



COMMONWEALTH of VIRGINIA

NELSON SMITH
COMMISSIONER

DEPARTMENT OF
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December 16, 2024

To: The Honorable Winsome Earle-Sears, Lieutenant Governor of Virginia
The Honorable Don Scott, Speaker, Virginia House of Delegates
The Honorable R. Creigh Deeds, Chair, Behavioral Health Commission
Moirra Mazzi, Chair, State Board of Behavioral Health and Developmental Services

From: Nelson Smith, Commissioner, Department of Behavioral Health & Developmental Services

RE: CSB Performance Contracts

Item 295 OO.3 of the 2024 Special Session I Appropriations Act directs the Department of Behavioral Health and Developmental Services (DBHDS) to report on the performance contracts with Community Services Board (CSBs). The language reads:

OO 3. DBHDS shall complete a comprehensive review of the performance contracts with CSBs and revise all performance measures in the base performance contract and addendums to ensure that (i) performance measures are designed to measure outcomes for each service, (ii) performance measures include a relevant benchmark for each measurement, and (iii) DBHDS has given clear direction on how it will monitor performance and enforce compliance with performance requirements. The contracts shall also require that any funding appropriated by the General Assembly to CSBs for staff compensation shall only be used for staff compensation, and that CSBs report annually to DBHDS on any staff compensation actions taken during the prior fiscal year. DBHDS should complete the contract revisions and report on the improvements made to the Behavioral Health Commission by December 1, 2024, and implement changes before the finalization of the fiscal year 2026 performance contract.

Effective July 1, 2024, the Community Services Performance Contract was amended to include delayed Code language and further outline expectations to address:

1. CSB overall performance
2. DBHDS' ability to adjust funding when CSBs are not meeting expectations for program services: restrict funding
3. Groups of individuals to be served with state-controlled funds
4. Certain CSB responsibilities
5. Consumer satisfaction - CSB participation in customer satisfaction survey requests by DBHDS as a mechanism to assess compliance and address areas of concern that impact service access, outcomes, and quality
6. CSB working with DBHDS to manage the utilization of state hospitals
7. Certain Reporting Requirements
8. Certain DBHDS responsibilities
9. DBHDS' ability to address compliance with significant issues or concerns about the operations or performance of the CSB to the executive director and CSB board members for formal response to resolve
10. Creating a dashboard to display CSB performance data
11. Compliance and Dispute Resolution Process to address substantial compliance issues with the performance contract and remediation process, termination language
12. The process for addressing compliance issues for quality and quality improvement
13. The process for reporting, data compliance, actions DBHDS may take for non-compliance with meeting these expectations, such withholding certain funding.
14. Administrative Requirements and Processes and Procedures for administrative reviews and plans for corrective action
15. Written Processes and Procedures - DBHDS is drafting/revising written processes and procedures for staff to follow to address compliance issues, performance improvement and corrective action and points of escalation to align with the contract
16. Grant management system to provide internal controls over the funding (award, not award, adjust funding allocations) and finance compliance

These new measures have been developed through extensive research, planning, and collaboration. DBHDS has an established process for review of all material changes to the annual performance contract with the Virginia Association of Community Services Boards (VACSB). Throughout this process, DBHDS staff measure compliance and performance specific to the Exhibit D portion of the performance contract for release of all funds. Additionally, they develop a framework to review and revise current performance measures and benchmarks, using the established structure for changes or improvements to address access, outcomes, and quality. This review is done in collaboration with the CSBs. Internally, DBHDS reviews and revises work profiles for program staff to clarify roles and responsibilities for contractual and fiscal oversight, as well as for the monitoring of programs, in alignment with the annual review cycle.

As part of the existing performance contract, a process is in place to allow the enforcement of the contract to the negotiated deliverables (including performance measures) and to address substantial underperformance or non-compliance. There is language in the performance contract

delineating deliverables and expectations for CSB compliance. There are documented processes and training for DBHDS staff for the issuance of performance improvement plans/corrective action plans and subsequent tracking in the contract management system.

DBHDS continues to work in collaboration with CSBs, and other stakeholders to review and revise Exhibit D language as necessary. This collaboration ensures performance measures are designed to measure access, outcomes, and quality for each service and that all performance measures include or begin to baseline for a relevant benchmark for each measurement.

DBHDS also provides technical assistance around performance measures and is working to establish new measures through technical assistance around measure development. The development of new measures is focused on outcomes, access – or lack thereof – to services, measuring program goals, and CSB performance. Details about this work is as follows:

- DBHDS reviewed all measures currently being tracked internally, this included understanding how and why the measures were developed to ascertain measures that were required by the Block Grants, other funders, or self-imposed by DBHDS. This allowed DBHDS to review measures with an eye toward system improvement that would inform performance in alignment with best practices in Quality Management.
- DBHDS began working through the new measure development process, beginning with STEP-VA measures.
- Newly developed measures were shared with VACSB for feedback, noting existing measures that would be retained and new measures to be developed along with reasons for those decisions and baselining and benchmarking plans. Currently, DBHDS is working with VACSB to finalize the measures to ensure there is no ambiguity in definition. After this is complete, the measures will continue to be vetted before being operationalized at all CSBs.
- In 2025, DBHDS will implement a process for providing technical assistance to CSBs that are not meeting established benchmarks. In addition, DBHDS will be working on developing technical assistance training materials for internal staff and CSBs to ensure performance measures are designed to measure outcomes for each service, performance measures include a relevant benchmark for each measurement using baseline data.

Importantly, in some instances, new measure development may require the development of new data elements and the incorporation of those new data elements into CSB Electronic Health Records (EHRs). In these cases, the duration of time from development to full implementation might be extended to ensure an appropriate length of time needed for user acceptance testing and full implementation, across all CSBs.

DBHDS continues to refine expectations of performance as part of the review of the FY 2026 performance contract. Additional performance measures will be added in FY 2026 with the priority on STEP-VA measures, as noted above. DBHDS will continue to consult and collaborate with the CSBs on additional performance measures for each funding line item; including any funding that is provided for staffing. These performance measures will also assure that funding is only utilized to address the specific needs assigned.

Additionally, as part of the review and revision of the performance contract, DBHDS is addressing roles and responsibilities of staff to ensure they are monitoring all funding and will address this with staff in a phased approach. Phase one occurred last year, when an all-day DBHDS Annual Community Resource and Grant Training event was held to help staff understand the procedures and details about contracts, contract monitoring, and budgeting. The second phase is a review of funding sources and allocations to each CSB to ensure all allocations are appropriately documented and that utilization of funding follows appropriate utilization standards. Medicaid is billed first, state general funds are used second, and block grants are accessed last to fill in gaps. Finally, DBHDS will develop standardized training around contract monitoring, performance standard needs and accountability for staff with these responsibilities. These efforts ensure that appropriate measures are developed with benchmarks that set expectations, and that staff have appropriate roles and responsibilities identified to ensure accountability related to these roles and responsibilities.

DBHDS is well-positioned to implement the new performance measures for STEP-VA as outlined in the report on the STEP-VA measures. The implementation of the Behavioral Quality Management System within DBHDS also positions the agency to address all performance measures in a similar fashion in the future. Finally, the work to provide additional training and clarify responsibilities of its staff will allow DBHDS to not only set appropriate performance measures associated with funding but will also allow monitoring and implementation of quality improvement/corrective actions when those measures are not being met.

CC: Secretary Janet V. Kelly