

AMENDMENT 3
AMENDED AND RESTATED
FY2026 AND FY2027 COMMUNITY SERVICES PERFORMANCE CONTRACT
MASTER AGREEMENT

ADDENDUM I
ADMINISTRATIVE REQUIREMENTS AND PROCESSES AND PROCEDURES
FY24-25 Community Services Performance Contract
Addendum I
Administrative Requirements and Processes and Procedures

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Administrative Requirements and Processes and Procedures

I. Background

The Administrative Requirements and Processes and Procedures include statutory, regulatory, policy, process and procedures and other requirements that are not expected to change frequently. The CSB and the Department shall comply with these requirements and processes and procedures. This document is incorporated into and made a part of the Community Services Performance Contract (PC) by reference. The Department will work with the CSBs regarding any substantive changes to this document, with the exception of changes in statutory, regulatory, policy, or other requirements.

The provisions of this agreement apply to all CSBs. [Chapter 5 Section 37.2-100](#) defines the four types of CSB organizational structure and [Chapter 6 Section 37.2-601](#) further defines the organizational structure of a Behavioral Health Authority (BHA). As such, the precise application of these provisions will vary across the different organizational types. All CSBs are required to meet the provisions herein, but some CSBs may meet said provisions by their nature as subsections of a local government or similar. This agreement does not, in any way, seek to contradict or otherwise be in opposition to local government policy/procedure as it applies to any of the subject matter discussed.

An illustrative example: All CSBs are required to have an annual audit. Operational CSBs must conduct this audit by contracting with an appropriate third party. Administrative Policy CSBs may satisfy this requirement by ensuring the CSB is included appropriately in the required annual audit conducted by the local governing body.

II. CSB Requirements

A. Financial Management Requirements, Policies, and Procedures

CSB's financial management and accounting system shall operate and produce financial statements and reports in accordance with Generally Accepted Accounting Principles, compliance with requirements of Governmental Accounting Standards Board (GASB), and Code of Federal Regulations, [2 CFR Part 200](#).

1. **Accounting:** CSBs shall account for all service and administrative expenses accurately and submit timely reports to the Department to document these expenses.
2. **Annual Independent Audit:** CSBs shall obtain an independent annual audit conducted by certified public accountants.
 - a. Audited financial statements shall be prepared in accordance with generally accepted accounting principles (GAAP) and compliance with Code of Federal Regulations, [2 CFR Part 200](#).
 - b. Copies of the audit and the accompanying management letter shall be provided to the Office of Budget and Financial Reporting in the Department and to each local government that established the CSB.
 - c. Deficiencies and exceptions noted in an audit or management letter shall be resolved or corrected in a timely manner defined more precisely through discussions between the CSB and the Department.
 - d. For a CSB that is included in the annual audit of its local government.
 - i. Copies of the applicable portions of the accompanying management letter shall be provided to the Office of Budget and Financial Reporting in the Department.
 - ii. Deficiencies and exceptions noted in a management letter shall be resolved or corrected in a timely manner defined more precisely through discussions between the CSB, the local government entity and the Department.

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3. **Federal Audit Requirements:** When the Department issues subawards of federal grants to a CSB, the CSB shall satisfy all federal government audit requirements.
4. **Subcontractor Audits:** The CSB shall obtain, review, and take any necessary actions on audits of any subcontractors that provide services that are procured under the Virginia Public Procurement Act and included in a CSB's performance contract. The CSB shall provide copies of these audits to the Office of Budget and Financial Reporting in the Department.
5. **Bonding:** CSB employees with financial responsibilities shall be bonded in accordance with local financial management policies.
6. **Fiscal Policies and Procedures:** A CSB's written fiscal policies and procedures shall conform to applicable local government policy or, in absence of local governing requirements, State Board policies and Departmental Policies and procedures.
7. **Additional Financial Management Requirements:** The CSB shall comply with the following requirements, as applicable.
 - a. CSBs may not use the same Certified Public Accountant (CPA) for both production of their annual financial statements and execution of their independent audit.
 - b. Operating CSBs and the BHA shall rebid their CPA audit contracts at least every five (5) years once the current CPA contracts expire. CSB's will ensure their contract with the audit firm gives them the right to rebid annual audit services if the firm is more than 60 days late for two consecutive years.
 - c. All CSB bank accounts shall be reconciled monthly, with the appropriate segregation of duties, and a designated staff person not involved in preparing the reconciliation shall approve it.
 - d. A contract administrator shall be identified for each contract for the purchase of services entered into by the CSB, and every contract shall be signed, with the appropriate segregation of duties by a designated staff person, and each other party to the contract, where applicable.
 - e. A designated staff person shall approve and document each write-off of account receivables for services to individuals. The CSB shall maintain an accounts receivable aging schedule, and debt that is deemed to be uncollectable shall be written off periodically. The CSB shall maintain a system of internal controls including separation of duties to safeguard accounts receivable assets. A designated staff person who does not enter or process the CSB's payroll shall certify each payroll.
 - f. Documentation for all expenditures must adhere to the respective fund requirements for both state and federal funding sources.
 - g. The CSB shall maintain an accurate list of fixed assets as defined by the state and federal policies.
 - h. Access to the CSB's information system shall be controlled and properly documented. Access shall be terminated in a timely manner when a staff member is no longer employed by the CSB to ensure security of confidential information about individuals receiving services and compliance with the Health Insurance Portability and Accountability Act of 1996 and associated federal or state regulations.
 - i. The CSB shall assess operating reserves at least monthly to ensure it maintains an operating reserve of funds sufficient to cover at least two months of personnel and operating expenses and ensure that the CSB's financial position is sound.
 - j. At any point during the term of this contract, if it determines that its operating reserve is less than two months, the CSB shall notify the the Department within 10 business days of the determination and work with the Department to develop a corrective action plan to increase the reserve to at least two months in a reasonable agreed upon timeframe.

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B. Procurement Requirements, Policies, and Procedures

CSBs shall have written procurement policies and procedures that comply with the Virginia Public Procurement Act.

C. Reimbursement Requirements, Policies, and Procedures

1. **Reimbursement System:** Each CSB's reimbursement system shall comply with § 37.2-504 and § 37.2-511 or § 37.2-605 and § 37.2-612 and with § 20-61 of the Code of Virginia and State Board Policy 6002 (FIN) 86-14. Its operation shall be described in organizational charts identifying all staff positions, flow charts, and specific job descriptions (as they relate to reimbursement policy/process) for all personnel involved in the reimbursement system.
2. **Policies and Procedures:** Written fee collection policies and procedures shall be adequate to maximize fees from individuals and responsible third-party payers.
3. **Schedule of Charges:** A schedule of charges shall exist for all services that are included in the CSB's performance contract, shall be related reasonably to the cost of the services, and shall be applicable to all recipients of the services.
4. **Ability to Pay:** A method, approved by a CSB's board of directors that complies with applicable state and federal regulations shall be used to evaluate the ability of each individual to pay fees for the services he or she receives.
5. **Medicaid and Medicare Regulations:** CSBs shall comply with applicable federal and state Medicaid and Medicare regulations, policies, procedures, and provider agreements. Medicaid non-compliance issues identified by Department staff will be communicated to the Department of Medical Assistance Services.

D. Human Resource Management Requirements, Policies, and Procedures

1. **Statutory Requirements:** The CSB shall operate a human resource management program that complies with state and federal statutes, regulations, and policies.
2. **Policies and Procedures:** If the CSB is not otherwise required to adhere to local government human resource management requirements, policies, and procedures, written human resource management policies and procedures shall include a classification plan and uniform employee pay plan and, at a minimum, shall address:
 - a) nature of employment;
 - b) equal employment opportunity;
 - c) recruitment and selection;
 - d) criminal background and reference check requirements;
 - e) classification and compensation, including a uniform employee pay plan;
 - f) employment medical examinations (e.g., TB);
 - g) nepotism (employment of relatives);
 - h) probationary period;
 - i) initial employee orientation;
 - j) transfer and promotion;
 - k) termination, layoff, and resignation;
 - l) benefits, including types and amounts of leave, holidays, and health, disability, and other insurances;
 - m) hours of work;

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- n) outside employment;
- o) professional conduct;
- p) employee ethics;
- q) compliance with state Human Rights Regulations and the CSB's local human rights policies and procedures;
- r) HIPAA compliance and privacy protection;
- s) compliance with the Americans with Disabilities Act;
- t) compliance with Immigration Reform and Control Act of 1986;
- u) conflicts of interests and compliance with the Conflict of Interests Act;
- v) compliance with Fair Labor Standards Act, including exempt status, overtime, and compensatory leave;
- w) drug-free workplace and drug testing;
- x) maintenance of a positive and respectful workplace environment;
- y) prevention of sexual harassment;
- z) prevention of workplace violence;
- aa) whistleblower protections;
- bb) smoking;
- cc) computer, internet, email, and other electronic equipment usage;
- dd) progressive discipline (standards of conduct);
- ee) employee performance evaluation;
- ff) employee grievances;
- gg) travel reimbursement and on-the-job expenses;
- hh) employee to executive director and board of directors contact protocol; and
- ii) communication with stakeholders, media, and government officials.

3. Job Descriptions

A CSB shall have written, up-to-date job descriptions for all positions. Job descriptions shall include identified essential functions, explicit responsibilities, and qualification statements, expressed in terms of knowledge, skills, and abilities as well as business necessity and bona fide occupational qualifications or requirements.

4. Grievance Procedure

A CSB's grievance procedure shall satisfy §15.2-1507 of the Code of Virginia.

5. Uniform Pay Plan

A CSB shall adopt a uniform pay plan in accordance with §15.2-1506 of the Code of Virginia and the Equal Pay Act of 1963.

E. Comprehensive State Planning

1. **General Planning:** The CSB shall participate in collaborative local and regional service and management information systems planning with state facilities, other-CSBs, other public and private human services agencies, and the Department, as appropriate. In accordance with § 37.2-504 or § 37.2-605 of the Code of Virginia, the CSB shall provide input into long-range planning activities that are conducted by the Department.
2. **Participation in State Facility Planning Activities**
The CSB shall participate in collaborative planning activities with the Department to the greatest extent possible regarding the future role and structure of the state facilities.

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F. Interagency Relationships

Pursuant to the case management requirements of § 37.2-500 or § 37.2-601 of the Code of Virginia, the CSB shall, to the extent practicable, develop and maintain linkages with other community and state agencies and facilities that are needed to assure that individuals it serves are able to access treatment, training, rehabilitative, and habilitative mental health, developmental, or substance abuse services and supports identified in their individualized services plans. The CSB shall comply with § 37.2-504 or § 37.2-605 of the Code of Virginia regarding interagency agreements.

The CSB also shall develop and maintain, in conjunction with the courts having jurisdiction in the cities or counties served by the CSB, cooperative linkages that are needed to carry out the provisions of § 37.2-805 through § 37.2-821 and related sections of the Code of Virginia pertaining to the involuntary admission process.

The CSB shall develop and maintain the necessary linkages, protocols, and interagency agreements to effect the provisions of the Comprehensive Services Act for At-Risk Youth and Families (§ 2.2-5200 through § 2.2-5214 of the Code of Virginia) that relate to services that it provides. Nothing in this provision shall be construed as requiring the CSB to provide services related to this act in the absence of sufficient funds and interagency agreements.

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III. The Department Requirements

A. Comprehensive State Planning

The Department shall conduct long-range planning activities related to state facility and community services, including the preparation and dissemination of the Comprehensive State Plan required by § 37.2-315 of the Code of Virginia.

B. Administrative Fee

The Department shall partner with the CSBs to establish administrative fee policies and procedures.

C. Department Review

While it does not conduct routine reviews of the entirety of a CSB's administrative activities, the Department may conduct a review in response to significant deficiencies, irregularities, or problems identified in the CSB's independent annual audit or management letter or in response to complaints or information that it receives.

If Departmental review identifies compliance deficiencies, CSBs will submit formal plans of correction to the appropriate Office of Administrative Services in the Department within 45 days of receipt of official reports of reviews. Minor compliance issues shall be corrected within 45 days of submitting a plan. Action to correct major compliance issues shall be initiated within 45 days and completed within 180 days of submitting a plan, unless, following discussion with the CSB, the Department grants an extension.

Additional information about departmental review of various administrative functions is available in the Technical Manual.

D. Complaint Follow-up

In response to complaints from constituents or other entities related to CSB financial, procurement, reimbursement, or human resource policy, the Department will forward those complaints to the Board, the local government or local governing body for resolution. If resolution is not attained within a reasonable period, DBHDS may conduct a review of these policies, departments, and activities, within the extent allowable by state law, to seek resolution.

E. Information Technology

The Department shall operate and provide technical assistance and support, to the extent practicable, to the CSB about any/all systems through which operational or service-level data are exchanged and will comply with State Board Policies 1030.

1. Pursuant to § 37.2-504 and § 37.2-605 of the Code of Virginia, the Department shall implement procedures to protect the confidentiality of data accessed or received in accordance with the performance contract.
2. The Department shall ensure that any software application that it issues to the CSB for reporting purposes associated with the performance contract has been field tested in accordance with Appendix D by a reasonable number of CSBs to assure compatibility and functionality with the major IT systems used by CSBs, is operational, and is provided to the CSB sufficiently in advance of reporting deadlines to allow it to install and run the software application.

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3. The Department shall collaborate with the VACSB DMC in the implementation of any new data management or data warehousing systems to ensure appropriate interoperability and workflow management.

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Appendix A: CSB and Board of Directors Organization and Operations

These requirements apply to the CSB board of directors or staff pursuant to § 37.2-501 - § 37.2-502 of the Code

A. CSB Organization

The CSB shall maintain an organizational chart that includes the local governing body or bodies that established the CSB and the board's committee structure.

B. Board Bylaws

Board of directors (BOD) bylaws shall be consistent with local government resolutions or ordinances establishing the CSB, board policies, and the CSB's organization chart and shall have been reviewed and/or revised in the last two years.

C. CSB Name/Appointment Changes

If the name of a CSB changes, the CSB shall provide the Department resolutions or ordinances approving the CSB's new name that were adopted by the boards of supervisors or city councils (local governing bodies) that established the CSB. If the number of appointments made to the CSB by its local governing bodies changes, the CSB shall attach to this contract copies of the resolutions or ordinances adopted by the local governing bodies that changed the number of appointments.

D. BOD Member Job Description

The BOD and executive director shall develop a board member position description, including qualifications, duties and responsibilities, and time requirements that the CSB shall provide to its local governing bodies to assist them in board appointments.

E. BOD Member Training

The executive director shall provide new board members with training on their legal, fiduciary, regulatory, policy, and programmatic powers and responsibilities and an overview of the performance contract within one month of their appointment. New board members shall receive a board manual before their first board meeting with the information needed to be an effective board member.

F. BOD Policies

The BOD shall adopt policies governing its operations, including board- staff relationships and communications, local and state government relationships and communications, committee operations, attendance at board meetings, oversight and monitoring of CSB operations, quality improvement, conflict of interests, freedom of information, board member training, privacy, security, and employment and evaluation of and relationship with the executive director.

G. FOIA Compliance

The BOD shall comply with the Virginia Freedom of Information Act (FOIA). BOD Meeting Schedule
The BOD shall adopt an annual meeting schedule to assist board member attendance.

H. Meeting Frequency

The BOD shall meet frequently enough (at least six times per year) and receive sufficient information from the staff to discharge its duties and fulfill its responsibilities. This information shall include quarterly reports on service provision, funds and expenditures, and staffing in sufficient detail and performance on

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the behavioral health and developmental performance measures and other performance measures in Exhibit B. Board members shall receive this information at least one week before a scheduled board meeting.

I. Reporting Fraud

1. Upon discovery of circumstances suggesting a reasonable possibility that a fraudulent transaction has occurred, the CSB's executive director shall report this information immediately to any applicable local law enforcement authorities and the Department's Internal Audit Director.
2. All CSB financial transactions that are the result of fraud or mismanagement shall become the sole liability of the CSB, and the CSB shall refund any state or federal funds disbursed by the Department to it that were involved in those financial transactions.
3. The CSB shall ensure that new CSB board members receive training on their fiduciary responsibilities under applicable provisions of the Code and this contract and that all board members receive annual refresher training on their fiduciary responsibilities.

J. Employment of a CSB Executive Director or Behavioral Health Authority (BHA) Chief Executive Officer (CEO) Position

1. CSBs are compliant with § 37.2-504 item 6 or § 37.2-605 item 7 of the Code of Virginia as it relates to the hiring and employment of their leaders. Coordination with the Department is required at varying levels based on the type of CSB.
2. The CSB is required to coordinate with the Department to ensure the appointed individual meets the minimum qualifications established by the department (for all CSB/BHA types) and is in compliance with appropriate salary ranges (for operating CSBs and BHAs).
3. Additional guidance is provided in the TM

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Appendix B: Disaster Response and Emergency Service Preparedness Requirements

- A.** The CSB agrees to comply with section 416 of Public Law 93-288 (the Stafford Act) and § 44-146.13 through § 44-146.28 of the Code regarding disaster response and emergency service preparedness. These Code sections authorize the Virginia Department of Emergency Management, with assistance from the Department, to execute the *Commonwealth of Virginia Emergency Operations Plan*, as promulgated through Executive Order 50 (2012).
- B.** Disaster behavioral health (DBH) assists with mitigation of the emotional, psychological, and physical effects of a natural or man-made disaster affecting survivors and responders. Disaster behavioral health support is most often required by Emergency Support Function No. 6: Mass Care, Emergency Assistance, Temporary Housing, and Human Services; Emergency Support Function No. 8: Health and Medical Services; and Emergency Support Function No. 15: External Affairs. The CSB shall:
 - 1. Provide the Department with and keep current 24/7/365 contact information for disaster response points of contact at least three persons deep
 - 2. Report to the Department all disaster behavioral health recovery and response activities related to a disaster
 - 3. Within the scope of widely accepted FEMA doctrine, the National Response Framework and the National Incident Management System, comply with all Department directives coordinating disaster planning, preparedness, response, and recovery to disasters.
- C.** Local partnerships are critical to successful disaster response and recovery operations. The CSB shall work with local partners and response agencies to ensure local emergency operations plans incorporate appropriate disaster behavioral health provisions. The Disaster Behavioral Health provisions should include:
 - 1. An accurate listing of DBH response and recovery assets both internal to the CSB and otherwise available to the locality in the aftermath of a disaster.
 - 2. Protocols and procedures for providing behavioral health services and supports to the local community during emergency operations;
 - 3. Participation in local, regional, and statewide planning, preparedness, response, and recovery training and exercises;
 - 4. Disaster response agreements with local governments and state facilities; and
 - 5. Coordination with state facilities and local health departments or other responsible local agencies, departments, or units in preparing all hazards disaster plans.

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Appendix C: Unspent Balances Principles and Procedures

A. Unspent Balances Principles and Procedures

1. **CSB Unspent Federal Funds:** Federal funds remaining unspent beyond the period of performance for which the funds were granted shall be returned to the Department at the end of the funding period in which they were allocated pursuant to the timeline and closeout process outlined in section III of Exhibit F exception in circumstances in which the expenditure of federal funds for allowable unliquidated obligations within appropriate unliquidated obligation spend-down periods as outlined in Exhibit F.
 2. **CSB Allocations of State Funds:** Given provisions in State Board Policy 6005 and § 37.2-509 or § 37.2-611 of the Code of Virginia, the Department shall allocate funds in Grants to Localities in the Appropriation Act without applying estimated year-end balances of unspent state funds to the next year's awards to CSBs.
 3. **Calculation of Balances:** In order to identify the correct amounts of unspent state fund balances, the Department shall continue to calculate unspent balances for all types of funds sources, except for federal grants.
 4. The Department shall calculate balances for restricted and unrestricted state funds, local matching funds, and fees; based on the end of the fiscal year Community Automated Reporting System (CARS) reports submitted by all CSBs no later than the deadline in Exhibit E of the performance contract. The Department shall continue to communicate information about individual balances to each CSB.
 5. **Unspent Balances for Regional Programs:** While all unspent balances exist in CSB financial management systems, unspent balances for a regional program may be handled by the fiscal agent and CSBs participating in the regional program as they decide for purposes allowable for the regional program. All participating CSBs must review and approve how these balances are handled and the agreed upon uses must fall within the allowable uses for any restricted regional programs. Balances for regional programs may be prorated to each participating CSB for its own locally determined uses or allocated to a CSB or CSBs for regionally approved uses, or the CSB that functions as the regional program's fiscal agent may retain and expend the funds for purposes determined by all of the participating CSBs. Procedures for handling regional program balances of unspent funds should be included in the regional program memorandum of agreement for the program among the participating CSBs, and those procedures must be consistent with the principles and procedures in this Appendix and the applicable provisions of the current performance contract.
 6. **Allowable Uses of Unspent State Fund Balances:** Consistent with the intent of the Grants to Localities item in the Appropriation Act and § 37.2-500 or § 37.2-601 of the Code of Virginia, CSBs may use unspent balances of state funds only for mental health, developmental, and substance use disorder services purposes. Any other uses of unspent state fund balances are not acceptable and are a violation of the CSB's performance contract with the Department.
 7. **Collective Uses of Unspent Balances:** A group of CSBs may pool amounts of their unspent balances to address one-time issues or needs that are addressed more effectively or efficiently on a collective basis. Any pooled restricted funds must be used in accordance with the terms of the restriction. The use of these pooled unspent balances shall be consistent with the principles and procedures in this Appendix.
- B. Reserve Funds:** A CSB shall place all unspent balances of unrestricted and restricted state funds that it has accumulated from previous fiscal years in a separate reserve fund. CSBs shall identify and account separately for unspent balances of each type of restricted state funds from previous fiscal years in the

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reserve fund. The CSB shall use this reserve fund only for mental health, developmental, and substance use disorder services purposes, as specified in these principles and procedures or by the Department.

1. Reserve funds must not be established using current fiscal year funds, which are appropriated, granted, and disbursed for the provision of services in that fiscal year. This is particularly relevant for funds restricted by funding sources such as the General Assembly, since these funds cannot be used for another purpose. Transferring current fiscal year state funds into a reserve fund or otherwise intentionally not expending them solely for the purpose of accumulating unspent state funds to create or increase a reserve fund is a violation of the legislative intent of the Appropriation Act and is prohibited.
2. **Size of Reserve Funds:** The maximum acceptable amount of unspent state fund balances that a CSB may accumulate in a reserve fund shall be equal to 50 percent of the amount of all state funds received from the Department during the current fiscal year up to a maximum of \$7 million. If this amount of all state funds is less than 50 percent of the total amount of state funds received by the CSB during any one of the preceding five fiscal years, then 50 percent of that larger amount shall constitute the acceptable maximum amount of unspent state fund balances that may be accumulated in a reserve account.
 - a. If a CSB has accumulated more than this amount, it must expend enough of those reserve funds on allowable uses for mental health, developmental, or substance use disorder services purposes to reduce the amount of accumulated state fund balances to less than 50 percent of the amount of all state funds received from the Department during the current fiscal year.
 - b. In calculating the amount of acceptable accumulated state fund balances, amounts of long term capital obligations incurred by a CSB shall be excluded from the calculation. If a CSB has a plan approved by its CSB board and reviewed and approved in advance by the Department to reserve a portion of accumulated balances toward an identified future capital expense such as the purchase, construction, renovation, or replacement of land or buildings used to provide mental health, developmental, or substance use disorder services; purchase or replacement of other capital equipment, including facility-related machinery or equipment; or purchase of information system equipment or software, the reserved amounts of state funds shall be excluded from the maximum acceptable amount of unspent state fund balances.

C. Effective Period of Restrictions on State General Funds

1. Allowable uses of state funds for identified purposes (restricted funds) remain restricted as originally appropriated. After the end of the biennium in which the restricted funds were disbursed to CSB, any unexpended balances of those state funds shall be identified and shall remain restricted for permissible purposes unless the CSB submits and receives approval of a request to unrestrict these funds, in writing, to the Office of Management Services in the Department. Approvals may be granted for unrestricting funds to be used within the same category (MH, SA, DD).
2. The Department may request an accounting of the total amount of accumulated unexpended restricted state funds per funding source. If necessary, the Department may direct the CSBs to repurpose the use of those funds or the Department may re-allocate those funds amongst other CSBs based on need.

D. Performance Contract Exhibit A Documentation

1. All uses of unspent balances of state funds shall be documented in the CSB's performance contract for the year in which the unspent balances are expended. If the balances will be used to support operational costs, the funds shall be shown as state retained earnings in the performance contract and in the CARS mid-year report, if the expense occurs in the first two quarters, and in the end of the fiscal year CARS report.

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2. If the balances will be used for major capital expenses, such as the purchase, construction, major renovation, or replacement of land or buildings used to provide mental health, developmental, or substance use disorder services or the CSB's management and administrative operations or the purchase or replacement of information system equipment, these costs shall be shown as state retained earnings and shall be described separately on the Financial Comments page (AF-2) of the performance contract and the CARS reports.
3. Balances used for major capital expenses shall be included in appropriate lines as applicable but shall not be included in the service costs shown in the performance contract or CARS reports because these expenses would distort the ongoing costs of the services in which the major capital expenses would be included. Differences between the financial and service costs related to the inclusion of unspent balances as retained earnings for major capital expenses shall be explained on the Reconciliation of Financial Report and Core Services Costs by Program Area page. However, depreciation of those capital assets can be included in service costs.
4. In either case, for each separate use of unspent balances of state funds, the amount expended and the category from those listed in the expenditure shall be shown on the Financial Comments page of the CARS report. The amount of unspent balances must be shown along with the specific sources of those balances, such as unrestricted state funds or particular restricted state funds. Uses of unspent balances of state funds shall be reviewed and approved by the Department in accordance with the principles and procedures in this document and the Performance Contract Process in Exhibit E of the performance contract.
5. CSBs may maintain their accounting records on a cash or accrual basis for day-to-day accounting and financial management purposes; however its CARS reporting must be in compliance with Generally Accepted Accounting Principles (GAAP). CSBs may submit CARS reports to the Department on a cash or modified accrual basis, but they must report on a consistent basis; and the CARS reports must include all funds contained in the performance contract that are received by the CSB during the reporting period.

E. Department Review of Unspent Balances

In exercising its stewardship responsibility to ensure the most effective, prudent, and accountable uses of state funds, the Department may require CSBs to report amounts of unexpended state funds from previous fiscal years. The Department also may withhold current fiscal year disbursements of state funds from a CSB if amounts of unexpended state funds for the same purposes in the CSB's reserve account exceed the limits in this document. This action would not affect the allocation of those state funds in the following fiscal year. The Department also may review available unspent balances of state funds with a CSB that exhibits a persistent pattern of providing lower levels of services while generating significant balances of unspent state funds, and the Department may take actions authorized by State Board Policy 6005 to address this situation. Finally, the Department may establish other requirements in collaboration with CSBs for the identification, use, reporting, or redistribution of unexpended balances of state funds.

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Appendix D: User Acceptance Testing Process

- A. ~~User acceptance testing (UAT) is testing used to validate an application against the business requirements. It also provides the opportunity for the end user/client to determine if the application is acceptable or not. UAT is the last step in ensuring that the application is performing as expected and to minimize any future undue costs caused by unexpected errors and decreased data veracity.~~
- B. ~~By the time an application has reached the UAT process, the code is expected to work as determined in the business requirements. Unpredictability is one of the least desirable outcomes of using any application. Several factors make UAT necessary for any software development or modification project, especially for complex applications like CCS 3 or the Waiver Management System (WaMS) that interface with many IT vendor supplied data files and are used by many different end users in different ways.~~
- C. ~~In the UAT process, end users test the business functionality of the application to determine if it can support day to day business practices and user case scenarios. The Community Service Boards (CSB) and Department of Behavioral Health and Developmental Services (DBHDS) will use the following UAT process for major new releases and/or upgrades of CCS 3, WaMS, or other applications that involve the addition of new data elements or reporting requirements or other functions that would require significant work by CSB IT staff and vendors.~~
- D. Major changes in complex systems ~~such as CCS or WaMS~~ shall ~~occur primarily~~ occur only once per year at the start of the fiscal year and in accordance with the testing process below. Critical and unexpected changes may occur outside of this annual process for business applications, and under those circumstances DBHDS will follow the established UAT process to implement them. Smaller applications follow the process below at the discretion of the DBHDS ~~and the~~ with input from the VACSB DMC. (Virginia Community Service Board Data Management Committee).
- E. ~~Minor releases of CCS 3 or other applications will utilize shorter processes that will require a modification to the established UAT process. Minor releases can be described as small modifications of the application and that does not involve collecting new data elements. For example, bug fixes or correcting vendor or CSB names or adding values in existing look up tables may start at D-35.~~

Commented [NJC(1)]: Need a reviewer

Commented [CN2R1]: ~~if Cambridge, Craig (DBHDS) or~~ ~~Wendell, Robert (DBHDS)~~ any changes here?

Commented [CC3R1]: Heavy edits completed 10a on 28 May. Advise if further needed.

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Department and CSB User Acceptance Testing Process	
Time Frame	Action
D - Day	Date data must be received by the Department (e.g., 8/31 for CCS 3-monthly submissions and 7/1 for WaMS).
D - 15	The Department issues the final version of the new release to CSBs for their use.
D - 20	UAT is completed and application release is completed.
D - 35	UAT CSBs receive the beta UAT version of the new release and UAT begins.
D - 50	CSBs begin collecting new data elements that will be in the new release. Not all releases will involve new data elements, so for some releases, this date would not be applicable.
D - 140	The Department issues the final revised specifications that will apply to the new release. The revised specifications will be accompanied by agreed upon requirements specifications outlining all of the other changes in the new release. CSBs use the revised specifications to modify internal business practices and work with their IT vendors to modify their EHRs and extracts.
Unknown	The time prior to D - 150 in which the Department and CSBs develop and negotiate the proposed application changes. The time needed for this step is unknown and will vary for each new release depending on the content of the release.

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*Time Frame is based on calendar days

Department and CSB User Acceptance Testing Process	
Time Frame Cal Days	Action
Variable	The time prior to D-150 in which DBHDS and CSBs develop and negotiate the proposed application changes. The time needed for this step is unknown and will vary for each new release depending on the content of the release
D - 140	The Department issues the final revised specifications that will apply to the new release. The revised specifications will be accompanied by agreed upon requirements specifications outlining all changes in the new release.
D - 50	CSBs begin collecting new data elements that will be in the new release. Not all releases will involve new data elements, so for some releases, this date would not be applicable.
D - 35	UAT testers (DBHDS & CSB representatives) receive the beta version of the new release and UAT begins.
D - 20	UAT is completed. Test outcomes are validated and identified errors are mitigated. The application release is completed.
D - 15	The Department issues the final version of the new release to CSBs for their use.
D Day	Initial date data must be received by the Department (e.g., August 31 for CCS 3-monthly submissions and July 1 for WaMS).

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~~Appendix E: INTENTIONALLY LEFT BLANK FOR FUTURE USE~~ Administrative
Requirements for Accounts Receivables

Background

Budget Amendments - HB30 (Conference Report), Item 295#9c – OO.4

The Department of Medical Assistance Services, in cooperation with DBHDS, shall (i) develop and implement a targeted review process to assess the extent to which CSBs are billing for Medicaid-eligible services they provide, (ii) determine if additional technical assistance and training, in coordination with Medicaid managed care organizations, is needed on appropriate Medicaid billing and claiming practices to relevant CSB staff, and (iii) evaluate the feasibility of a central billing entity, similar to the Federally Qualified Health Centers, that would handle all Medicaid claims for the entire system. The Department shall report the results of these targeted reviews, any technical assistance or training provided in response, and on the feasibility of central billing to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by December 1, 2024.

DBHDS currently looks at the client receivables as part of our CSB reviews, and the data collected shows that some of the CSBs are not billing or processing denials timely. These changes will allow DBHDS to identify causes for these issues and educate CSBs how they can increase collections in the long run. This would also allow DBHDS to have more visibility to the client receivables and deliver specific recommendations to resolve issues. This will also allow CSBs to identify problem areas more closely and the training and resources needed to rectify issues.

As CSBs implement these changes there can be success in timely billing or back billing and recovery of missed revenue opportunities. DBHDS believes this will result in an overall increase in their collections on the receivables.

Effective Date: This Appendix E shall be effective July 1, 2025 through June 30, 2027

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Commented [EH4]: This is time limited to a report out of 12/1/2024. It's unclear that we are mandated to continue the study after this initial due date.

Commented [CN5R4]: Confirmed with Regulatory Team that this language is still active and the GA will be looking for updates from DBHDS.

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Commented [EH6]: While this may be true, it is an opinion and as such the language shouldn't live in a contract.

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A. CSB Responsibilities

1. CSB shall develop and implement systems that are adequate to properly account for and report their client receivables.
2. CSB shall establish and implement receivable collection policy that includes procedures for billing, re-billing, processing denials and write offs. Such procedures should address the frequency of billing, monitoring of denials and frequency of re-billing such denials of client receivables.
3. CSB shall write off client receivable accounts when all collection procedures have been exhausted and categories of such write offs need to be defined in their receivable policy.
4. CSB shall collect minimum prescribed information from clients including their insurance information that aids in collecting receivables.
5. CSB shall strive to consistently pursue client receivables collect its client receivables including Medicaid, Medicare, and third-party insurers and limit the percentage of receivables over 120 days (excluding self-pay) to 15% or less of the total AR (excluding self-pay) unless actively collecting on those accounts.

B. Department Responsibilities

1. By July 30, 2025 the Department shall work with the CSB to establish the reporting template.
2. The Department shall attend the established VACSB State Steering Committee meetings that address issues around collecting receivables.
3. The Department shall meet quarterly with representation from CEOs & CFOs (small group) to analyze the data and understand the details related to the collected data and what resolutions are reasonable, including the messaging for state-level stakeholders.
4. The Department shall attend VARO (Virginia Association of Reimbursement Officers) conference that address issues around collecting receivables.
5. The Department shall consult with the CSB Executive Director and/or Chief Executive Officer in advance of sharing data with the General Assembly, Behavioral Health Commission, JLARC or posting on any public facing dashboards.

C. Reporting Requirements

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Commented [EH7]: The language in the beginning (p. 1) speaks to CSBs not billing and not processing denials in a timely manner. DBHDS committing to attending "issues meetings" is a different task that agreeing to meet quarterly with representation from CEOs & CFOs (small group) to analyze the data and understand the true picture of what is happening and what fixes are reasonable, including the messaging for state-level stakeholders.

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Commented [EH8]: This reads is if "for notification purposes only", meaning there is no ownership of data or messaging past collection of data from all 40 CSBs. **There are not any Administrative CSBs on the Admin Policy calls (that I'm tracking), only Operating CSBs. Are they outside of needing to report and respond? I would think the reporting quarterly would be difficult. Maybe not?

Commented [CN9R8]: @Miles, Nathan (DBHDS) please see not above, confirming that the final decision is quarterly

Commented [CN10R8]: No change

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CSB shall report total client receivables, including accounts aged 30 days, 31-60 days, 61-90 days, 91-120, 120 days and over, by payor type, to DBHDS Finance on a quarterly basis within 30 days of the close of the quarter using the established DBHDS report template. CSB shall send the reports to Eric Billings, Deputy Director of Fiscal Services and Grants Management at eric.billings@dbhds.virginia.gov.

Appendix F: Regional Program Procedures

A regional program is funded by the Department through the community services board or behavioral health authority, hereafter referred to as the CSB, and operated explicitly to provide services to individuals who receive services from the CSBs participating in the program.

1. Purpose

The CSB may collaborate and act in concert with other CSBs or with other CSBs and state hospitals or training centers, hereafter referred to as state facilities, to operate regional programs, provide or purchase services on a regional basis, conduct regional utilization management, or engage in regional quality improvement efforts. Regional programs include regional discharge assistance programs (RDAP), local inpatient purchases of services (LIPOS), and other programs such as residential or ambulatory crisis stabilization programs. These procedures apply to all regional programs. While this appendix replaces earlier regional memoranda of agreement (MOAs), CSBs, state facilities, private providers participating in the regional partnership, and other parties may still need to develop MOAs to implement specific policies or procedures to operate regional or sub-regional programs or activities. Also, an MOA must be developed if a regional program intends to established a peer review committee (e.g., a regional utilization review and consultation team) whose records and reviews would be

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privileged under § 8.01-581.16 of the Code of Virginia. When the CSB receives state or federal funds from the Department for identified regional programs or activities, it shall adhere to the applicable parts of these procedures, which are subject to all applicable provisions of the community services performance contract. In the event of a conflict between any regional program procedures and any provisions of the contract, provisions of the contract shall apply.

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2. Regional Management Group (RMG).

- a. The participating CSBs and state facilities shall establish an RMG. The executive director of each participating CSB and the director of each participating state facility shall each serve on or appoint one member of the RMG. The RMC shall manage the regional program and coordinate the use of funding provided for the regional program, review the provision of services offered through the regional program, coordinate and monitor the effective utilization of the services and resources provided through the regional program, and perform other duties that the members mutually agree to carry out. An RMG may deal with more than one regional program.
- b. Although not members of the RMG, designated staff in the Central Office of the Department shall have access to all documents maintained or used by this group, pursuant to applicable provisions of the performance contract, and may attend and participate in all meetings or other activities of this group.
- c. In order to carry out its duties, the RMG may authorize the employment of one or more regional managers to be paid from funds provided for a regional program and to be employed by a participating CSB. The RMG shall specify the job duties and responsibilities for and supervise the regional manager or managers.

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3. Regional Utilization Review and Consultation Team (RURCT).

- a. The RMG shall establish a RURCT pursuant to § 8.01-581.16 of the Code of Virginia to, where applicable:
 - 1.) review the implementation of the individualized services plans (ISPs) or individualized Discharge Assistance Program plans (IDAPPs) developed through the regional program to ensure that the services are the most appropriate, effective, and efficient services that meet the clinical needs of the individual receiving services and report the results of these reviews to the RMG;
 - 2.) review individuals who have been on the state facility extraordinary barriers to discharge list for more than 30 days to identify or develop community services and funding appropriate to their clinical needs and report the results of these reviews and subsequent related actions to the RMG;

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- 3.) review, at the request of the case management CSB, other individuals who have been determined by state facility treatment teams to be clinically ready for discharge and identify community services and resources that may be available to meet their needs;
- 4.) facilitate, at the request of the case management CSB, resolution of individual situations that are preventing an individual's timely discharge from a state facility or a private provider participating in the regional partnership or an individual's continued tenure in the community;
- 5.) identify opportunities for two or more CSBs to work together to develop programs or placements that would permit individuals to be discharged from state facilities or private providers participating in the regional partnership more expeditiously;
- 6.) promote the most efficient use of scarce and costly services; and
- 7.) carry out other duties or perform other functions assigned by the RMG.
- b. The RURCT shall consist of representatives from participating CSBs in the region, participating state facilities, private providers participating in the regional partnership, and others who may be appointed by the RMG, such as the regional manager(s) employed pursuant to section II.C. The positions of the representatives who serve on this team shall be identified in local documentation.
- c. The RURCT shall meet monthly or more frequently when necessary, for example, depending upon census issues or the number of cases to be reviewed. Minutes shall be recorded at each meeting. Only members of the team and other persons who are identified by the team as essential to the review of an individual's case, including the individual's treatment team and staff directly involved in the provision of services to the individual, may attend meetings. All proceedings, minutes, records, and reports and any information discussed at these meetings shall be maintained confidential and privileged, as provided in § 8.01-581.17 of the Code of Virginia.
- d. For the regional program, the RURCT or another group designated by the RMG shall maintain current information to identify and track individuals served and services provided through the regional program. This information may be maintained in participating CSB information systems or in a regional data base. For example, for the RDAP, this information shall include the individual's name, social security number or other unique identifier, other unique statewide identifier, legal status, case management CSB, state hospital of origin, discharge date, state re-hospitalization date (if applicable), and the cost of the IDAPP. This team shall maintain automated or paper copies of records for each RDAP-funded IDAPP. Changes in responsibilities of the case management CSB, defined in the core services taxonomy, and the transfer of RDAP funds shall be reported to the Offices of

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Grants Management and Mental Health Services in the Department as soon as these changes or transfers are known or at least monthly.

e. For RDAP, the RURCT shall conduct utilization reviews of ISPs as frequently as needed to ensure continued appropriateness of services and compliance with approved IDAPPs and reviews of quarterly utilization and financial reports and events related to the individual such as re-hospitalization, as appropriate. This utilization review process may result in revisions of IDAPPs or adjustment to or redistribution of RDAP funds. This provision does not supersede utilization review and audit processes conducted by the Department pursuant to the performance contract.

f. Although not members of the RURCT, designated staff in the Central Office of the Department shall have access to all documents, including ISPs or IDAPPs, maintained or used by this body, pursuant to applicable provisions of the performance contract, and may attend and participate in all meetings as non-voting members and in other activities of this team.

4. Operating Procedures for Regional Programs: These operating procedures establish the parameters for allocating resources for and monitoring continuity of services provided to individuals receiving regional program services. Some of the procedures apply to regional programs generally; others apply to particular regional programs, although they may be able to be adapted to other regional programs.

a. Funding for a regional program shall be provided and distributed by the Department to participating CSBs or to a CSB on behalf of the region through their community services performance contracts in accordance with the conditions specified the contract, often in an Exhibit D.

b. Each participating CSB or a CSB on behalf of the region shall receive semi-monthly payments of state funds from the Department for the regional program through its community services performance contract, as long as it satisfies the requirements of this appendix and the performance contract, based upon its total base allocation of previously allotted and approved regional program funds.

c. Participating CSBs and state facilities shall develop agreed-upon procedures that describe how they will implement a regional program and jointly manage the use of regional program funds on a regional basis. These procedures shall be reduced to writing and provided to the Department upon request.

d. Regional program funds may be used to support the activities of the RMG and RURCT.

e. Within the allocation of funds for the regional program, funds may be expended for any combinations of services and supports that assure that the needs of individuals are met in

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community settings. ISPs or IDAPPs must be updated and submitted, as revisions occur or substitute plans are required, to the RMG for approval according to procedures approved by the RMG.

- f. Regional program funds used to support ISPs or IDAPPs shall be identified on a fiscal year basis. Amounts may be adjusted by the RMG to reflect the actual costs of care based on the regional program's experience or as deemed appropriate through a regional management and utilization review process.
- g. The CSB responsible for implementing an individual's regional program ISP or IDAPP shall account for and report the funds and expenses associated with the regional program ISP or IDAPP in its community services performance contract and in its quarterly performance contract reports submitted through the Community Automated Reporting System (CARS).
- h. The CSB responsible for implementing an individual's regional program ISP or IDAPP shall ensure that the appropriate information about that individual and his or her services is entered into its management information system so that the information can be extracted by the Community Consumer Submission (CCS) and reported in the monthly CCS extracts and applicable CARS reports to the Department.
- i. The participating CSBs may use regional program funds to establish and provide regional or sub-regional services when this is possible and would result in increased cost effectiveness and clinical effectiveness.
- j. Operation of a RDAP is governed by the Discharge Assistance Program Manual issued by the Department and provisions of Exhibit C of the performance contract.

5. General Terms and Conditions

- a. CSBs, the Department, and any other parties participating in a regional program agree that they shall comply with all applicable provisions of state and federal law and regulations in implementing any regional programs to which these procedures apply. The CSB and the Department shall comply with or fulfill all provisions or requirements, duties, roles, or responsibilities in the current community services performance contract in their implementation of any regional programs pursuant to these procedures.
- b. Nothing in these procedures shall be construed as authority for the CSB, the Department, or any other participating parties to make commitments that will bind them beyond the scope of these procedures.
- c. Nothing in these procedures is intended to, nor does it create, any claim or right on behalf of any individual to any services or benefits from the CSB or the Department.

6. Project Management

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AMENDMENT 3
AMENDED AND RESTATED
FY2026 AND FY2027 COMMUNITY SERVICES PERFORMANCE CONTRACT
MASTER AGREEMENT ~~Department of Behavioral and Developmental Services and~~
~~Community Services Board~~

ADDENDUM I
~~FY2022 and FY2023:~~ ADMINISTRATIVE REQUIREMENTS AND PROCESSES AND
PROCEDURES

- a. The Department shall be responsible for the allocation of regional program state and federal funds and the overall management of the regional program at the state level.
- b. The RMG shall be responsible for overall management of the regional program and coordination of the use of funding provided for the regional program in accordance with these procedures.
- c. The CSB shall be responsible for managing regional program funds it receives in accordance with these regional program procedures.
- d. Payments generated from third party and other sources for any regional program shall be used by the region or CSB to offset the costs of the regional program. The CSB shall collect and utilize all available funds from other appropriate specific sources before using state and federal funds to ensure the most effective use of these state and federal funds. These other sources include Medicare; Medicaid-fee-for service, targeted case management payments, rehabilitation payments, and ID waiver payments; other third party payors; auxiliary grants; SSI, SSDI, and direct payments by individuals; payments or contributions of other resources from other agencies, such as social services or health departments; and other state, local, or Department funding sources.
- e. The Department may conduct on-going utilization review and analyze utilization and financial information and events related to individuals served, such as re-hospitalization, to ensure the continued appropriateness of services and to monitor the outcomes of the regional program. The utilization review process may result in adjustment to or reallocation of state general and federal funding allocations for the regional program.

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