



COMMONWEALTH of VIRGINIA

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COMMISSIONER

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July 1, 2025

To: The Honorable L. Louise Lucas, Chair, Senate Finance Committee
The Honorable Luke E. Torian, Chair, House Appropriations Committee

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

Cc: Janet V. Kelly, Secretary, Health and Human Resources

RE: Item 296 T, 2024 Appropriations Act

Item 296 T of the 2024 Appropriations Act provides \$8,000,000 in order to develop supervised residential care, targeting individuals on the state's extraordinary barriers to discharge (EBL) list at state hospitals, and directs the Department of Behavioral Health and Developmental Services (DBHDS) to provide a quarterly report on the establishment supervised residential care in the Commonwealth, specifically for individuals in state hospitals who are on the Extraordinary Barriers List (EBL). The language states:

T. Out of this appropriation, \$8,000,000 the first year and \$8,000,000 the second year from the general fund is provided for supervised residential care for 100 individuals. The department shall give priority to projects that prioritize individuals on the state's extraordinary barriers list. Projects may include public-private partnerships, to include contracts with private entities. Notwithstanding any other provision of law, contracts entered into pursuant to this paragraph shall be exempt from competition as otherwise required by the Virginia Public Procurement Act, §§ 2.2-4300 through 2.2-4377, Code of Virginia. The Department shall report quarterly on projects awarded with details on each project and its projected impact on the state's extraordinary barriers list. The report shall be submitted to the Chairs of House Appropriations and Senate Finance and Appropriations Committee no later than 30 days after each quarter ends.

Introduction

At any given time, there are approximately 160 individuals in state hospitals who are clinically ready to leave state hospitals but are experiencing extraordinary barriers to discharge. One of the most common barriers is access to required residential care in the community. Although individuals in state hospitals are referred to programs such as assisted living facilities for care, most of these programs do not provide behavioral health care and do not have expertise in serving individuals with psychiatric needs. Mental health group homes are one option to provide the specialized behavioral health and supervision needed for some individuals on the Extraordinary Barriers List (EBL). However, mental health group homes are not currently covered as a service under Medicaid. Small, integrated mental health group homes hold many advantages over larger congregate, non-specialized settings, including low staff to resident ratios, individualized and specialized care, more community integration options, and the ability to develop homes based on identified needs.

Status of Supervised Residential/Mental Health Group Homes in Virginia

Currently, DBHDS contracts with Gateway Homes and multiple community services boards (CSBs) to provide supervised residential care and transitional group home services. These programs are specifically for individuals who are diverting from or discharging from state hospitals and are funded with Discharge Assistance Program (DAP) funding. These programs serve an average of 400 individuals per year. While these programs have successfully assisted in expediting discharges from state hospitals, as evidenced by both a decrease in the EBL over the past several years, as well as a significant decrease in the length of stay of individuals on the EBL, they are transitional in nature and do not provide the highly specialized services needed by some individuals who experience the longest lengths of stay on the EBL.

In December 2023, DBHDS issued a Request for Applications (RFA) for possible vendors to provide specialized residential care/group home services to individuals on the EBL who require highly intensive services. The RFA specified that these group homes should provide services to no more than four individuals in each home. DBHDS received responses from three private providers, and these programs are currently in development. The three programs that are in development are summarized below, including anticipated locations, areas of specialization for each program, and number of homes and beds each vendor will operate. As of June 1, 2025, 92 beds were operational with 88 filled. The remaining eight beds are in progress.

Name of Program	Number of Homes/Beds	Locations	Areas of Specialty	Status as of June 1, 2025
Alpha Community Services	5 homes/20 beds	Southeastern Virginia	Legally involved individuals, with a focus on Not Guilty by Reason of Insanity (NGRI) acquittees	4 homes operational and full
CRi	3 homes/12 beds	Central Virginia	Young adults with significant baseline symptoms and engagement barriers	2 homes operational and full; 3 rd home accepting referrals
Gateway Homes	10 homes/40 beds	Southeastern VA, Central VA, Shenandoah Valley, Roanoke Valley	Legally involved individuals, individuals diagnosed with personality disorders, individuals who require single gender homes	All 10 homes operational and full
Gateway Homes	3 homes/12 Beds	Roanoke and Southwest Virginia	Legally involved individuals, individuals diagnosed with personality disorders, individuals who require single gender homes	All 3 homes operational and full

Helton House	2 homes/8 beds	Rice	Individuals with a history of sex offenses and/or identified on the current Virginia sex offender registry; individuals who require single gender homes	Both homes operational and full
Mount Rogers CSB	1 home/ 4 beds	Wytheville	Baseline psychosis	Home licensed, accepting referrals
Western Tidewater CSB	1 home/ 4beds	Suffolk	Traumatic Brain Injury	Exhibit signed