b. **Expenditure Guidelines:**
Grant funds: Shall be used to pay for services and practices that have a demonstrated evidence-base, which are inclusive of: mental health treatment, substance misuse treatment, other behavioral health services, hotlines or warmlines, crisis intervention, overdose prevention, infectious disease prevention, and services or outreach to promote access to physical or behavioral health primary care and preventative medicine.

c. **Limitations on Reimbursements**: Subrecipient shall not be reimbursed or otherwise compensated for any expenditures incurred or services provided prior to or after the appropriate Award Period included in section IV.

DBHDS shall only reimburse or otherwise compensate the Subrecipient for documented expenditures incurred during this period that are: 1) reasonable and necessary to carry out the agreed upon scope of service outlined in Exhibit D, Exhibit G, or Notice of Award 2) documented by contracts or other evidence of liability consistent with established DBHDS and Subrecipient procedures; and 3) incurred in accordance with all applicable requirements for the expenditure of funds payable under this agreement.

d. **Closeout**: Final payment request(s) under any associated Agreement must be received by DBHDS no later than thirty (30) days after the end of the Period of Performance referenced in the Exhibit D, Exhibit G, or Notice of Award. No payment request will be accepted by DBHDS after this date without authorization from DBHDS. The Subrecipient may continue to expend retained funds until the end of the Period of Performance to pay for remaining allowable costs unless otherwise instructed in their subaward document by DBHDS.

Any funds remaining unobligated at the end of the Period of Performance shall be returned to DBHDS within 30 days of the end of the Period of Performance. Any unexpended funds remaining at the end of the Period of Performance or, available at the end of a liquidation period for obligations incurred if allowed by the subaward document, will be returned to DBHDS within 30 days of the end of the relevant period. Unexpended funds should be returned in the form of a check made payable to the Treasurer of Virginia and sent to:

DBHDS

PO Box 1797

Richmond, VA 23218-1797

C/O Eric Billings

Funds for this grant may also be returned via an electronic ACH payment to DBHDS' Truist Bank account. The account information and DBHDS' EIN is as follows:

Account Number: 201141795720002

Routing Number: 061000104

EIN: 546001731

Name and Address of Bank:

Truist Bank

214 North Tryon Street

Charlotte, NC 28202

If the ACH method is utilized, the Subrecipient shall provide email notification of their intention to provide payment electronically to:

Eric.Billings@dbhds.virginia.gov

Failure to return unexpended funds in a prompt manner may result in a denial of future federal Subrecipient awards from DBHDS.

The Subrecipient agrees, to the extent permitted by law, that acceptance of final payment from DBHDS will constitute an agreement by the Subrecipient to release and forever discharge DBHDS, its agents, employees, representatives, affiliates, successors and assigns from any and all claims, demands, damages, liabilities, actions, causes of action or suits of any nature whatsoever, which Subrecipient has at the time of acceptance of final payment or may thereafter have, arising out of or in any way relating to any and all injuries and damages of any kind as a result of or in any way relating to this Agreement. DBHDS understands that CSB is a political subdivision of the Commonwealth of Virginia and is legally prohibited from entering into hold harmless and indemnification provisions. Local governments in Virginia have sovereign immunity from tort suits and cannot waive or contract away their immunity or assume the liability of another absent specific statutory authority. Subrecipient's obligations to DBHDS under this agreement shall not terminate until all closeout requirements are completed to the satisfaction of DBHDS. Such requirements shall include, without limitation, submitting final reports to DBHDS and providing any closeout-related information requested by DBHDS by the deadlines specified by DBHDS. This provision shall survive the expiration or termination of this agreement.

VI. Charitable Choice

The CSB assures that it is and will continue to be in full compliance with the applicable provisions of 45 CFR Part 54, Charitable Choice Regulations, and 45 CFR Part 87, Equal Treatment for Faith-Based Organizations Regulations, in its receipt and use of federal Mental Health Services and SABG funds and federal funds for Projects for Assistance in Transitions from Homelessness programs. Both regulations prohibit discrimination against religious organizations, provide for the ability of religious organizations to maintain their religious character, and prohibit religious organizations from using federal funds to finance inherently religious activities.

VII. List of Federal Grants

The federal grants that DBHDS passes-through to the CSB and the required identifying information that should be used to categorize and track these funds are found in the DBHDS grants management system.

AMENDMENT 4
AMENDED AND RESTATED
FY2026 AND FY2027 COMMUNITY SERVICES PERFORMANCE CONTRACT
MASTER AGREEMENT

ADDENDUM I
ADMINISTRATIVE REQUIREMENTS AND PROCESSES AND PROCEDURES

Table of Contents

AMENDMENT 4
AMENDED AND RESTATED
FY2026 AND FY2027 COMMUNITY SERVICES PERFORMANCE CONTRACT
MASTER AGREEMENT

ADDENDUM I
ADMINISTRATIVE REQUIREMENTS AND PROCESSES AND PROCEDURES

I. Background

The Administrative Requirements and Processes and Procedures include statutory, regulatory, policy, process and procedures and other requirements that are not expected to change frequently. The CSB and the Department shall comply with these requirements and processes and procedures. This document is incorporated into and made a part of the Community Services Performance Contract (PC) by reference. The Department will work with the CSBs regarding any substantive changes to this document, with the exception of changes in statutory, regulatory, policy, or other requirements.

The provisions of this agreement apply to all CSBs, Chapter 5 Section 37.2-100 defines the four types of CSB organizational structure and Chapter 6 Section 37.2-601 further defines the organizational structure of a Behavioral Health Authority (BHA). As such, the precise application of these provisions will vary across the different organizational types. All CSBs are required to meet the provisions herein, but some CSBs may meet said provisions by their nature as subsections of a local government or similar. This agreement does not, in any way, seek to contradict or otherwise be in opposition to local government policy/procedure as it applies to any of the subject matter discussed.

An illustrative example: All CSBs are required to have an annual audit. Operational CSBs must conduct this audit by contracting with an appropriate third party. Administrative Policy CSBs may satisfy this requirement by ensuring the CSB is included appropriately in the required annual audit conducted by the local governing body.

II. CSB Requirements

A. Financial Management Requirements, Policies, and Procedures

CSB's financial management and accounting system shall operate and produce financial statements and reports in accordance with Generally Accepted Accounting Principles, compliance with requirements of Governmental Accounting Standards Board (GASB), and Code of Federal Regulations, 2 CFR Part 200.

1. **Accounting:** CSBs shall account for all service and administrative expenses accurately and submit timely reports to the Department to document these expenses.
2. **Annual Independent Audit:** CSBs shall obtain an independent annual audit conducted by certified public accountants.
   a. Audited financial statements shall be prepared in accordance with generally accepted accounting principles (GAAP) and compliance with Code of Federal Regulations, 2 CFR Part 200.
   b. Copies of the audit and the accompanying management letter shall be provided to the Office of Budget and Financial Reporting in the Department and to each local government that established the CSB.
   c. Deficiencies and exceptions noted in an audit or management letter shall be resolved or corrected in a timely manner defined more precisely through discussions between the CSB and the Department.
   d. For a CSB that is included in the annual audit of its local government.
      i. Copies of the applicable portions of the accompanying management letter shall be provided to the Office of Budget and Financial Reporting in the Department.
      ii. Deficiencies and exceptions noted in a management letter shall be resolved or corrected in a timely manner defined more precisely through discussions between the CSB, the local government entity and the Department.
3. **Federal Audit Requirements:** When the Department issues subawards of federal grants to a CSB, the CSB shall satisfy all federal government audit requirements.

4. **Subcontractor Audits:** The CSB shall obtain, review, and take any necessary actions on audits of any subcontractors that provide services that are procured under the Virginia Public Procurement Act and included in a CSB's performance contract. The CSB shall provide copies of these audits to the Office of Budget and Financial Reporting in the Department.
5. **Bonding:** CSB employees with financial responsibilities shall be bonded in accordance with local financial management policies.
6. **Fiscal Policies and Procedures:** A CSB's written fiscal policies and procedures shall conform to applicable local government policy or, in absence of local governing requirements, State Board policies and Departmental Policies and procedures.
7. **Additional Financial Management Requirements:** The CSB shall comply with the following requirements, as applicable.
   a. CSBs may not use the same Certified Public Accountant (CPA) for both production of their annual financial statements and execution of their independent audit.
   b. Operating CSBs and the BHA shall rebid their CPA audit contracts at least every five (5) years once the current CPA contracts expire. CSB's will ensure their contract with the audit firm gives them the right to rebid annual audit services if the firm is more than 60 days late for two consecutive years.
   c. All CSB bank accounts shall be reconciled monthly, with the appropriate segregation of duties, and a designated staff person not involved in preparing the reconciliation shall approve it.
   d. A contract administrator shall be identified for each contract for the purchase of services entered into by the CSB, and every contract shall be signed, with the appropriate segregation of duties by a designated staff person, and each other party to the contract, where applicable.
   e. A designated staff person shall approve and document each write-off of account receivables for services to individuals. The CSB shall maintain an accounts receivable aging schedule, and debt that is deemed to be uncollectable shall be written off periodically. The CSB shall maintain a system of internal controls including separation of duties to safeguard accounts receivable assets. A designated staff person who does not enter or process the CSB's payroll shall certify each payroll.
   f. Documentation for all expenditures must adhere to the respective fund requirements for both state and federal funding sources.
   g. The CSB shall maintain an accurate list of fixed assets as defined by the state and federal policies.
   h. Access to the CSB's information system shall be controlled and properly documented. Access shall be terminated in a timely manner when a staff member is no longer employed by the CSB to ensure security of confidential information about individuals receiving services and compliance with the Health Insurance Portability and Accountability Act of 1996 and associated federal or state regulations.
   i. The CSB shall assess operating reserves at least monthly to ensure it maintains an operating reserve of funds sufficient to cover at least two months of personnel and operating expenses and ensure that the CSB's financial position is sound.
   j. At any point during the term of this contract, if it determines that its operating reserve is less than two months, the CSB shall notify the the Department within 10 business days of the determination and work with the Department to develop a corrective action plan to increase the reserve to at least two months in a reasonable agreed upon timeframe.

B. Procurement Requirements, Policies, and Procedures

CSBs shall have written procurement policies and procedures that comply with the Virginia Public Procurement Act.

C. Reimbursement Requirements, Policies, and Procedures

1. **Reimbursement System:** Each CSB's reimbursement system shall comply with § 37.2-504 and § 37.2-511 or § 37.2-605 and § 37.2-612 and with § 20-61 of the Code of Virginia and State Board Policy 6002 (FIN) 86-14. Its operation shall be described in organizational charts identifying all staff positions, flow charts, and specific job descriptions (as they relate to reimbursement policy/process) for all personnel involved in the reimbursement system.

2. **Policies and Procedures:** Written fee collection policies and procedures shall be adequate to maximize fees from individuals and responsible third-party payers.

3. **Schedule of Charges:** A schedule of charges shall exist for all services that are included in the CSB's performance contract, shall be related reasonably to the cost of the services, and shall be applicable to all recipients of the services.

4. **Ability to Pay:** A method, approved by a CSB's board of directors that complies with applicable state and federal regulations shall be used to evaluate the ability of each individual to pay fees for the services he or she receives.

5. **Medicaid and Medicare Regulations:** CSBs shall comply with applicable federal and state Medicaid and Medicare regulations, policies, procedures, and provider agreements. Medicaid non-compliance issues identified by Department staff will be communicated to the Department of Medical Assistance Services.

D. Human Resource Management Requirements, Policies, and Procedures

1. **Statutory Requirements:** The CSB shall operate a human resource management program that complies with state and federal statutes, regulations, and policies.

2. **Policies and Procedures:** If the CSB is not otherwise required to adhere to local government human resource management requirements, policies, and procedures, written human resource management policies and procedures shall include a classification plan and uniform employee pay plan and, at a minimum, shall address:
   a) nature of employment;
   b) equal employment opportunity;
   c) recruitment and selection;
   d) criminal background and reference check requirements;
   e) classification and compensation, including a uniform employee pay plan;
   f) employment medical examinations (e.g., TB);
   g) nepotism (employment of relatives);
   h) probationary period;
   i) initial employee orientation;
   j) transfer and promotion;
   k) termination, layoff, and resignation;
   l) benefits, including types and amounts of leave, holidays, and health, disability, and other insurances;
   m) hours of work;
   n) outside employment;
   o) professional conduct;
   p) employee ethics;
   q) compliance with state Human Rights Regulations and the CSB's local human rights policies and procedures;
   r) HIPAA compliance and privacy protection;
   s) compliance with the Americans with Disabilities Act;

t) compliance with Immigration Reform and Control Act of 1986;
u) conflicts of interests and compliance with the Conflict of Interests Act;
v) compliance with Fair Labor Standards Act, including exempt status, overtime, and compensatory leave;
w) drug-free workplace and drug testing;
x) maintenance of a positive and respectful workplace environment;
y) prevention of sexual harassment;
z) prevention of workplace violence;
aa) whistleblower protections;
bb) smoking;
cc) computer, internet, email, and other electronic equipment usage;
dd) progressive discipline (standards of conduct);
ee) employee performance evaluation;
ff) employee grievances;
gg) travel reimbursement and on-the-job expenses;
hh) employee to executive director and board of directors contact protocol; and
ii) communication with stakeholders, media, and government officials.

3. **Job Descriptions**
A CSB shall have written, up-to-date job descriptions for all positions.
Job descriptions shall include identified essential functions, explicit responsibilities, and qualification statements, expressed in terms of knowledge, skills, and abilities as well as business necessity and bona fide occupational qualifications or requirements.

4. **Grievance Procedure**
A CSB's grievance procedure shall satisfy §15.2-1507 of the Code of Virginia.

5. **Uniform Pay Plan**
A CSB shall adopt a uniform pay plan in accordance with §15.2-1506 of the Code of Virginia and the Equal Pay Act of 1963.

E. Comprehensive State Planning

1. **General Planning:** The CSB shall participate in collaborative local and regional service and management information systems planning with state facilities, other-CSBs, other public and private human services agencies, and the Department, as appropriate. In accordance with § 37.2-504 or § 37.2-605 of the Code of Virginia, the CSB shall provide input into long-range planning activities that are conducted by the Department.

2. **Participation in State Facility Planning Activities**
The CSB shall participate in collaborative planning activities with the Department to the greatest extent possible regarding the future role and structure of the state facilities.

F. Interagency Relationships
Pursuant to the case management requirements of § 37.2-500 or § 37.2-601 of the Code of Virginia, the CSB shall, to the extent practicable, develop and maintain linkages with other community and state agencies and facilities that are needed to assure that individuals it serves are able to access treatment, training, rehabilitative, and habilitative mental health, developmental, or substance abuse services and supports identified in their individualized services plans. The CSB shall comply with § 37.2-504 or § 37.2-605 of the Code of Virginia regarding interagency agreements.

The CSB also shall develop and maintain, in conjunction with the courts having jurisdiction in the cities or counties served by the CSB, cooperative linkages that are needed to carry out the provisions of § 37.2-805 through § 37.2-821 and related sections of the Code of Virginia pertaining to the involuntary admission process.

The CSB shall develop and maintain the necessary linkages, protocols, and interagency agreements to effect the provisions of the Comprehensive Services Act for At-Risk Youth and Families (§ 2.2-5200 through § 2.2-5214 of the Code of Virginia) that relate to services that it provides. Nothing in this provision shall be construed as requiring the CSB to provide services related to this act in the absence of sufficient funds and interagency agreements.

III. The Department Requirements

A. Comprehensive State Planning
The Department shall conduct long-range planning activities related to state facility and community services, including the preparation and dissemination of the Comprehensive State Plan required by § 37.2-315 of the Code of Virginia.

B. Administrative Fee
The Department shall partner with the CSBs to establish administrative fee policies and procedures.

C. Department Review
While it does not conduct routine reviews of the entirety of a CSB's administrative activities, the Department may conduct a review in response to significant deficiencies, irregularities, or problems identified in the CSB's independent annual audit or management letter or in response to complaints or information that it receives.

If Departmental review identifies compliance deficiencies, CSBs will submit formal plans of correction to the appropriate Office of Administrative Services in the Department within 45 days of receipt of official reports of reviews. Minor compliance issues shall be corrected within 45 days of submitting a plan. Action to correct major compliance issues shall be initiated within 45 days and completed within 180 days of submitting a plan, unless, following discussion with the CSB, the Department grants an extension.

Additional information about departmental review of various administrative functions is available in the Technical Manual.

D. Complaint Follow-up
In response to complaints from constituents or other entities related to CSB financial, procurement, reimbursement, or human resource policy, the Department will forward those complaints to the Board, the local government or local governing body for resolution. If resolution is not attained within a reasonable period, DBHDS may conduct a review of these policies, departments, and activities, within the extent allowable by state law, to seek resolution.

E. Information Technology
The Department shall operate and provide technical assistance and support, to the extent practicable, to the CSB about any/all systems through which operational or service-level data are exchanged and will comply with State Board Policies 1030.

ADDENDUM I
ADMINISTRATIVE REQUIREMENTS AND PROCESSES AND PROCEDURES

1. Pursuant to § 37.2-504 and § 37.2-605 of the Code of Virginia, the Department shall implement procedures to protect the confidentiality of data accessed or received in accordance with the performance contract.

2. The Department shall ensure that any software application that it issues to the CSB for reporting purposes associated with the performance contract has been field tested in accordance with Appendix D by a reasonable number of CSBs to assure compatibility and functionality with the major IT systems used by CSBs, is operational, and is provided to the CSB sufficiently in advance of reporting deadlines to allow it to install and run the software application.

3. The Department shall collaborate with the VACSB DMC in the implementation of any new data management or data warehousing systems to ensure appropriate interoperability and workflow management.

F. DBHDS will develop and provide essential training to support new hires and current CSB Executive Director, Chief Executive Officer, and Chief Financial Officer annually as it relates to their role and responsibilities with DBHDS.

Appendix C: Management of Unexpended State Funds

Purpose

The purpose of this Appendix is to establish standardized limits, approval requirements, and oversight responsibilities for the accumulation and use of unexpended state funds by Community Services Boards (CSBs) and Regional Programs administered by a Regional fiscal agent.

Unexpended balance refers to funds allocated or awarded to a CSB that are not spent or paid out by the CSB during a fiscal year or other appropriation term.

For the purposes of this Appendix the definition for Unexpended, Unspent and Carry Over funds is the same.

Section 1: CSB Unspent Balance Requirements

1.2 State General Funds

1. Regional Program Funds

   Unexpended regional program funds may be managed by the fiscal agent and participating CSBs, and in accordance with Appendix F: Regional Program Operations of Addendum I Administrative Requirements and Processes and Procedures, and that provided:

   1. All uses are approved collectively by participating CSBs in their established Memorandum of Agreement (MOA).
   2. Uses comply with allowable purposes or an alternative use proposed by the region, in line with the appropriation act and authorized by DBHDS.
   3. Procedures for managing regional funds are documented in the regional program's Memorandum of Agreement (MOA) and align with this Appendix and the current performance contract.

   Balances may be:

   1. Prorated to individual CSBs for local use as outlined in original plan from the Department. Meaning, funds are divided among the individual CSBs. Each CSB gets its own share based on a formula. It can be based on population, need, or another prorated method- based on an agreed upon methodology to deliver the service in that region through the prior agreed upon plan unless circumstances have changed and the methodology needs to change. The money is then used locally by each CSB according to the plan approved by Department.
   2. Allocated collectively for regional initiatives. Means, instead of part of the regional funds going to each CSB separately, the funds are pooled together. The combined amount is used for projects or initiatives that benefit the entire region, not just a single CSB. Decisions about use are made at the regional level rather than by individual CSBs.

Appendix C: Management of Unexpended State Funds

3. Managed by the fiscal agent as agreed by all participating CSBs.

2. Non-Regional Funds:

   Funds allocated to an individual CSB to develop a program service within the operational scope of that individual CSB. Unexpended General Fund balances awarded to individual CSBs are managed by the CSB and in compliance with requirements outlined in Section 2.

Section 2: Allowable Uses of Unspent State Fund Balances

Consistent with the intent of the Grants to Localities item in the Appropriation Act, Board Policy 6005(FIN)94-2, and §§ 37.2-500 or 37.2-601 of the Code of Virginia:

1. CSBs may use unspent balances of state funds only for mental health, developmental, and substance use disorder services purposes.
2. Any other uses are prohibited and constitute a violation of the CSB's performance contract.
3. Categories:
   - Restricted – Limited to the permissible purpose.
   - Unrestricted –Funds are used solely for allowable mental health, developmental, or substance use disorder service purposes consistent with the Appropriation Act and applicable Code of Virginia provisions. Unrestricted balances will be monitored by the Department.

Repayment Obligation

Funds used for disallowed, unauthorized or out-of-scope activities must be repaid immediately to the Department or the Department shall reduce future disbursements to offset amount(s) owed. It is the expectation of the Department that CSBs request technical assistance if uncertain of permissible use of funding.

Section 3: Collective Uses of Unspent State Fund Balances

A group of CSBs may pool unspent balances to address one-time issues or needs that are more effectively or efficiently addressed collectively. CSBs shall share these written plans with the Department for review.

- Pooled restricted funds must adhere to original restrictions.
- All uses must comply with principles and procedures in this Appendix.

Appendix C: Management of Unexpended State Funds

Section 4: Carryforward Limits

1. Individual CSBs: May carry forward from previous fiscal year(s)up to 25% of the total state appropriation allocated for the current fiscal year. DBHDS shall provide timely notification regarding the individual funding line items within a defined funding category which exceed the 25% cap and work collaboratively with the CSBs regarding the funding line items that should be paused in order to spend down those funds which exceed the 25% cap.
2. Regional Programs: May carry forward from previous fiscal year(s) up to 25% of the total state appropriation allocated for the current fiscal year. DBHDS shall provide timely notification regarding the individual funding line items within a defined funding category which exceed the 25% cap and work collaboratively with the CSBs regarding which funding line items should be paused in order to spend down those funds which exceed the 25% cap.
3. The 25% carryforward limitation shall apply only to restricted state fund balances.
4. There shall be no percentage cap on the carryforward of unrestricted (non-restricted) state fund balances. Unrestricted state funds may be carried forward without limitation, provided that:

Funds are used solely for allowable mental health, developmental, or substance use disorder service purposes consistent with the Appropriation Act, Board Policy 6005(FIN)94-2, and §§ 37.2-500 or 37.2-601of the Code of Virginia.

Monthly reporting regarding the above will be provided by DBHDS to CSBs until such time as funding line item in questions is below the 25% threshold. At which point, funding will resume at the original dispensation.

Section 5: Exception Process

CSBs and Regional Programs may request exceptions to percentage limits for documented, one-time, or strategic uses, including:

1. Capital projects
2. Time-limited investments
3. Infrastructure, technology, or security enhancements
4. Transitional program requirements
5. Urgent needs identified by the Department
6. Funds distributed in the last two quarters of the fiscal year

Capital Project Exception

Amounts reserved for approved capital projects shall be excluded from carryforward calculations if:

Appendix C: Management of Unexpended State Funds

1. Approved by the CSB board and follows Appendix F: Regional Program Operations of Addendum I Administrative Requirements and Processes and Procedures.
2. Documented in a specific exhibit as capital with standardized language provided by the Department
3. Funds are designated for purchase, construction, renovation, or replacement of land/buildings; purchase/replacement of capital equipment or facility-related machinery; or purchase of information technology system equipment or software.

Department Authority:

The Department may approve, modify, or deny exception requests and provide timely communication to CSBs. Requests must include:

1. A clearly stated decision
2. Detailed justification for the decision
3. Cost estimate
4. Timeline
5. Explanation of why expenditure cannot be accommodated within standard limits.
6. Any proposed alternatives or adjustments which might result in approval if the request has been denied

Department Responsibilities:
Responses to CSB requests for capital project exceptions will be provided to the CSB within 2 weeks of receipt . CSBs reserves the right to appeal anydecision or escalate if a response is not timely. The appeal process begins with working with the Deputy Commissioner of Community. If a timely agreeable resolution is not achieved the CSB reserves the right to appeal to the Commissioner of DBHDS within 90 days of receipt of the response. Responses will include:

1. A clearly stated decision
2. A detailed justification for the decision
3. Any proposed alternatives or adjustments which might result in approval if the request has been denied

Section 6: Reporting Requirements

CSBs and Regional Programs shall report all unexpended balances, proposed carryforwards, and exception requests in the format required in mid-year and end-of-year performance contract reporting.

Section 7: Carryforward Balances Oversight

The Department shall review all carryforward requests above 25% to assess:

Appendix C: Management of Unexpended State Funds

1. Progress toward expenditure
2. Compliance with intended use
3. Overall program service performance
4. Emerging risks or delays

CSBs and Regional Programs shall provide updated expenditure reports using a jointly developed template provided by DBHDS at a cadence that is mutually agreed upon. Section 8: Effective Period of Restrictions

Restricted state funds remain restricted as originally appropriated. After the biennium, any unexpended restricted funds shall remain restricted for permissible purposes.

The Department may request accounting of accumulated restricted fund. The Department may direct CSBs to repurpose or reallocate funds within existing programs, services or projects, based on need and with appropriate authority from the General Assembly where required.

Section 9: Department Responsibilities

Allocations of State Funds

Per State Board Policy 6005 and §§ 37.2-509 or 37.2-611 of the Code of Virginia, the Department shall allocate funds in Grants to Localities without applying estimated year-end balances to next year's awards and in accordance with procedures established by the Department and performance contracts. Allocations of state-controlled funds to the CSBs shall be determined by the Department, after careful consideration of all of the factors noted in the current Board Policy and Code and providing sufficient notification to CSB before implementing any reduction of state-controlled funds

Review of Unspent Balances

The Department may require CSBs to report any unspent funds from the previous year. If a CSB's unspent funds are above allowed limits, the Department may pause current-year payments. If performance data shows ongoing low program service performance and high unspent balances, the Department may also withhold current-year funds. The Department may create additional requirements for how unspent funds are identified, used, reported, or redistributed.

The Department will work with CSBs to resolve compliance issues. It will provide guidance on what is allowed and not allowed use of unspent funds, including a timely review and approval process, and will offer technical assistance when needed.

Reinstatement: DBHDS may reinstate payments to CSBs within the current fiscal year if it determines that withholding such payments results in a material operational impact. Material operational impact includes, but is not limited to, disruptions to service delivery, staffing,

Appendix C: Management of Unexpended State Funds

compliance requirements, or continuity of care. DBHDS will provide written notification of any decision to reinstate payments, including the effective date and any applicable term.

Applicable Exhibits/Addendums

- Appendix C Implementation Guide (TO BE DEVELOPED JOINTLY)
- Exhibit G: Community Services Boards Master Programs Services Requirements
- Appendix F: Regional Program Operations of Addendum I Administrative Requirements and Processes and Procedures Addendum I: Carryforward Reporting Template (electronic form)
- Addendum I: Exception Request Form (electronic form)

BOILER PLATE

The funds identified in this Exhibit are designated and approved as Capital Project funds in accordance with Appendix C: Management of Unexpended State Funds. These funds are restricted solely to the capital purpose described. Amounts designated and approved as Capital Project funds shall be excluded from the calculation of the 25% restricted state fund carryforward limitation for the applicable fiscal year(s).

AMENDMENT
AMENDED AND RESTATED
FY2026 AND FY2027 COMMUNITY SERVICES PERFORMANCE CONTRACT
MASTER AGREEMENT
ADDENDUM I
ADMINISTRATIVE REQUIREMENTS AND PROCESSES AND PROCEDURES

Appendix E: Administrative Requirements for Accounts Receivables

Background

A. CSB Responsibilities

1. Before the end of the first quarter of FY27, the established small workgroup comprised of Chief Executive Officers (CFO) and Executive Directors (ED) and DBHDS representatives shall meet to revise the current language in this section with key performance indicators that take in consideration but not limited to the following:

    1. Clean Claim Rate (CCR)
    2. Days in Accounts Receivable (A/R)
    3. Initial Denial Rate
    4. Monitoring A/R aging
    5. Final Denial Write-offs
    6. Net collection rates
    7. Eligibility conversion rate

8. CSB shall develop and implement systems that are adequate to properly account for and report their client receivables.

9. CSB shall establish and implement receivable collection policy that includes procedures for billing, re-billing, processing denials and write offs. Such procedures should address the frequency of billing, monitoring of denials and frequency of re-billing such denials of client receivables.

10. CSB shall write off client receivable accounts when all collection procedures have been exhausted and categories of such write offs need to be defined in their receivable policy.

11. CSB shall collect minimum prescribed information from clients including their insurance information that aids in collecting receivables.

12. CSB shall strive to consistently pursue client receivables collect its client receivables including Medicaid, Medicare, and third-party insurers and limit the percentage of receivables over 120 days

(excluding self-pay) to 15% or less of the total AR (excluding self-pay) unless actively collecting on those accounts.

B. Department Responsibilities

1. Before the end of the first quarter of FY27, Department shall convene meeting with the established small workgroup comprised of CFOs and EDs to revise the current language in this section with key performance indicators that take in consideration but not limited to the following: Clean Claim Rate (CCR)
2. Days in Accounts Receivable (A/R)
3. Initial Denial Rate
4. Monitoring A/R aging
5. Final Denial Write-offs
6. Net collection rates
7. Eligibility conversion rate
8. The Department shall attend the established VACSB State Steering Committee meetings that address issues around collecting receivables.
9. The Department shall attend VARO (Virginia Association of Reimbursement Officers) conference that address issues around collecting receivables.
10. The Department shall consult with the CSB Executive Director and/or Chief Executive Officer in advance of sharing data with the General Assembly, Behavioral Health Commission, JLARC or posting on any public facing dashboards.

C. Reporting Requirements

CSB shall report total client receivables, including accounts aged 30 days, 31-60 days, 61-90 days, 91-120, 120 days and over, by payor type, to DBHDS Finance on a quarterly basis within 30 days of the close of the quarter using the established DBHDS report template. CSB shall send the reports to sharon.wilson@dbhds.virginia.gov

AMENDMENT
AMENDED AND RESTATED
FY2026 AND FY2027 COMMUNITY SERVICES PERFORMANCE CONTRACT
MASTER AGREEMENT
ADDENDUM I
ADMINISTRATIVE REQUIREMENTS AND PROCESSES AND PROCEDURES

Appendix F: Regional Program Operations ~~Operating Principles~~

A regional program can be a highly effective way to allocate and manage resources, coordinate the delivery and manage the utilization of high cost or low incidence services, and promote the development of services where economies of scale and effort could assist in the diversion of individuals from admission to state facilities.

A regional program is funded by the Department through the community services board or behavioral health authority, hereafter referred to as the CSB, and operated explicitly to provide services to individuals who receive services from the CSBs participating in the program. A regional program may be managed by the participating CSBs or by one CSB, have single or multiple service sites, and provide one or more types of service. A regional program also may include self contained, single purpose programs (e.g., providing one type of core service, usually residential) operated by one CSB for the benefit of other CSBs or programs contracted by one CSB that serve individuals from other CSBs.

AMENDMENT
AMENDED AND RESTATED
FY2026 AND FY2027 COMMUNITY SERVICES PERFORMANCE CONTRACT
MASTER AGREEMENT
ADDENDUM I
ADMINISTRATIVE REQUIREMENTS AND PROCESSES AND PROCEDURES

Each individual receiving services provided through a regional program must be identified as being served by a particular CSB. That CSB will be responsible for contracting for and reporting on the individuals that it serves and the services that it provides; and each individual will access services through and have his or her individualized services plan managed by that particular CSB.

Regional Program Operating Principles

The regional program operating principles provide guidance for CSBs to implement and manage identified regional programs and to account for services provided by the programs. The principles also provide guidance for the Department to monitor regional programs on a more consistent basis.

1. **Regional Program Funding:** Depending on the design of a regional program, the Department may disburse state and/or federal funds for a regional program to each participating CSB or to one CSB that operates a regional program or agrees to serve as the fiscal agent for a regional program. All regional programs shall be included in the performance contract and reflected in required reports.

a. If the Department disburses regional program funds to each participating CSB, each participating CSB shall follow existing performance contract and report requirements and procedures for that portion of the regional program funded by that CSB.

b. If the Department disburses regional program funds to a CSB that operates a regional program on behalf of the other CSBs in a region, the operating CSB shall follow existing performance contract and report requirements and procedures, as if the regional program were its own program.

c. If the Department disburses regional program funds to a CSB that has agreed to serve as the fiscal agent (fiscal agent CSB) for the regional program, disbursements will be based on, accomplished through, and documented by appropriate procedures, developed and implemented by the region.

d. When funds are disbursed to a fiscal agent CSB, each participating CSB shall identify, track, and report regional program funds that it receives and spends as funds for that regional program. Each participating CSB, including the fiscal agent CSB, shall reflect in its financial and program reports only its share of the regional program, in terms of individuals served, services provided, funds received, expenses made, and costs of the services. Any monitoring and reporting of and accountability for the fiscal agent CSB's handling of state or federal funds for a regional program shall be accomplished through the performance contract and reports. Alternately, if the participating CSBs elect, each CSB may perform these functions for its share of the regional program.

e. When funds are disbursed to a fiscal agent CSB that pays a contract agency to deliver regional program services, the fiscal agent CSB and participating CSBs may elect to establish an arrangement in which the fiscal agent CSB reports all of the funds and expenditures in the fiscal report while the participating CSBs and the fiscal agent CSB report information about the program service delivery. Alternately, if the participating CSBs elect, the fiscal agent CSB may admit the individuals served by other participating CSBs and, for purposes of this regional program, treat those individuals as its own for documentation and reporting purposes.

2. Regional programs should receive the same state funding increases as regular CSB grant-funded activities, such as the salary increases for community services provided from time to time by the General Assembly in the Appropriation Act.

a.

3. **Financial Reporting:** All funds, expenses, and costs for a regional program shall be reported to the Department only once; they may be reported by individual CSBs, the CSB that serves as the fiscal agent, or both, depending on how the regional program is designed and operates. For example, the fiscal agent CSB might report the revenues and expenses for a regional program provided by a contract agency, and a CSB that refers individuals it serves to that regional program may report the service and cost information related to those individuals.

4. **Consumer Reporting:** Each individual who receives services through a regional program shall be reported to the Department only once for a particular service. However, an individual who receives services from more than one CSB should be reported by each CSB that provides a service to that individual. For example, if an individual receives outpatient mental health services from one CSB and residential crisis stabilization services from a second CSB operating that program on behalf of a region, the individual would be admitted to each CSB and each CSB would report information about the individual and the service it provided to the individual.

5. **Service Reporting:** Each service provided by a regional program shall be reported only once, either by the CSB providing or contracting for the service or the CSB that referred individuals it served to the regional program operated or contracted by another CSB or by the region.

6. **Contracted Regional Programs:** When the case management CSB refers an individual to a regional program that is operated by a contract agency and paid for by the regional program's fiscal agent CSB, the case management CSB shall report the service and cost information, and funding and expense information. Alternately, if the participating CSBs elect, the fiscal agent CSB could admit the individual for this service and report information about the individual receiving services, services, costs, funds, and expenses itself; in this situation, the case management CSB would report nothing about this service.

AMENDMENT
AMENDED AND RESTATED
FY2026 AND FY2027 COMMUNITY SERVICES PERFORMANCE CONTRACT
MASTER AGREEMENT
ADDENDUM I
ADMINISTRATIVE REQUIREMENTS AND PROCESSES AND PROCEDURES

7. **Transfers of Resources Among CSBs:** CSBs may transfer state, local, and federal funds to each other to pay for services that they purchase from each other.

8. **Regional Administrative and Management Expenses:** CSBs and the Department have provider and local or state authority roles that involve non-direct services tasks such as utilization management and regional authorization committees. These roles incur additional administrative and management expenses for the programs. CSBs shall report these expenses as part of their costs of delivering regional services. The Department shall factor in and accept reasonable administrative and management expenses as allowable costs in regional programs in accordance with the DBHDS Federal and State Indirect Cost Rate Policy.

9. **Local Supplements:** If a CSB participating in a regional program supplements the allocation of state and/or federal funds received by the CSB operating that program through transferring resources to the operating CSB, the participating CSB shall show the transfer as an expense on financial forms but not as a cost on service forms in its performance contract and reports. Then, the participating CSB will avoid displaying an unrealistically low service cost in its reports for the regional program and double counting individuals served by and service units delivered in the regional program, since the operating CSB already reports this information.

10. **Balances:** ~~Unexpended balances of current or previous fiscal year regional program funds should not be retained by the participating CSBs to which the regional fiscal agent CSB or the Department disbursed the funds, unless this is approved by the region for purposes that are consistent with the legislative intent of the Appropriation Act item that provided the funds. Otherwise, the balances should be available for redistribution during the fiscal year among participating CSBs to ensure maximum utilization of these funds.~~ CSBs shall follow Appendix C of this Addendum. Each region shall establish procedures for monitoring expenditures of regional program funds. ~~and redistributing those unexpended balances to ensure that uses of those funds are consistent with the legislative intent of the Appropriation Act item that provided the funds.~~

11. **Issue Resolution:** Regional program funding issues, such as the amount, sources, or adequacy of funding for the program, the distribution of state allocations for the regional program among participating CSBs, and financial participation of each CSB whose individuals receive services from the regional program, should be resolved at the regional level among CSBs participating in the program, with the Department providing information or assistance as needed or required.

AMENDMENT
AMENDED AND RESTATED
FY2026 AND FY2027 COMMUNITY SERVICES PERFORMANCE CONTRACT
MASTER AGREEMENT
ADDENDUM I
ADMINISTRATIVE REQUIREMENTS AND PROCESSES AND PROCEDURES

Regional Program Models

The following models have been developed for CSBs and the Department to use in designing, implementing, operating, monitoring, and evaluating regional programs. These models are paradigms that could be altered by mutual agreement among the CSBs and the Department as regional circumstances warrant. However, to the greatest extent possible, CSBs and the Department shall adhere to these models to support and reinforce more consistent approaches to the operation, management, monitoring, and evaluation of regional programs. CSBs should review these models and, in consultation with the Department, implement the applicable provisions of the model or models best suited to their particular circumstances, so that the operations of any regional program will be congruent with one of these models.

1. Operating CSB-Funded Regional Program Model

1. The CSB that operates a regional program receives state and/or federal from the Department for the program. The operating CSB provides the services, projects the total funding and cost for the regional program in its performance contract and contract revision(s), and reports all data on total actual individuals served, units of service(s) delivered, ~~Community Consumer Submission 3 (CCS 3) extracts and reports~~ funding, expenses, costs, and static capacities ~~in its CARS~~. Other CSBs, which refer individuals to the regional program for services~~, project~~ and report nothing for the regional program in their contracts for the program service or financial data. ~~, CARS reports, or CCS 3 extracts~~.
2. The operating CSB admits individuals receiving services from the regional program to the applicable program area (all MH, DV, or SA services) and develops individualized services plans (ISPs) for them for service(s) provided by the regional program. When individuals complete receiving all services from the regional program, they are discharged from the applicable program area by the operating CSB, unless they are receiving other services in that program area from that operating CSB. If individuals are also receiving services from the operating CSB in another program area, the CSB admits them to that program area. The operating CSB provides appropriate information about the services provided and other clinical information to the CSB that referred the individual to the regional program for clinical record keeping purposes at the referring CSB.
3. The operating CSB is responsible for ensuring that all data is accurately maintained in ~~that the appropriate information about individuals and services in the regional program is entered into~~ its information system, ~~so that the information can be extracted by the CCS 3 and reported in the CCS 3 and applicable CARS reports. Thus,~~ for performance contract and reporting purposes, on individuals receiving services from a regional program operated by that CSB. ~~are reported by that operating CSB.~~
4. Each of the other CSBs with individuals receiving services from this regional program admits those individuals to the applicable program area and provides a service, such as case management, consumer monitoring, or another appropriate service, but not in service(s)

provided by the regional program. Thus, individuals receiving services from a regional program will appear in the data reporting ~~CCS 3 extracts~~ for two CSBs, but not for the same services.

5. If the other CSBs with individuals receiving services from this regional program provide additional funds to the operating CSB to supplement the funds that the operating CSB receives from the Department for the regional program, the other CSBs show the revenues and expenses for this supplement on the financial forms in their performance contracts, contract revisions, and reports. However, the other CSBs do not show any services provided, individuals served, or costs for the regional program's services on the service forms in their contracts, revisions, or reports. Thes other CSBs include an explanation on the Financial Comments page of the difference between the expenses on the financial forms and the costs on the service forms. The operating CSB shows the services provided, individuals served, and total costs (including costs supported by supplements from the other CSBs) for the regional program's services on its service forms, but it does not show any revenues or expenses associated with the supplements on the financial pages in its contract, contract revision(s), and reports. The operating CSB includes an explanation of the difference between the expenses on the financial forms and the costs on the service forms on the Financial Comments page.

6. All of the CSBs, to the extent practicable, determine individual CSB allocations of the state and/or federal ~~and sometimes other~~ funds received from the Department, based on service utilization or an agreed upon formula in collaboration with the Department.

7. ~~Regional programs should receive the same state funding increases as regular CSB grant-funded activities, such as the salary increases for community services provided from time to time by the General Assembly in the Appropriation Act.~~

8. This model also could be adapted by a region to handle its LIPOS services, if one CSB receives all of the LIPOS funds, admits all of the individuals receiving LIPOS services, and pays all of the LIPOS providers. Participating CSBs should negotiate this adaptation with the Department.

2. All Participating CSBs-Funded Regional Program Model

1. Each CSB that participates and receives state and/or federal ~~sometimes other~~ funds from the Department for the regional program, ~~Each participating CSB~~ may supplement this amount with other funds available to it if the funds received from the Department are not sufficient to cover the regional program's expenses. Each participating CSB uses those funds to purchase services from the regional program for the individuals it serves, projects the funding and cost for the regional program in its performance contract and reports actual individuals served and units of service(s) delivered, funding, expenses, costs, and static capacities in its performance ~~contract reports (CARS)~~ only for the individuals it serves.

2. The regional program operated by one of the participating CSBs functions like a contract agency provider. All of the individual, service, static capacity, funding, expense, and cost information for the whole program is maintained separately and is not included in the contract, contract revision(s), program and financial reports ~~(CARS), and CCS 3 extracts~~ of the CSB

operating the program. The participating CSBs, including the CSB operating the program, include only the parts of this information that apply to the individuals it serves in their contracts, contract revisions, reports, and extracts. The regional program is licensed by the Department, when applicable, and develops and maintains individualized services plans (ISPs) for individuals that it serves.

3. Each participating CSB admits individuals receiving services from the regional program to the applicable program area (all MH, DV, or SA services) for the services provided by the regional program. The services provided by the regional program are listed in the ISPs maintained by the participating CSBs for these individuals. When individuals complete receiving all services from the regional program, they are discharged from the applicable program area by the participating CSB, unless they continue to receive other services in that program area from that participating CSB. The regional program provides appropriate information about the services provided and other clinical information to the CSB that referred the individual to the program, as any contract agency would provide such information to the contracting CSB.

4. Each participating CSB, including the CSB operating the regional program, ensures that the appropriate information about the individuals it serves and their services is entered into its information system~~, so that the information can be extracted by the CCS 3~~ and reported ~~in the CCS 3 submissions and applicable CARS reports~~ for that participating CSB.

5. ~~Regional programs should receive the same state funding increases as regular CSB grant-funded activities, such as the salary increases for community services provided from time to time by the General Assembly in the Appropriation Act.~~

3. Fiscal Agent CSB-Funded Regional Program Model

1. One CSB receives state and/or federal ~~sometimes other~~ funds from the Department and acts as the fiscal agent for a regional program. The Department disburses the regional allocation to the fiscal agent CSB on behalf of all CSBs participating in the regional program.

2. The fiscal agent CSB, in collaboration with the other participating CSBs, develops agreed-upon procedures that describe how the CSBs implement the regional program and jointly manage the use of these funds on a regional basis. The procedures also establish and describe how unused funds can be reallocated among the participating CSBs to ensure the greatest possible utilization of the funds. These procedures should be documented in a regional memorandum of agreement (MOA) that is available for review by the Department.

3. The fiscal agent CSB receives the semi-monthly payments of funds from the Department for the regional program. The fiscal agent CSB disburses the regional program funds to individual CSBs, including itself when applicable, in accordance with the procedures in paragraph 2. The fiscal agent CSB displays such disbursements on a Transfer In/Out line of the applicable resources page in its final performance contract revision and its reports. The other CSBs

receiving the transferred funds show the receipt of these funds on the same line. CSBs provide more detailed information about these transfers on the Financial Comments pages of contract revisions and reports.

4. Each CSB implementing a regional program accounts for and reports the funds and expenses associated with the program in its final performance contract ~~revision and CARS~~ reports. The fiscal agent CSB displays the total amount of the allocation as funding and all Transfers Out in its financial ~~CARS~~ reports, but it only displays in its reports the expenses for any regional program that it implements.

5. As an alternative to items 1 through 4 above for certin programs, such as the Discharge Assistance Program, and with the concurrence of the Department, instead of one CSB acting as a fiscal agent, all CSBs participating in that program establish a regional mechanism for managing the use of the regional program funds. The CSBs decide through this regional management mechanism how the total amount of funds for the program should be allocated among them on some logical basis (e.g., approved regional discharge assistance program ISPs). The region informs the Department of the allocations, and the Department adjusts the allocation of each participating CSB and disburses these allocations directly to the participating CSBs. Those CSBs agree to monitor and adjust allocations among themselves during the fiscal year through this regional management mechanism to ensure the complete utilization of these regional program funds, in accordance with the MOA in item 2 above.

6. Each CSB implementing a regional program ensures that appropriate information about the individuals it serves and their services is entered into its information system.~~, so that the CCS 3 can extract the information and report it in the CCS 3 submissions and applicable CARS reports.~~

7. ~~Regional programs should receive the same state funding increases as regular CSB grant-funded activities, such as the salary increases for community services provided from time to time by the General Assembly in the Appropriation Act.~~

A variation of this model, the Fiscal Agent CSB-Funded Regional Local Inpatient POS Program Model, can be used to implement and manage regional local acute psychiatric inpatient bed purchases.

3.a. Fiscal Agent CSB-Funded Regional Local Inpatient POS Program Model

1. One CSB agrees to act as the fiscal agent for the regional Local Inpatient Purchase of Services (LIPOS) program. The Department disburses the regional LIPOS allocation to the fiscal agent CSB on behalf of all of the CSBs participating in the regional LIPOS program.

2. The fiscal agent CSB, in collaboration with all of the participating CSBs and with consultation from the Department, develops procedures that describe how the CSBs will implement the regional LIPOS program and jointly manage the use of these funds on a regional basis. The procedures include regional utilization management mechanisms, such as regional

authorization committees (RACs) and regional procurements of beds through contracts with private providers. Such contracts may reserve blocks of beds for use by the region or purchase beds or bed days on an as available basis. The procedures also establish and describe how unused funds can be reallocated among the participating CSBs to ensure the greatest possible utilization of the funds. These procedures should be documented in a regional memorandum of agreement (MOA) that is available for review by the Department.

3. The fiscal agent CSB receives the semi-monthly payments of funds from the Department for the regional LIPOS program. The fiscal agent CSB disburses regional LIPOS funds to individual CSBs or uses such funds itself to pay for the costs of local inpatient hospitalizations that have been approved by a regional review and authorization body established by and described in the MOA in item 2 of this section. The fiscal agent CSB displays such disbursements on a Transfer In/Out line of the mental health resources page in its final performance contract revision and reports, and the CSB receiving the transferred funds shows the receipt of these funds on the same line. CSBs provide more detailed information about these transfers on the Financial Comments page of contract revisions and reports.

4. The CSB that purchases local inpatient services accounts for and reports the funds and expenses associated with its LIPOS in its final performance contract revision and financial reports. The fiscal agent CSB displays the total amount of the allocation as funds and all Transfers Out in its CARS reports, but it displays in its reports only the expenses for its own LIPOS.

5. The CSB that purchases the local inpatient services ensures that appropriate information about individuals, services, and costs is entered into its management information system~~, so that the CCS 3 can extract the information and report it in the CCS 3 submissions and applicable CARS reports.~~

6. ~~Regional programs should receive the same state funding increases as regular CSB grant-funded activities, such as the salary increases for community services provided from time to time by the General Assembly in the Appropriation Act.~~

4. Fiscal Agent CSB-Funded Contract Agency Regional Program Model

1. One CSB receives state and/or federal ~~sometimes other~~ funds from the Department and acts as the fiscal agent for a regional program that is contracted by this fiscal agent CSB to a public or private agency. The Department disburses the regional allocation to the fiscal agent CSB on behalf of all CSB participating in the contracted regional program.

2. The fiscal agent CSB contracts with and provides set monthly payments to a regional program provided by a public or private contract agency on behalf of all of the CSB participating in this regional program. The contract may purchase a pre-set amount of specified services from the

contract agency and pay the agency a predetermined cost, whether or not the participating CSBs use the services.

3. Each participating CSB referring one of the individuals it serves to this contracted regional program admits the individual, enrolls him in the regional program service, and refers him to the contract agency. The contract agency provides information to the referring (case management) CSB, and that CSB maintains information about the individual and the service units in its information system~~, where the CCS 3 can extract the information~~.

4. The fiscal agent CSB provides program cost information to each referring CSB, based on its use of the regional program, and the referring CSB enters this information in the cost column of the program services form ~~(pages AP-1 through AP-4)~~ but does not enter any funding or expenditure information in its performance contract report ~~(CARS).~~ The fiscal agent CSB enters the funding and expenditure information associated with the regional program on the financial forms in its performance contract report, but it enters cost information on the program services form only for the individuals that it referred to the regional program. Each CSB will explain the differences between the financial and program service forms in its performance contract report on the Financial Comments page. The Department will reconcile the differences among the participating CSBs' reports using these comments. Because of the difficulty in calculating the program cost information for each participating CSB, program cost information would only need to be included in end of the fiscal year performance contract ~~(CARS)~~ reports.

5. All of the participating CSBs, to the extent practicable, determine individual CSB allocations of the state and sometimes other funds received from the Department, based on service utilization or an agreed-upon formula in collaboration with the Department.

6. ~~Regional programs should receive the same state funding increases as regular CSB grant-funded activities, such as the salary increases for community services provided from time to time by the General Assembly in the Appropriation Act.~~

This model also could be adapted by a region to handle its LIPOS services, if one CSB acts as the fiscal agent and pays all of the LIPOS providers. This adaptation should be negotiated with the Department by the participating CSBs.

Regional Program Procedures

A regional program is funded by the Department through the community services board or behavioral health authority, hereafter referred to as the CSB and operated explicitly to provide services to individuals who receive services from the CSBs participating in the program.

AMENDMENT
AMENDED AND RESTATED
FY2026 AND FY2027 COMMUNITY SERVICES PERFORMANCE CONTRACT
MASTER AGREEMENT
ADDENDUM I
ADMINISTRATIVE REQUIREMENTS AND PROCESSES AND PROCEDURES

1. **Purpose**
   The CSB may collaborate and act in concert with other CSBs or with other CSBs and state hospitals or training centers, hereafter referred to as state facilities, to operate regional programs, provide or purchase services on a regional basis, conduct regional utilization management, or engage in regional quality improvement efforts. Regional programs include but limited to regional discharge assistance programs (RDAP), local inpatient purchases of services (LIPOS), and other programs such as residential or ambulatory crisis stabilization programs. These procedures apply to all regional programs. While this appendix replaces earlier regional memoranda of agreement (MOAs), CSBs, state facilities, private providers participating in the regional partnership, and other parties may still need to develop MOAs to implement specific policies or procedures to operate regional or sub-regional programs or activities. Also, an MOA must be developed if a regional program intends to establish a peer review committee (e.g., a regional utilization review and consultation team) whose records and reviews would be privileged under § 8.01-581.16 of the Code of Virginia. When the CSB receives state and/or federal funds from the Department for identified regional programs or activities, it shall adhere to the applicable parts of these procedures, which are subject to all applicable provisions of the community services performance contract. In the event of a conflict between any regional program procedures and any provisions of the contract, provisions of the contract shall prevail.

2. **Regional Management Group (RMG)**
   a. The participating CSBs and/or state facilities shall establish an RMG. The executive director of each participating CSB and the director of each participating state facility shall each serve on or appoint one member of the RMG. The RMG shall manage the regional program and coordinate the use of funding provided for the regional program, review the provision of services offered through the regional program, coordinate and monitor the effective utilization of the services and resources provided through the regional program, and perform other duties that the members mutually agree to carry out. An RMG may deal with more than one regional program.

   b. Although not members of the RMG, designated staff in the Central Office of the Department shall have access to all documents maintained or used by this group, pursuant to applicable provisions of the performance contract, and may attend and participate in all meetings or other activities of this group.

   c. In order to carry out its duties, the RMG may authorize the employment of one or more regional managers to be paid from funds provided for a regional program and to be employed by a participating CSB. The RMG shall specify the job duties and responsibilities for and supervise the regional manager or managers.

3. **Regional Utilization Review and Consultation Team (RURCT)**
   a. The RMG shall establish a RURCT pursuant to § 8.01-581.16 of the Code of Virginia to, where applicable:

      1.) review the implementation of the individualized services plans (ISPs) or individualized Discharge Assistance Program plans (IDAPPs) developed through the regional program to ensure that the services are the most appropriate, effective, and efficient services that meet the clinical needs of the individual receiving services and report the results of these reviews to the RMG;

2.) review individuals who have been on the state facility extraordinary barriers to discharge list for more than 30 days to identify or develop community services and funding appropriate to their clinical needs and report the results of these reviews and subsequent related actions to the RMG;

3.) review, at the request of the case management CSB, other individuals who have been determined by state facility treatment teams to be clinically ready for discharge and identify community services and resources that may be available to meet their needs;

4.) facilitate, at the request of the case management CSB, resolution of individual situations that are preventing an individual's timely discharge from a state facility or a private provider participating in the regional partnership or an individual's continued tenure in the community;

5.) identify opportunities for two or more CSBs to work together to develop programs or placements that would permit individuals to be discharged from state facilities or private providers participating in the regional partnership more expeditiously;

6.) promote the most efficient use of scarce and costly services; and

7.) carry out other duties or perform other functions assigned by the RMG.

b. The RURCT shall consist of representatives from participating CSBs in the region, participating state facilities, private providers participating in the regional partnership, and others who may be appointed by the RMG, such as the regional manager(s) employed pursuant to section II.C. The positions of the representatives who serve on this team shall be identified in local documentation.

c. The RURCT shall meet monthly or more frequently, when necessary, for example, depending upon census issues or the number of cases to be reviewed. Minutes shall be recorded at each meeting. Only members of the team and other persons who are identified by the team as essential to the review of an individual's case, including the individual's treatment team and staff directly involved in the provision of services to the individual, may attend meetings. All proceedings, minutes, records, and reports and any information discussed at these meetings shall be maintained confidential and privileged, as provided in § 8.01-581.17 of the Code of Virginia.

d. For the regional program, the RURCT or another group designated by the RMG shall maintain current information to identify and track individuals served and services provided through the regional program. This information may be maintained in participating CSB information systems or in a regional data base. For example, for the RDAP, this information shall include the individual's name, social security number or other unique identifier, other unique statewide identifier, legal status, case management CSB, state hospital of origin, discharge date, state re-hospitalization date (if applicable), and the cost of the IDAPP. This team shall maintain automated or paper copies of records for each RDAP-funded IDAPP. Changes in responsibilities of the case management CSB, defined in the core services taxonomy, and the transfer of RDAP funds shall be reported to the Offices of Grants Management and Mental Health Services in the Department as soon as these changes or transfers are known or at least monthly.

e. For RDAP, the RURCT shall conduct utilization reviews of ISPs as frequently as needed to ensure continued appropriateness of services and compliance with approved IDAPPs and reviews of quarterly utilization and financial reports and events related to the individual such as re-hospitalization, as appropriate. This utilization review process may result in revisions of IDAPPs or adjustment to or redistribution of RDAP funds. This provision does not supersede utilization review and audit processes conducted by the Department pursuant to the performance contract.

f. Although not members of the RURCT, designated staff in the Central Office of the Department shall have access to all documents, including ISPs or IDAPPs, maintained or used by this body, pursuant to applicable provisions of the performance contract, and may attend and participate in all meetings as non-voting members and in other activities of this team.

4. **Operating Procedures for Regional Programs:** These operating procedures establish the parameters for allocating resources for and monitoring continuity of services provided to individuals receiving regional program services. Some of the procedures apply to regional programs generally; others apply to particular regional programs, although they may be able to be adapted to other regional programs.

a. Funding for a regional program shall be provided and distributed by the Department to participating CSBs or to a CSB on behalf of the region through their community services performance contracts in accordance with the conditions specified the contract, often in an Exhibit D.

b. Each participating CSB or a CSB on behalf of the region shall receive semi-monthly payments of state funds from the Department for the regional program through its community services performance contract, as long as it satisfies the requirements of this appendix and the performance contract, based upon its total base allocation of previously allotted and approved regional program funds.

c. Participating CSBs and state facilities shall develop agreed-upon procedures that describe how they will implement a regional program and jointly manage the use of regional program funds on a regional basis. These procedures shall be reduced to writing and provided to the Department upon request.

d. Regional program funds may be used to support the activities of the RMG and RURCT.

e. Within the allocation of funds for the regional program, funds may be expended for any combinations of services and supports that assure that the needs of individuals are met in community settings. ISPs or IDAPPs must be updated and submitted, as revisions occur or substitute plans are required, to the RMG for approval according to procedures approved by the RMG.

f. Regional program funds used to support ISPs or IDAPPs shall be identified on a fiscal year basis. Amounts may be adjusted by the RMG to reflect the actual costs of care based on the regional program's experience or as deemed appropriate through a regional management and utilization review process.

g. The CSB responsible for implementing an individual's regional program ISP or IDAPP shall account for and report the funds and expenses associated with the regional program ISP or IDAPP in its community services performance contract and in its quarterly performance contract reports submitted through to the Department.

h. The CSB responsible for implementing an individual's regional program ISP or IDAPP shall ensure that the appropriate information about that individual and his or her services is entered into its management information system so that the information can be through reports to the Department.