COMMONWEALTH of VIRGINIA

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January 16, 2026

To: The Honorable Louis L. 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: The Honorable Janet V. Kelly, Secretary of Health and Human Resources

RE: Item 295 FF, 2025 Appropriation Act

Item 295 FF of the 2025 Appropriation Act directs the Department of Behavioral Health and Developmental Services (DBHDS to provide an annual report on the grants awarded to establish school-based health clinics (on site and mobile) or grants to school divisions to contract with mental telehealth providers to establish services.

> *FF. Out of this appropriation, $15,000,000 the first year and $15,000,000 the second year from the general fund is provided for the Department of Behavioral Health and Developmental Services (DBHDS), in collaboration with the Department of Education, to (i) provide grants to contract with federally qualified health centers, or other healthcare organizations, to establish school-based health clinics, including mobile clinics, to serve students and their families, as well as school staff. These clinics shall provide mental health services, primary medical care, and other health services in schools; or (ii) to allow school districts to contract with a mental telehealth provider. The departments shall ensure that contracted organizations have the capability to bill third party insurers or public programs for services provided. DBHDS shall report on grants awarded to the Chairs of House Appropriations and Senate Finance and Appropriations Committees by December 1, 2025, and annually thereafter.*

DBHDS
Virginia Department of Behavioral Health and Developmental Services

School-Based Mental Health Services

(Item 295 FF, 2025 Appropriations Act)

December 1, 2025

DBHDS Vision: A Life of Possibilities for All Virginians

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Preface

Item 295 FF of the 2025 Appropriation Act directs the Department of Behavioral Health and Developmental Services (DBHDS) to provide an annual report on the grants awarded to establish school-based health clinics (on site and mobile) or grants to school divisions to contract with mental telehealth providers to establish services. The language states:

> *FF. Out of this appropriation, $15,000,000 the first year and $15,000,000 the second year from the general fund is provided for the Department of Behavioral Health and Developmental Services (DBHDS), in collaboration with the Department of Education, to (i) provide grants to contract with federally qualified health centers, or other healthcare organizations, to establish school-based health clinics, including mobile clinics, to serve students and their families, as well as school staff. These clinics should provide mental health services, primary medical care, and other health services in schools; or (ii) to allow school districts to contract with a mental telehealth provider. The departments shall ensure that contracted organizations have the capability to bill third party insurers or public programs for services provided. DBHDS shall report on grants awarded to the Chairs of House Appropriations and Senate Finance and Appropriations Committees by December 1, 2025, and annually thereafter.*

Item 295 FF: School-Based Mental Health Services

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Executive Summary

In FY 2025, the Department of Behavioral Health and Developmental Services (DBHDS) was appropriated $30 million ($15 million in FY 2025 and $15 million in FY 2026) to collaborate with the Virginia Department of Education (VDOE) in providing grants for school-based health clinics. These clinics would provide medical, behavioral health and other services to students, family/caregiver(s) and school personnel. As a condition of funding, clinics must have the capability to bill third-party insurers or public programs such as Medicaid for services.

In FY 2026, the budget language appropriating funding for providing grants for school-based health clinics was amended in two ways. The first allowed DBHDS flexibility in providing grants for on-site and/or mobile school-based health clinics. The second included grants to school divisions to contract for mental telehealth services. With this change to the language, DBHDS decided to use state funds to implement both initiatives. As such, $7.5 million was set aside for grants to establish school-based health clinics and the remaining for mental telehealth.

In Fall 2025, DBHDS began a Request for Proposals (RFP) process to award grants for school-based health clinics and a Request for Applications (RFA) for mental telehealth services. Table 1, below, outlines the timeline for contracting. For school applications, the agency collaborated with VDOE to compile a list of telehealth vendors to recommend to school divisions (Item 117 #1c) to use at their discretion for vendor contracting. There is an anticipated start date of January 2026 for contracts and clinic implementation. Applications for mental telehealth services were submitted from August 12 - September 17, 2025. From this process, 17 school divisions were accepted for funding. The agency is currently finalizing contracts with the divisions for an anticipated start timeframe of November 2025.

Table 1: Timeline for School-Based Health Clinic Program Activities

Timeframe	Activity
2025	
April-July	**Develop Request For Proposals (RFP) based on responses from request for information**
August-October	**Request for Proposal is posted**
November-December	**Application review, grant/award selection, contract negotiations**
2026	
January	**Contracts drafted and service implementation begins**

Background

School-based health clinics (SBHCs) have been implemented across the country as a way to decrease student barriers to access healthcare services. They are formed through partnerships with local healthcare, community organizations and schools to provide services to students, staff and the larger community.[1] SBHCs can complement existing health services or establish them by facilitating access to primary care and often behavioral health, vision, dental, and other services.[2] This is mostly done through locations at school sites but can also include mobile options or locations near schools where students and family receive care.

Studies have shown that having a SBHC can improve the quality of care received and reduce the need for more invasive medical services, such as emergency room visits and hospitalization utilization. Additionally, they have been shown to improve student health outcomes and behaviors.[3] Research and findings from a 2019 statewide state taskforce report on school-based health clinics indicate they are specifically associated with:

- Higher rates of healthcare utilization and immunizations.
- Reductions in asthma symptoms and incidents.
- Improved oral and reproductive health in schools with SBHCs that provide those services.
- Increased teacher retention rates.
- Lower rates of depression among students with access to mental health services.
- Improved school environments and student perceptions of belonging.
- Improved performance outcomes (e.g., GPA, test scores, and graduation rates).
- Greater parent engagement[4]

School-based telehealth services can also support student's access to primary care, chronic health management and behavioral health services.[5] This service can be especially important in rural areas that may face greater workforce shortages and transportation barriers. [6,7]

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[1] School-Based Health Alliance-The National Voice for School-Based Health Care, *What we do: what is school-based mental health care?*, What we do – School-Based Health Alliance (sbh4all.org), (September 3, 2024).

[2] S. Soleimanpour, et al., "Findings From the 2022 National Census of School-Based Health Centers", 2023, FINDINGS FROM THE 2022 NATIONAL CENSUS OF SCHOOL-BASED HEALTH CENTERS (September 3, 2024).

[3] University of Wisconsin Population Health Institute-School of Medicine and Public Health, *County Health Rankings & Roadmaps*, School-based health centers | County Health Rankings & Roadmaps (September 3, 2024).

[4] Commonwealth of Virginia. Office of the Secretary of Education and School-Based Health Centers Task Force, Report from the School-Based Health Center Task Force, 2019, page 10, Richmond, VA. September 3, 2024).

[5] Health Resources and Services Administration (HRSA). Telehealth for School-Based Services. Introduction to school-based telehealth | Telehealth.HHS.gov. (August 26, 2025).

[6] California Telehealth Resource Center. Benefits of Using Telehealth in Schools to Address the Adolescent Mental Health Crisis. Benefits of Using Telehealth in Schools to Address the Adolescent Mental Health Crisis - California Telehealth Resource Center (August 26, 2025).

[7] Commonwealth of Virginia. Office of the Secretary of Education and School-Based Health Centers Task Force, Report from the School-Based Health Center Task Force, 2019, page 10, Richmond, VA. (September 3, 2024).

School-Based Health Clinic Implementation Activities

Prior Fiscal Year Activities

In FY 2025, DBHDS conducted exploratory activities to understand school-based health clinic structure/operations and how to best provide grants. These activities included the following:

- Visited existing school-based health clinics (Blue Devils Health Center- Hopewell City Schools)
- Met with stakeholders to understand existing efforts around school-based health clinics in the state
- Mapped Federally Qualified Health Centers (FQHCs) to see their location in relation to DBHDS and VDOE service regions.
- Conducted a Request for Information (RFI) to gather specific information which could be used to generate a future funding announcement.

Based on this work, DBHDS issued a Request for Information (RFI) in November 2024. The purpose was to assist the Commonwealth in effectively analyzing the cost, procedures, and challenges in funding school-based health clinics that provide mental and physical primary health care services to students, caregivers, and school staff. The agency received three responses from the RFI. Based on those findings and other exploratory activities, DBHDS developed a Request for Proposals in Summer 2025.

School-Based Health Clinic Request for Proposals

The Request for Proposals for school-based health clinics was finalized and posted in August 2025. A pre-proposal conference was held on September 11, 2025. To ensure the Commonwealth awards grants to Federally Qualified Health Centers (FQHCs) or healthcare organizations able to successfully build clinics, the following general requirements were added:

- Be in possession of a current license in good standing to do business in the Commonwealth of Virginia or a comparable equivalent. The license must be reflective of the type of services provided within the clinic setting (medical, dental, etc.).
- Provide easily accessible, comprehensive, integrated mental and primary health care services within all clinic settings (school-based or mobile/remote) that are youth and family-centered to students, family members and caregivers, school staff and personnel.
- Have established agreements in place or is working towards establishing an agreement with the school division where the school-based clinic will be located.
- Certify that all employees of the clinic (on-site or mobile/remote) who have direct contact with students have not been convicted of a felony or any barrier crimes for school personnel.
- Provide DBHDS with quarterly progress and/or performance reports on designated outcomes.
- Be able to bill third-party insurers, including Medicaid and other public programs.

- Coordinate with neighboring school divisions to have written information about the school-based and/or mobile clinic services available to students, their families, school staff, and personnel.

Data Collection and Program Evaluation

DBHDS will be collecting data from school-based health clinics, including information on types of services and staffing, once contracts for services begin. Appendix A provides an example of these measures that are based on metrics from the National School-Based Health Alliance. [8] Also included in this data collection are questions about implementation progress, success and barriers. To gather this information from grantees, DBHDS is developing a data collection tool and public dashboard to showcase outcomes.

In addition to data collection, DBHDS is using federal mental health block grant funding to work with Old Dominion University's Center for Implementation and Evaluation of Education Systems (ODU- CIEES) on program evaluation efforts. ODU- CIEES has been a partner in school-based mental health (SBMH) data collection and analysis since the agency's prior work with the school-based mental health pilot integration. The purpose of this collaboration will be to explore factors that impact the implementation and sustainability of school-based health clinics. Key areas of focus are:

- Understand current Virginia and national landscape of school-based health clinics
- Identify and provide program implementation/sustainability success factors for school-based health clinics
- Identify and provide program implementation/ sustainability barriers for school-based health clinics
- Exploration and recommendation on data metrics that can be used to measure program outcomes.

Data collection with RFP grantees is anticipated to start in January 2026. The program evaluation component will begin in October 2025.

School-Based Mental Telehealth Services

Funding for mental telehealth services ($7.5M set-aside from total budget beginning in FY 2026) allows the agency to provide grants to school divisions to contract for mental health support to their division population, including students, family members/caregivers and staff., The grants can be used to initiate or support existing telehealth services that address needs such as mental health and / or substance use disorder by offering a flexible model that supports in school and / or after school sessions.

In FY 2024, there were 23 school divisions receiving state funding under the school-based mental health integration pilot. The pilot permitted the use of state grant funds in person and

[8] School-Based Health Alliance. Standardized Performance Measures for SBHC. (Accessed, September 12, 2025). Quality-Counts-Standardized-Performance-Measures-Definitions_2023.pdf

telehealth services. However, changes to the budget language for FY 2025 resulted in the shift in state funds toward a school-based health clinic model. The budget language was again amended for FY 2026. This time it included funding for telehealth services and expanded funding for school-based clinics for both mobile and in-person services. The restriction of state funding in FY 2025 necessitated the use of federal mental health block grant funds and approved carryforward funding for the agency to continue supporting the schools participating in the pilot.

Under the new language for FY 2026, DBHDS used two strategies to provide grants for mental telehealth services. The first included offering former pilot schools the opportunity to renew state contracts for mental telehealth services to sustain an ongoing level of support. $4.2 million was set aside for this purpose. Of the original 23 pilot school divisions, 14 (61 percent) renewed contracts for mental telehealth services. The second strategy was to conduct a competitive Request for Application process. The next section provides more detail regarding the RFA.

Request for Application

DBHDS used $2.8 million for a Request for Application (RFA) process to allow divisions across the commonwealth an opportunity to receive funding for mental telehealth services. The application process started on August 12, 2025. A pre-application conference was held on August 19, 2025, giving an overview of the funding, reviewing the application and how to apply. From this process, 17 school divisions were accepted for funding. The agency is currently finalizing contracts with the divisions for an anticipated start timeframe of November 2025.

DBHDS collaborated with the VDOE under Item 117 #1c [9] to provide a list of telehealth vendors to schools who need a recommendation. See Appendix B for the list of telehealth venders selected through VDOE's RFP process.

Data Analysis

To understand the impact of telehealth services on student mental health, DBHDS is partnering with Old Dominion University Center for Implementation and Evaluation of Education Systems for the collection of data and analysis. Outcomes on telehealth usage, services provided, payment for services and selected demographics will be collected. This initiative will be paid for through mental health block grant funds. Appendix C provides an overview of measures to be collected.

Conclusion

This fiscal year, DBHDS has moved into the implementation phase of school-based health clinics and mental telehealth services. Moving into this phase, DBHDS is planning for long-term program sustainability through funding awards, program oversight and monitoring, data collection and monitoring policy shifts.

As implementation plans have been underway, DBHDS recognizes the current budget language prohibits the ability to use funding for data analysis and program evaluation efforts. DBHDS

[9] LIS State Budget. Budget Amendments- HB30 (Conference Report). DOE- Redirect Funding for Student Mental Health Services. Accessed, September 11, 2025. 117#1c (DOE/ COO) DOE - Redirect Funding for Student Mental Health Services. HB30 - Conference Report

anticipates there will be questions around program implementation and outcomes in the near future. In order to respond to the anticipated questions, funding would be needed to support data collection efforts.

Currently, DBHDS uses other funding sources (mainly mental health block grant funds) to support this work. Since implementation is in early stages, block grant funds can be used to capture baseline descriptive, services, and implementation data. Over time, as data collection moves from descriptive to outcome/impact based, DBHDS may need funding to support enhanced data capabilities. DBHDS anticipates no more than 3.3 percent of the total budget (up to $500,000) would be needed to support this work in any given fiscal year.

DBHDS is also monitoring the impact of policy changes on Medicaid on service reimbursement. Recently the federal government passed Public Law No. 119-21/H.R.1 (The One Big Beautiful Bill Act) [10]. A provision under this Act created the Rural Health Transformation Program which will provide $50 billion to states between fiscal years 2026 and 2030 to support the provision of health care to rural communities through direct funding to states and competitive grants. Funding can be used to focus on the provision of payments for health care items or services, promoting consumers facing technology and promoting sustainable access to high quality rural health care services.

Governor Youngkin issued Executive Order 12 in response to H.R.1 [11] directing several state agencies and Secretariats to work together on an application in response to the competitive grants. While the Rural Health Transformation would not meet the funding needs discussed previously, DBHDS recognizes that statewide findings from the Rural Health Transformation can potentially be replicated to support service delivery/reimbursement across all school-based health clinics and telehealth programs.

[10] Commonwealth of Virginia Executive Department. Executive Order 12-Transforming Rural Health and Supportive Health Care Providers. ED-12-Transforming-Rural-Health-and-Supporting-Health-Care-Providers.pdf

[11] Commonwealth of Virginia Executive Department. Executive Order 12-Transforming Rural Health and Supportive Health Care Providers. ED-12-Transforming-Rural-Health-and-Supporting-Health-Care-Providers.pdf

Appendices

Appendix A: Selected School-Based Health Clinic Data Measures

Clinic service measures

- An unduplicated count of patients who had at least one visit (of any type) at the school-based or remote clinic.
    - Students
    - Student's Guardian/Caregiver/Parents
    - School Personnel/Staff
    - Total Visit Count
- Number of patients who had at least one visit to the school-based or remote clinic by age.
    - 0-2 Years
    - 3-11 Years
    - 12-17 Years
    - 18-21 Years
    - 22 and Older
- Number of Patients who had at least one visit to the school-based or remote clinic by sex or gender.
    - Sex
        - Male
        - Female
        - Intersex
        - Other
        - Rather Not Say

- Number of patients who had at least one visit to the school-based or remote clinic by race/ethnicity.
    - White or Caucasian
    - Hispanic or Latino
    - Not Hispanic or Latino
    - Black or African American
    - Native American or Alaska Native
    - Native Hawaiian or other Pacific Islander
    - Multi-Racial or Biracial
- Number of visits to school-based or remote clinics by service type.
    - Primary Care
    - Mental Health
    - Health Education
    - Dental
    - Vision
    - Other

Program implementation measures

- Specific tasks or accomplishments achieved during the reporting period. This may include the initiation of services, community awareness marketing, or events that promote clinic operations, development of policies and procedures for clinic operations, status of materials/supplies purchase for clinic operation, and third-party insurance claims.
- Updates on Implementation timeline: status update on activities outlined in the timeline and any challenges or deviations from the timeline.
- Sustainability Plan: Provide a copy of the signed contractual agreement between the Contractor and the School Division within 90 days of contract execution or no later than March 1, 2026.

Appendix B: List of telehealth vendors under statewide contract with VDOE

- Cartwheel Health Services P.C.
- Gaggle Net, Inc
- Hazel Health, Inc
- Inspire Health Alliance, LLC
- Mindset Labs, Inc
- Sentara Medical Group
- Timely Telehealth, LLC
- Uwill, Inc.
- Vision Hope Healing, LLC
- From the Desk of Dr Yancey

Appendix C: Selected School-Based Mental Telehealth Data Measures

- Number of mental telehealth referrals this quarter
- How many referrals convert to mental telehealth
    - 0-25%
    - 26-50%
    - 51-75%
    - 76-100%
- What is the first reason why a referral does not result in mental telehealth services?
    - Student/family wants in-person services
    - Student/family refuses services
    - Student/family does not qualify for services
    - Other
- What is the second reason why a referral does not result in mental telehealth services?
    - Student/family wants in-person services
    - Student/family refuses services
    - Student/family does not qualify for services
    - Other
- What is the third reason why a referral does not result in mental telehealth services?
    - Student/family wants in-person services
    - Student/family refuses services
    - Student/family does not qualify for services
    - Other
- What organization/practice is providing your mental telehealth services to your school division
- Number of students in grades K-3 using mental telehealth services
- Number of students in grades 4-5 using mental telehealth services
- Number of students in grades 6-8 using mental telehealth services
- Number of students in grades 9-12 using mental telehealth services
- Number of students across all grades receiving services for the first time during this reporting period.

- Reason for student referral for mental telehealth services. Select as many as apply
    - School performance
    - Behavioral concerns
    - Bullying
    - Absenteeism
    - Self-harm; harm to others
    - Student or family self-identifies
- Number of additional family/caregivers receiving mental telehealth services
- Most common location of service visits
    - Within school grounds
    - Clinic
    - Home
    - Other

- 2nd most common location of service visits
    - Within school grounds
    - Clinic
    - Home
    - Other
- 3rd most common location of service visits
    - Within school grounds
    - Clinic
    - Home
    - Other
- If you selected Other in one of the above three questions, please elaborate
- Most frequent type of telehealth service delivery
    - Synchronous telephonic (audio only)
    - Synchronous video/audio
- Average frequency of sessions
    - Weekly
    - Bi-weekly
    - Monthly
- Average length of a session
    - 30 minutes
    - 45 minutes
    - 60 minutes
- Average duration of service
    - 6 weeks
    - 12 weeks
    - 13+
- Percentage of mental telehealth services reimbursed by Private Insurance
- Percentage of mental telehealth services reimbursed by Medicaid
- Percentage of mental telehealth services reimbursed by Medicare
- Percentage of mental telehealth services reimbursed by Tri-Care
- Percentage of mental telehealth services are Self-Paid
- Percentage of mental telehealth services reimbursed by other means
- In this section, please provide information about the demographics of referred students
    - Number of White/Caucasian students referred
    - Number of Black/African American students referred
    - Number of Asian/Pacific Islander students referred
    - Number of Native Amer/Alaskan students referred
    - Number of Other Race students referred
    - Number of Hispanic students referred
    - Number of Non-Hispanic students referred
- What successes has your school division experienced with mental telehealth services. Select as many as apply
    - Parents/caregivers/students report satisfaction
    - School staff are supportive
    - School climate seems safer
    - Absenteeism is reduced

    - Other
- What barriers has your school division encountered with mental telehealth services
    - Parental consent for mental telehealth services
    - Finding a mental telehealth service provider
    - Informing community of availability of mental telehealth services
    - Supplying supports and resources needed by mental telehealth service provider
    - Connecting parents/students with necessary technology
    - Students don’t start/complete services
    - Mental telehealth provider has limited availability/students have to wait for services
    - Confidentiality and privacy concerns regarding referred students
    - Other