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January 16, 2026

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

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

RE: Item 296 Q, 2025, Appropriation Act

Item 296 Q of the 2025 Appropriation Act directs the Department of Behavioral Health and Developmental Services (DBHDS) to collaborate with Chesapeake Regional Healthcare on the development of a 20-bed acute, inpatient psychiatric unit at their facility in Chesapeake, Virginia that will assist in diverting individuals in need of inpatient psychiatric treatment from state hospitals. Specifically, the language states:

Q. The Department of Behavioral Health and Developmental Services is authorized to enter into a contract for use of up to eight beds of a 20-bed acute, inpatient psychiatric unit at Chesapeake Regional Healthcare for state purposes to increase diversion from state mental health hospitals. The department shall begin developing the contract after Chesapeake Regional Healthcare starts construction of the 20-bed acute, inpatient psychiatric unit. As part of the contracting process, the department shall develop an estimate of the potential cost savings of diversion from state hospital beds that could occur with use of the eight beds and provide an estimated annual state contribution to support Chesapeake Regional Healthcare. The department shall execute the contract contingent on an appropriation by the General Assembly. The department shall report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by December 1 of each year on the status of the contract and any state contribution that has been estimated.

CC: The Honorable Janet V. Kelly, Secretary of Health and Human Resources



Report on Collaboration between DBHDS and Chesapeake Regional Healthcare

(Item 296 Q, 2025 Appropriation Act)

December 1, 2025

DBHDS Vision: A Life of Possibilities for All Virginians

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Preface

Item 296 Q of the 2025 Appropriation Act directs the Department of Behavioral Health and Developmental Services (DBHDS) to collaborate with Chesapeake Regional Healthcare on the development of a 20-bed acute, inpatient psychiatric unit at their facility in Chesapeake, Virginia that will assist in diverting individuals in need of inpatient psychiatric treatment from state hospitals. Specifically, the language states:

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Item 296 Q Chesapeake Regional Healthcare

Table of Contents

Preface.....	3
Executive Summary.....	5
Background.....	5
Diverting State Hospital Admissions.....	7
DBHDS and Chesapeake Regional Healthcare Partnership.....	8
Current Contract and Future Partnership.....	9
Conclusion.....	10
Appendix A: DBHDS Regional Designations.....	11

Executive Summary

Over the past several years, the Governor's Office and Department of Behavioral Health and Developmental Services (DBHDS) have been working diligently to secure partnerships with community providers to provide diversion and step-down options for state hospital patients as a part of the *Right Help, Right Now* initiative. The optimal safe operating capacity for hospital census is 85 percent. State hospital census has averaged significantly higher than this consistently operating at or above a 98 percent utilization rate in recent years. Identifying potential diversion opportunities with community hospitals has been a key focus of the agency to alleviate the state hospital census and place individuals in or nearer to their home communities.

Chesapeake Regional Healthcare is in the process of constructing a new, 20-bed inpatient psychiatric unit which will accept voluntary admissions as well as admissions under a temporary detention order (TDO) or involuntary civil commitment. This unit is anticipated to be completed and begin accepting patients in the summer of 2026. In order to identify how best to leverage these new beds to alleviate the state hospital census, DBHDS and Chesapeake engaged in discussions to identify priority populations and develop cost estimates, all of which is detailed in this report.

Background

The State Mental Health Hospital Census

Virginia's state mental health hospitals have been consistently operating above safe operating capacity in recent years. Though research and national standards show that operating at 85 percent of capacity is optimal for both patients and staff, Virginia's state hospitals consistently operate at or above a 98 percent utilization rate. This results in compromised quality of care for patients, leading to possible readmissions and exacerbated mental health conditions. Even more concerning is the compromised safety experienced by both patients and staff.

The Eastern part of the state, where Chesapeake Regional Healthcare is located, has been especially impacted by a high census at Eastern State Hospital, as well as increasing numbers of orders for treatment of forensic patients. For the past several years, 90-95 percent of Eastern State Hospital's beds have been utilized by patients under a forensic status. This has resulted in Eastern State Hospital being able to admit very few patients under a "civil" legal status, including individuals under temporary detention orders (TDOs) and involuntary civil commitments. As a result of this, individuals in that region who require a state hospital bed must be transported to state hospitals in other parts of the state for treatment, including Northern Virginia and Southern Virginia. This not only takes individuals away from their families and support systems but also places a strain on law enforcement to provide transportation.

Chesapeake Regional Healthcare

Chesapeake Regional Medical Center, located in Chesapeake, currently serves as the region's only independent adult acute care community hospital. It has a total of 310 non-psychiatric inpatient beds and offers the following behavioral health services:

- Telehealth assessment and consultation
- Outpatient assessment, diagnosis, treatment planning, and intervention to identified patients
- The PROUD (Prevention and Recovery from Opioid Use Disorder) Program, coordinated care of behavioral health and substance use disorder patients seen in the emergency department
- The BRIDGES Program, operated by Chesapeake Integrated Behavioral Healthcare, which offers security and custody services to individuals in psychiatric or substance abuse crisis brought to Chesapeake’s emergency department by the Chesapeake police for assessment and treatment
- Comprehensive Psychiatric Emergency Program (CPEP), which is a program located adjacent to the emergency department that provides rapid stabilization, observation, assessment, case management, and referrals to the next level of care.

Chesapeake has noted that there are currently no licensed adult acute psychiatric treatment beds within the City of Chesapeake. In addition, since the beginning of 2020, over 85 percent of TDO transfer patients from Chesapeake’s emergency department have been sent to facilities outside of the area. These transfers, which place a burden on law enforcement as well as result in out-of-community placements for patients and delayed initiation of treatment, have led to Chesapeake’s proposal to construct 20 adult acute inpatient psychiatric treatment beds.

State Hospital Admissions from the Chesapeake Area

In FY 2025, Virginia’s state hospitals admitted 411 patients under a civil TDO or an involuntary civil commitment from Region 5, which encompasses Chesapeake as well as Virginia Beach, Norfolk, Portsmouth, Hampton-Newport News, and Western Tidewater areas. (See Appendix A for a map of all regions). Of those 411, 79 (approximately 19 percent) were from the Chesapeake area. Fifty-eight of the patients admitted from Region 5 were juveniles who were admitted to the Commonwealth Center for Children and Adolescents. Of the 353 adult and geriatric state hospital admissions from Region 5, 305 (86%) were admitted to a state hospital outside of the region. Table 2 displays a breakdown of all Region 5 adult and geriatric civil admissions to state hospitals in FY 2025.

Table 2: FY 2025 State Hospital Adult and Geriatric Civil Admissions, Patients from Region 5

State Hospital	Region 5 Admissions
Catawba Hospital	45
Central State Hospital	5
Eastern State Hospital	48
Northern Virginia Mental Health Institute	127
Piedmont Geriatric Hospital	15
Southern Virginia Mental Health Institute	52
Southwestern Virginia Mental Health Institute	32
Western State Hospital	29
Grand Total	353

Diverting State Hospital Admissions

Chesapeake's proposed inpatient psychiatric unit, comprising 20 beds to become available in the summer of 2026, would help to divert patients from state hospitals, particularly those from Region 5. This would allow the diverted patients to be served closer to their home communities and assist in alleviating the high bed census and current waitlist of individuals awaiting an inpatient bed. Additional information regarding Chesapeake's expansion plans and strategies to divert state hospital patients are described below.

Chesapeake Expansion Plans

Chesapeake's proposal to add 20 adult acute inpatient psychiatric treatment beds to its existing complement of licensed beds would allow it to better serve its primary service area population. Chesapeake residents currently encounter significant barriers to access for psychiatric treatment services because they must leave their local community and support system to obtain these services. Often, they must even leave the region. The addition of these beds would allow Chesapeake and residents from around South Hampton Roads to seek psychiatric treatment services closer to home. It is important for psychiatric treatment patients to receive inpatient treatment close to home to ensure that there is no breakdown in the continuum of care and that the patient still has access to their in-place support system, vital to long-term psychiatric health and treatment. These geographic barriers to care seem to particularly impact the most vulnerable population groups; namely, TDO and involuntary civilly committed patients and patients that rely on the local community services board, Chesapeake Integrated Behavioral Health (CIBH), to receive psychiatric treatment services.

When fully operational, the completed behavioral health unit expects to offer the following:

- Inpatient psychiatric care for adults 18 and over with acute mental illness
- Inpatient psychiatric care for geriatric adults
- In-depth individual assessment, comprehensive diagnosis, and treatment planning
- Expanded integration with additional primary care clinics
- Medication management
- Individual talk therapy
- Structured recreation/activity therapy
- Symptom education
- Family care and support services including the Health Steps Program to identify at-risk children and families and connect them to behavioral health and developmental support and resources
- Medical detoxification services for dual diagnosis patients to complement the existing PROUD Program
- Care coordination and discharge planning services to assist with transitioning back to the community, and
- Group therapy, family therapy, and individual therapies

Currently, for individuals at CIBH who are assessed to require temporary detention, they must be transported from the campus to an inpatient facility with an available bed. Chesapeake Sheriff's Office data consistently shows that the majority of those inpatient psychiatric placements occur outside of the region.

Chesapeake Capital Needs

Chesapeake plans to add a new, 20-bed acute inpatient psychiatric unit to the West Wing of the 6th Floor of their facility. The scope of work involves renovations to an existing medical/surgical unit. The existing wing and beds date back over 30 years and does not meet current building code and clinical space design criteria. The renovation requires a complete interior demolition of the 6th floor West Wing. This will remove all existing non-load bearing interior structures, and Chesapeake plans to rebuild the interior to meet the currently applicable design requirements for a behavioral health unit.

Chesapeake has estimated that the total financial needs for construction of the new 20-bed unit will be approximately \$10 million. The 2023 Virginia Special Session I Budget Bill (HB6001), Chapter 1, Item 312.U.1 and U.2 directed DBHDS enter into a contract with Chesapeake Regional Hospital to provide \$4.5 million of appropriated funding for the development of this 20-bed acute inpatient psychiatric unit.

DBHDS and Chesapeake Regional Healthcare Partnership

DBHDS and Chesapeake have had multiple discussions to determine the priority patient populations that would best be served at Chesapeake and would help to alleviate the critically high state hospital census and lower the waitlist of individuals awaiting inpatient psychiatric treatment who are most often housed in emergency departments during that wait. Chesapeake has indicated that they would prioritize admissions for individuals under a temporary detention order so long as safe and appropriate for their current milieu. Specifically, Chesapeake has committed to reserving at least eight of its 20-bed capacity for TDO admissions that would otherwise be sent to a state psychiatric facility and who are exhibiting aggressive or assaultive behaviors. The additional 12 beds would be open to both voluntary and TDO admissions and subject to the following inclusion and exclusion criteria.

Inclusion criteria for adult/geriatric inpatient unit at Chesapeake:

- Imminent danger to self and others due to a mental health condition.
- Needs intensive treatment, protection, and a therapeutic environment for the safety of the patient and/or others; suicidal/homicidal; or inability to provide for their basic needs.
- Has a diagnosable psychiatric illness with acute, severe symptoms significantly impairing the ability to function and impairing their ability to care for themselves or protect themselves from harm. To include exhibiting acute psychosis with aggression or manic behavior including potential of involuntary admission for the purpose of evaluation and treatment.
- There is reasonable expectation that the presenting symptoms can be reduced or controlled.
- The patient is medically stable. The facility will have capabilities to provide minor wound care, conduct frequent vital sign monitoring, and utilize infection disease precautions. Medications can be oral, subcutaneous, and intramuscular.

Exclusion criteria at Chesapeake:

- The person's sole diagnosis (or diagnoses) is/are substance abuse or substance dependence. Patient is at risk for imminent withdrawal.
- The person's primary diagnosis is advanced dementia or intellectual or developmental disability.

- The person needs a forensic treatment setting.
- The person needs a long-term treatment setting.

Current Contract and Future Partnership

After the 2023 state budget was finalized, DBHDS began discussions with Chesapeake Regional Healthcare to develop a scope of work for the contract required by the appropriations language. This scope of work outlined the various obligations of both parties, including a structure of billing, reporting requirements, and specifications of the inpatient unit.

Overarching responsibilities of Chesapeake would include:

- Facility, staffing, legal, and service requirements
- Communication with local CSBs to ensure joint treatment and discharge planning.
- Regular reporting requirements including utilization

Overarching responsibilities of DBHDS would include:

- Oversight of the utilization of the agreement.
- Appropriate compensation

This contract was finalized and signed by both parties in June of 2024 and is currently in effect through December 31, 2025. Per the contract, Chesapeake Regional Healthcare invoiced DBHDS on an agreed upon schedule that corresponds to milestones in the development of the unit. The timeline for completion of construction and the ability to admit patients is spring of 2026.

Ongoing Financial Considerations

The funding appropriated by the 2023 General Assembly for this project was one-time in nature. Once the inpatient unit at Chesapeake Regional is operational, there could be benefit for DBHDS to enter into an ongoing contractual agreement with Chesapeake Regional to offset Chesapeake Regional for services provided to individuals who otherwise would be admitted to a state hospital that are not reimbursable by Medicaid or a private insurer. DBHDS has previously entered into similar agreements with other hospital systems and currently has a successful contract for children and adolescents. Due to the ongoing waitlist for state hospital beds, this contract may not result in direct cost avoidance for DBHDS; however, it would result in some individuals from Region 5 being able to receive inpatient treatment closer to their home communities, a decreased burden on law enforcement from avoidance of transports to other parts of the state, and potentially a decreased waitlist of individuals awaiting a state hospital bed, which would allow those individuals to receive inpatient treatment more quickly and decrease long waits in emergency departments. The estimated ongoing state contribution to Chesapeake Regional for serving individuals diverted from state hospitals is \$500,000-\$750,000 annually. Currently, there is no funding appropriated for this purpose.

Conclusion

The construction of 20 new inpatient psychiatric beds in Region 5 has strong potential to provide relief for Virginia's state hospitals, individuals in Region 5 who require inpatient treatment and who currently have to receive that in other parts of the state, and relief for law enforcement who are maintaining custody of these individuals while they await a state hospital bed and are currently required to transport these patients to other parts of the state to receive treatment. In addition to the current contract, DBHDS and Chesapeake will continue to work together on an ongoing basis to prioritize serving individuals who would otherwise be admitted to state hospitals once these beds become available.

Appendix A: DBHDS Regional Designations

