



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

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November 1, 2025

MEMORANDUM

TO: The Honorable Don Scott
Speaker, House of Delegates

The Honorable Scott A. Surovell
Majority Leader, Senate of Virginia

Members of the Virginia General Assembly

FROM: Cheryl J. Roberts
Director, Virginia Department of Medical Assistance Services

SUBJECT: Annual Strategic Plan Update: Coordinated Specialty Care

This report is submitted in compliance with Section 32.1-331.05 of the Code of Virginia, which states:

D. The work group shall meet to produce an initial five-year plan report to the General Assembly no later than November 1, 2022, and then provide annual updates to the five-year strategic plan beginning November 1, 2023.

Should you have any questions or need additional information, please feel free to contact me at (804) 664-2660.

CJR/wrf

Enclosure

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

Annual Strategic Plan Update: Coordinated Specialty Care

November 2025

Report Mandate:

Section 32.1-331.05 of the Code of Virginia states:

A. The Department shall establish a work group in coordination with the Department of Behavioral Health and Developmental Services to evaluate and make recommendations to improve approaches to early psychosis and mood disorder detection approaches, make program funding recommendations, and recommend a core set of standardized clinical and outcome measures. Early psychosis intervention includes services to youth and young adults who are determined to either be at a clinical high risk for psychosis or are experiencing a first episode of psychosis.

B. The work group shall include
(i) a representative from the Bureau of Insurance;
(ii) a representative from the Department of Health Professions;
(iii) a representative from the Department of Behavioral Health and Developmental Services;
(iv) a psychiatrist with working knowledge of first-episode psychosis and coordinated specialty care;
(v) a mental health clinician with working knowledge of first-episode psychosis and coordinated specialty care;
(vi) a support services specialist with experience in supported education and employment;
(vii) a representative of a state, regional, or local mental health advocacy group as recommended by such group;
(viii) an individual who has experienced psychosis or a family member of an individual who has experienced psychosis; and
(ix) up to three representatives of health insurance issuers or managed care organizations operating in

the Commonwealth as recommended by such issuers or organizations.

C. The work group shall develop a five-year strategic plan to accomplish the following objectives:

- 1. Enhance services to existing coordinated specialty care programs;**
- 2. Expand early psychosis intervention in underserved areas of the Commonwealth;**
- 3. Develop a strategy to identify and apply for funds from individual foundations and federal and state sources and disburse those funds; and**
- 4. Develop a strategy to advance the goals and utilization of coordinated specialty care for Medicaid beneficiaries and individuals who are privately insured.**

The strategic plan shall identify current coordinated specialty care programs in the Commonwealth and include information on how they are funded, how many individuals use the current programs, and the insurance status of the programs. As used in this section, "coordinated specialty care" means a team-based service provided to a person for treatment of first-episode psychosis that is composed of case management, family support and education, pharmacotherapy and medication management, individual and group psychotherapy, supported education and employment, coordination with primary care, and outreach and recruitment activities.

D. The work group shall meet to produce an initial five-year plan report to the General Assembly no later than November 1, 2022, and then provide annual updates to the five-year strategic plan beginning November 1, 2023.

Background

Coordinated Specialty Care (CSC) is a person-centered, team based comprehensive treatment and support service that is evidence-based and recovery-oriented. First-episode psychosis (FEP) is the early period after first psychotic symptoms due to a serious mental illness (SMI), and people usually experience this in their teens through mid-twenties. There is significant research indicating that many people experiencing these symptoms do not receive treatment for a year or longer, and that untreated symptoms are a primary driver of negative outcomes like developing substance use disorder (SUD), experiencing homelessness, unemployed, or incarcerated. By intervening early with person-centered care, low-dose antipsychotic treatments, shared decision making between professionals and the individual and family, CSC can change the trajectory of symptoms and individuals' lives.

Team-based approaches can be difficult to fund and require a cross-agency strategy, which is one reason an initial workgroup and this annual report was mandated to further refine and advance Virginia's approach to this life-changing service. In Virginia, CSC services provided at Community Services Boards (CSBs) are funded through a combination of state general fund (GF) and federal mental health block grant (MH BG) funds. The federal MH BG funds require a 10 percent set aside for services for individuals experiencing FEP. In FY2026, a total of \$6.5 million (\$4 million State General Fund and \$2.5 million Federal Mental Health Block Grant – Early Serious Mental Illness Set- Aside) was dedicated to the provision of CSC in Virginia. In 2019, DBHDS issued a report on the first three years of available data for CSC programs in the Commonwealth (2015-2018). Preliminary data indicated successful reduction in time to treatment by admitting individuals into CSC services soon after an individual's FEP.

There is not currently a license or certification for CSC in Virginia. But there are eleven programs operating with DBHDS support including Alexandria CSB, Fairfax-Falls Church CSB, Henrico Area Mental Health and Developmental Services, Highlands CSB, Loudoun County CSB, Prince William County CSB, Encompass Community Supports (formally Rappahannock- Rapidan CSB), and Western Tidewater CSB, with the final three programs being new: Blue Ridge Behavioral Health, Mount Rogers, and Arlington CSBs.

Medicaid Behavioral Health Service Redesign

As part of Governor Youngkin's Right Help. Right Now. Plan to transform Virginia's behavioral health system and supported by the General Assembly in 2024, a budget amendment authorized a rate study to move forward to redesign Virginia's legacy behavioral health services in Medicaid. A stand-alone workgroup for CSC was not held this year due to the integration with Medicaid BH Redesign activities. The rate study was completed July 2025, and rates for Coordinated Specialty Care were developed.

Update on State Fiscal Year 2023 Strategic Plan Goals

There were four goals set for State Fiscal Year 2024 report. Updates are provided below.

| Goal | Lead Agency | Update |
|--|-------------|--|
| Conduct rate study in coordination with DBHDS to determine policies, rate structure. | DMAS | Completed |
| Determine roles and responsibilities, as well as funding needs, for fidelity oversight for CSC. | Shared | Planning is underway with VCU Center of Evidence Based Partnerships. The Addington Scale has been selected as the tool that Virginia will implement. Infrastructure and roles are still in development for fidelity reviews. |
| Reach 100% participation in WebCAB for EPINET and publish public facing report on Virginia CSC. | DBHDS | Completed |
| Following results of rate study, workgroup should rewrite the strategic plan for years 3-5 based on the expected timeline. | Shared | This has not occurred yet, but integrated BH Redesign milestones are provided below. |

Although a standalone CSC strategic plan has not been redeveloped since the rate study, a number of key activities are planned for the implementation of CSC in Virginia as part of this project.

1. Draft service definition has been distributed to the workgroup for initial feedback. The draft will be posted publicly for input by the end of October 2025 on the BH Redesign website.
2. Draft licensing regulations (to be implemented under emergency authority) will be presented to the DBHDS Board in December 2025.

Ongoing tasks relate to the implementation of the fidelity monitoring process with VCU Center for Evidence Based Partnerships, the issuance of DBHDS licenses, and initiating reimbursement through Medicaid for the licensed teams.

About DMAS and Medicaid

The mission of the Virginia Medicaid agency is to improve the health and well-being of Virginians through access to high-quality health care coverage. The Department of Medical Assistance Services (DMAS) administers Virginia's Medicaid and CHIP programs for over 2 million Virginians. Members have access to primary and specialty health services, inpatient care, dental, behavioral health as well as addiction and recovery treatment services. In addition, Medicaid long-term services and supports enable thousands of Virginians to remain in their homes or to access residential and nursing home care.

Medicaid members historically have included children, pregnant women, parents and caretakers, older adults, and individuals with disabilities. In 2019, Virginia expanded the Medicaid eligibility rules to make health care coverage available to more than 600,000 newly eligible, low-income adults.

Medicaid and CHIP (known in Virginia as Family Access to Medical Insurance Security, or FAMIS) are jointly funded by Virginia and the federal government under Title XIX and Title XXI of the Social Security Act. Virginia generally receives an approximate dollar-for-dollar federal spending match in the Medicaid program. Medicaid expansion qualifies the Commonwealth for a federal funding match of no less than 90% for newly eligible adults, generating cost savings that benefit the overall state budget.