF for drinking water infrastructure grants;
  - $44.3 million GF for increased Medicaid personal care rates;
  - $35.0 million GF for a one-time increase in rates for nursing homes;
  - $31.8 million for core public health activities; and
  - $13.2 million to fund the Ryan White HIV-AIDS program.

Department of Behavioral Health & Developmental Services GF Budget Actions

GF Actions for 2026-28 Biennium ($ in millions)	Chapter 1
Support Statewide Implementation of Marcus Alert	$11.4
Discharge Planning Funds for Private Hospitals	3.0
Comprehensive Psychiatric Emergency Programs	2.5
State Rental Assistance Program	2.0
Bennett's Village Playground	1.5
Mile High Kids Community Development	1.0
Oversight of Recovery Residences	0.6
Specially Adapted Resources Clubs (SPARC)	0.5
Support Autism Community Hub	0.3
Service Dogs of Virginia	0.3
Healing Station Counseling Center	0.1
Support for Virginia 988 Suicide and Crisis Lifeline Service	(5.4)
Total	**$17.8**

Behavioral Health GF Related-Actions in Other Agencies

GF $ in millions	Chapter 1
Free Clinic Funding	10.0
Federally Qualified Health Center Funding	5.0
Workforce Retention Brain Injury Services (DARS)	1.5
Community Brain Injury Services (DARS)	1.5
Ensure Appropriate Utilization of Crisis Serves (Four-hour limit and network limitation on mobile crisis; eliminates Community Stabilization)	(108.0)
Ensure Appropriate Utilization of Applied Behavior Analysis Services (20-hour weekly limit and diagnosis requirements)	(58.0)
Eliminate Automatic Medicaid Increases for PRTFs and ARTS Providers (DMAS and CSA)	(5.7)
Involuntary Mental Commitments Medical Costs (DMAS)	(3.2)

Behavioral Health Language Actions

- **Medicaid Behavioral Health Services Redesign -** Delays the next phase of the redesign of behavioral health services until July 1, 2027.
- **Adolescent Substance Use Services Funding -** Amends language for an earmarked appropriation for adolescent substance use disorder treatment to allow funds to be utilized for more levels of care.
- **ABA Benefit Utilization Workgroup -** Establishes a workgroup to evaluate utilization and best practices regarding Medicaid Applied Behavioral Analysis services.
- **Local Match Requirement on State Community Services Board funding -** Directs DBHDS to examine alternatives to the current 10 percent local match requirement on state Community Services Board funding.
- **Crisis Facilities to Adopt a No-Barrier Model -** Directs DBHDS to identify strategies to serve more individuals subject to an ECO or TDO in crisis facilities by incentivizing existing CRCs and CSUs to follow a no-barrier approach.
- **Community Services Board Billing of Medicaid Services –** Requires DBHDS to include in the annual performance contracts with Community Services a requirement that each CSB maximize billing of Medicaid services and report to the Department on total Medicaid revenue each year.

Behavioral Health Language Actions (cont'd)

- **School-Based Mental Health Services -** Modifies budget language for school-based mental health services to clarify that school divisions may use available funding to support services provided by in-person therapists and clarifies that localities that have already contracted with a mental telehealth provider can apply to reimburse those costs through this grant program.
- **Reporting on STEP-VA Funding -** Directs DBHDS to collect data on STEP-VA services and to assess whether flexibility may be necessary to reallocate funds among STEPs to match community needs.
- **Prospective Payment System Transition Study for STEP-VA Services.** Directs the Department of Medical Assistance Services to identify the steps necessary for Virginia to potentially transition to a prospective payment system (PPS), as designed to support the Certified Community Behavioral Health Clinic model.

Questions?