



COMMONWEALTH of VIRGINIA

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January 16, 2026

To: The Honorable Glenn A. Youngkin, Governor of Virginia
The Honorable L. Louise Lucas, Chair, Senate Finance and Appropriations
The Honorable Luke E. Torian, Chair, House Appropriations Committee

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

RE: Item 296 L.1, 2024 Special Session I Appropriations Act

Item 296 L.1 of the 2024 Special Session I Appropriations Act requires that the Department of Behavioral Health and Developmental Services to report annually on the distribution and use of funds for grants provided to the members of the Virginia Association of Recovery Residences (VARR) for recovery support services. The language reads:

L.1. Out of this appropriation, \$1,950,000 the first year and \$1,950,000 the second year is provided to make grants to members of the Virginia Association of Recovery Residences (VARR) for recovery support services. The association must ensure that members accredited by the Council on Accreditation of Peer Recovery Support Services (CAPRSS) receive a share of these funds. VARR will comply in a timely manner with all requirements of the agreement entered into between VARR and the Department of Behavioral Health and Developmental Services as a result of this appropriation. Any violations of the agreement shall be reported to the Chairs of House Appropriations and Senate Finance and Appropriations Committees within thirty days of their occurrence. VARR shall report monthly to the Department of Behavioral Health and Development Services providing financial and operational documentation for services provided, including documentation and services provided by Oxford Homes. The Department of Behavioral Health and Developmental Services shall report annually to the Governor and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees by August 1 on the distribution and use of the funds authorized in this paragraph.

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



Virginia Department of Behavioral Health
and Developmental Services

Annual Report on Grants to the Virginia Association of Recovery Residences (VARR)

(Item 296 L.1 of 2024 Special Session I Appropriations Act)

August 1, 2025

DBHDS Vision: A Life of Possibilities for All Virginians

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Introduction

The Virginia Association of Recovery Residences (VARR) is a non-profit credentialing entity that accredits recovery residences in accordance with the National Association of Recovery Residences (NARR) Standards 3.0 and a social model of recovery. VARR is NARR's Virginia state affiliate and is a credentialing entity for state certification through the Department of Behavioral Health & Developmental Services (DBHDS), as written in Virginia Code. The following is an overview of how the dollars directed by the Virginia General Assembly to VARR were spent in FY 2025, executed in a contract between VARR and DBHDS. Quarterly reports were submitted by VARR throughout the duration of the contract.

In FY 2025, VARR utilized \$1,933,520 of the \$1,950,000 funding allocated for FY 2025. This report details the initiatives supported by this funding, which includes indigent bed funding, Evaluation of Medications for Opiate Use Disorder (MOUD) in Recovery Residences, and VARR operational expenses. More details about these programs are included in the report below.

Indigent Bed Funding Program – Funding Allocated: \$1,583,520.00

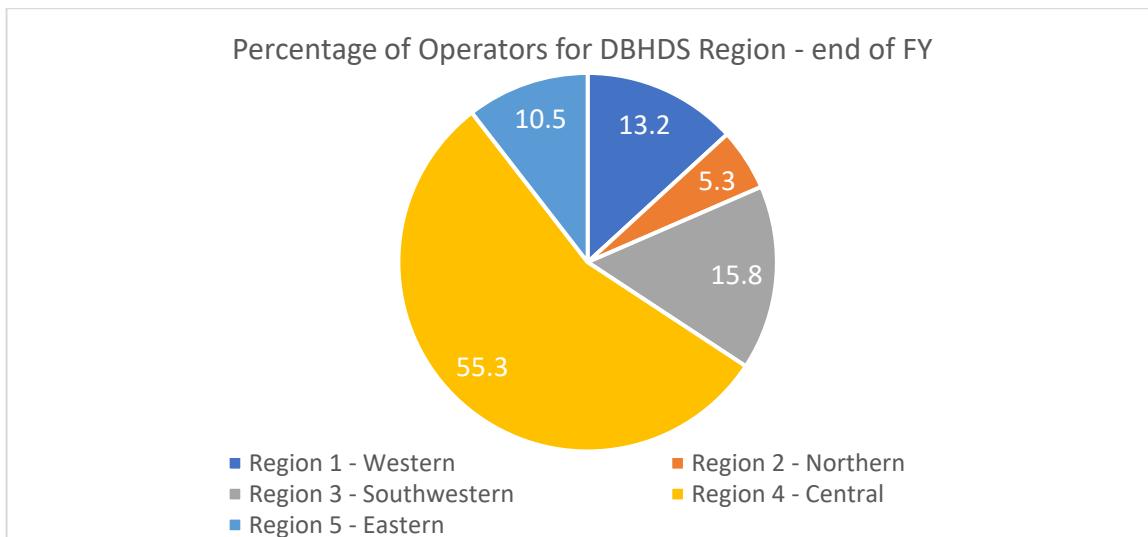
The VARR Indigent Bed Funding program was created in 2020 to facilitate access to recovery residences for individuals with substance use disorders (SUD) who have financial barriers. To qualify for indigent bed funding, recovery residence operators must:

1. Be VARR Accredited and DBHDS certified,
2. Maintain good standing, and
3. Use the Recovery Capital (REC-CAP) measurement tool.

In FY 2025, 28 recovery residence providers qualified for indigent bed funding. Recovery residence operators who qualified were sent a notice of award on a quarterly basis, which included how much funding had been awarded for the quarter, the time period it may be used, and any relevant information. Additionally, operators were reimbursed \$40 per indigent bed night, with a cap of 42 bed nights per resident.

Program Utilization (July 1, 2024 – June 30, 2025)

- \$1,583,520 utilized in Indigent Bed Funding for FY 2025
- 28 recovery residence operators facilitated funding
- 39,588 total indigent bed nights supported in a recovery residence
- 1,825 residents received Indigent Bed Funding
- 21.7 nights – average numbers of nights utilized per resident
- 166 – number of residents who utilized the max number of 42 indigent bed nights



Demographics of Indigent Bed Funding Recipients

Average age: 40.3 years old

Gender:

- Male – 67 percent
- Female – 33 percent
- Other – less than 1 percent

Race/Ethnicity:

- Caucasian / White – 62.3 percent
- African American / Black – 31.8 percent
- Hispanic / Latino – 2.5 percent
- More than 1 race – 2.4 percent
- Other – 1.0 percent
- Asian – less than 1 percent

Evaluation of Medications for Opiate Use Disorder (MOUD) in Recovery Residences – Funding Allocated: \$66,500

VARR partnered with the Recovery Outcomes Institute (ROI) to support a study where outcomes for people exposed to medications for opiate use disorder (MOUD) and living in a recovery residence were examined. The study had two primary aims: to compare the effectiveness of MOUD with non-MOUD approaches for residents in recovery housing, and to conduct pairwise comparisons among different forms of MOUD, including Methadone, Buprenorphine Extended-Release (BPN-X), Buprenorphine Sublingual (BPN-SL) and Naltrexone (NTX). The study examined outcomes for people exposed to MOUD on outcomes for people residing in recovery residences using the Recovery Capital (REC-CAP) (Cano et al., 2017) as the main metric for

recovery capital and examined retention rates, recovery outcomes, and discharge reasons among participants.

Research Questions

1. Does exposure to MOUD affect the probability of retaining a client in recovery housing?
2. Does MOUD exposure affect changes in a composite measure of Recovery Capital?
3. What outcomes can be attributed to MOUD exposure (positive, negative, or neutral)?
4. Do the findings of the REC-CAP analysis accord with the experiences of recovery residence operators and staff of recovery residences, and the experience of affiliate staff?

Key findings

MOUD vs. Non-MOUD:

- **Retention Rates** – residents exposed to MOUD have a 6 percent higher predicted retention rate than non-MOUD residents.
- **Recovery milestones** – Statistically significant improvement in recovery capital are predicted between 3 & 4.5 months for residents exposed to MOUD.
- **Positive Outcomes** – MOUD exposure increases successful completions by 3.4 percent and decreases unsuccessful outcomes by 2.7 percent.
- **Temporal Effect** – Significant gains in recovery capital and positive outcomes are observed from the third month onward.

Methadone vs. BPN-X, BPN-SL, NTX:

- **First Six Months** – MOUD exposure demonstrates a substantial clinical effect in the first six months, enhancing retention, improving recovery capital, and aiding in program completion. However, its effects taper off thereafter.
- **Post-Six-Months** – After six months, changes in resident outcomes are influenced more by factors other than MOUD exposure.
- **NTX Retention Benefits** – NTX aligns with its pharmacological purpose of reducing relapse and improving retention. Both dosage and length of exposure to NTX predict retention rates.
- **Buprenorphine Advantages** – Buprenorphine (SL and ER) is particularly effective in enhancing recovery capital.
- **Limited Recovery Impact of NTX** – NTX has a less significant effect on recovery capital outcomes compared to other treatments.

Qualitative Themes from Interviews and Focus Groups

- Participants with their own experiences of MOUD were generally positive, in spite of practical and cultural barriers.
- Advantages and disadvantages to MOUD were observed, with the advantages appearing to outweigh the challenges.
- Nonetheless, there were significant cultural issues around moving from an abstinence culture that stigmatized medication, compounded by practical difficulties.

- Stigma remains a significant challenge although this is gradually changing.
- There is widespread recognition that attitudes are gradually changing, use of MOUD more widespread, and acknowledgement of increased diversity in the types of MOUD available.
- There was strong support for the research, with the main findings consistent with the experiences of participants and a strong endorsement for the need for this kind of research.

Full Report: *Modeling Exploratory Outcomes for Clients in Recovery Housing Exposed to MOUD: A Multimethod Casual Inference Approach.* Authors: David Best, Ph.D. & Arun Sondhi, Ph.D. Included in Contract #720-5117 – State Directed Dollars

VARR-Reported Operational Expenses – Funding Allocated: \$283,500

State directed funding provided critical financial resources which helped VARR support operational costs. As the state affiliate for NARR and a credentialing entity for state certification of recovery residences, VARR's core function is to accredit recovery residences in Virginia

Operational Expenses Supported

- Staff salary and fringe benefits (76.2 percent) - \$233,049.97
- Office lease - \$14,454.96
- Payroll taxes - \$20,000.04
- Indirect Costs (< 1 percent) - \$15,995.03

Accreditation Overview (FY 2025)

- New Accreditations (new recovery residence) – 34
- Re-Accreditations (recovery residence) – 114
- Number of organizations operating accredited residences (end FY 2025) – 39
- Number of accredited recovery residences (end FY 2025) – 147
- Number of accredited beds (end FY 2025) – 1,450

Regional Distribution

Region 4 continues to have the highest number of accredited residences; however, growth is increasingly seen in other regions:

- 45 percent of all recovery residence operators are located in Regions 1, 2, 3, and 5.
- Among the 10 newest accredited recovery residence operators – 70 percent (7) are located in Regions 1, 2, 3 and 5.