



COMMONWEALTH of VIRGINIA

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MEMORANDUM

To: All DBHDS Licensed Providers

From: Jae Benz, Director, Office of Licensing

Date: January 27, 2026

Re: Conditional Licenses – Limit to One Active Conditional License Per Provider

Purpose: This memorandum clarifies regulatory requirements regarding conditional licenses issued by the Virginia Department of Behavioral Health and Developmental Services (DBHDS). Specifically, it addresses why providers may only operate one service on a conditional license at a time, as outlined in 12VAC35-105, Rules and Regulations for Licensing Providers by DBHDS.

Background: Under Virginia Administrative Code 12VAC35-105-50.A.1, a conditional license may be issued to a new provider for services that demonstrate compliance with administrative and policy regulations but have not demonstrated compliance with all the regulations. Because providers must demonstrate compliance for each service that is licensed, every new service begins on a conditional license until compliance can be demonstrated.

Additionally, regulations require that a provider holding a conditional license shall not add services or locations during the conditional period, and that a provider holding a conditional license for a service must demonstrate progress toward compliance.

This regulatory limitation is in place to protect the safety of individuals receiving services and to ensure providers have a viable business plan as well as a thorough understanding of the requirements needed to support individuals seeking services. When a provider is issued a conditional license, DBHDS closely monitors that specific service to ensure compliance with regulations and that corrective actions are being implemented. Accordingly, 12VAC-105-50.3 states, “A full license shall be issued after a provider or service demonstrates compliance with all the applicable regulations.” Issuing multiple concurrent conditional licenses can increase risk to individuals receiving services when a provider has not substantially complied with the requirements of their current conditional license.

Implications for Providers:

- If a provider is currently operating any service under a conditional service license, they are not eligible to receive another conditional license for a different service or location.
- Any requests for new services or modifications requiring licensing actions may be delayed or denied until the current conditional license receives an annual license.
- Providers must demonstrate substantial and sustained compliance in the area under conditional status before additional licensing activities can proceed.

Exceptions: Exceptions to this requirement must meet one of the criteria listed below and will be reviewed on a case-by-case basis.

- Providers who are receiving funds from DBHDS to provide specific services as authorized under an official agreement with DBHDS
- Providers on a triennial license without any recent health and safety violations
- Providers who are providing a continuum of care in a geographic area where there is a scarcity of services and can demonstrate the ability to provide appropriate oversight and adequate staffing of multiple programs on a conditional license.
- Providers who have a demonstrated history of successful operations of a similar licensed service in another location and who can demonstrate an operational bandwidth to successfully implement multiple services under a conditional license at the same time.

Providers who believe they meet the exception criteria may reach out to their licensing specialist via the provider portal. They will be given guidance on how to submit a variance request, outlining their case and providing supporting documentation. The DBHDS Office of Licensing in coordination with other DBHDS offices, will then review the request and make a recommendation to the Commissioner based on the specific circumstances.

Next Steps: The requirement above governs the sequencing of licensing new services and is not a cap on the total number of licensed services a provider may operate. Providers currently under a conditional license are encouraged to ensure they are fully aware of all regulatory requirements and review all memos and materials on the [DBHDS Office of Licensing webpage](#). Questions about compliance expectations or conditional license restrictions should be directed to your assigned licensing specialist.

We appreciate your continued commitment to maintaining the highest quality and safety standards in behavioral health services. Your dedication is instrumental in our joint efforts to ensure the well-being and success of individuals receiving licensed services.