



HEALTHY MINDS
STRONG COMMUNITIES

Federal Policy Update

Prepared for Indiana Council of Community Mental Health Centers

October 2025

Roadmap



NATIONAL
COUNCIL
for Mental
Wellbeing

HEALTHY MINDS
STRONG COMMUNITIES

Appropriations and Shutdown

Overview: Federal Appropriations

- **Federal appropriations** are an annual process that provide for discretionary spending.
- Typically:
 - The President's Budget comes out
 - Committee and floor consideration of 12 appropriations bills
 - Oct 1 deadline for enactment
- Continuing Resolutions (CRs) provide stopgap funding until regular bills are enacted.



President's FY 26 Budget in Brief



- On May 30, the Trump administration released its [HHS Budget in Brief](#), providing further details regarding its spending requests to Congress for fiscal year (FY) 2026.
- The Budget in Brief proposes \$94.7 billion in discretionary budget authority for FY 2026, a \$127 billion decrease over FY 2025.
- The document also reflects the [previously announced](#) HHS restructuring plan to create the Administration for a Healthy America (AHA).
- The budget proposes \$14B for AHA, including \$5.8M for Mental and Behavioral Health programs.
 - Includes level funding for CCBHC-E

HHS Restructuring



- Restructuring plan combines personnel cuts, centralization of functions, and consolidation of HHS divisions.
- Creation of the AHA: Consolidates the Office of the Assistant Secretary for Health (OASH), Substance Abuse and Mental Health Services Administration (SAMHSA), Health Resources and Services Administration (HRSA), and several smaller agencies into a single HHS subagency.
- The Senate and House Labor-HHS appropriations bills did not propose reorganization.
- However, HHS has indicated it still intends to move forward with the plan.

Senate and House FY26 LHHS Proposals

- At the end of July, the Senate Appropriations Committee advanced their Labor, Health and Human Services, Education and related agencies (LHHS) funding proposal on a bipartisan basis in a 26-3 vote.
 - The Senate proposal includes \$116.6 billion, a \$446 million increase, for HHS.
 - This proposal includes \$7.4 billion for the SAMHSA, a slight increase over FY25.
- In September, the House Appropriations Committee advanced their proposal in a 35-28 vote.
 - The House proposal includes \$108 billion in funding for HHS, a \$7 billion decrease over FY25.
 - This proposal includes \$7.1B for SAMHSA, a \$298M decrease over FY25.



Appropriations Chart: Advocacy

PROGRAM	HOUSE FY26 PROPOSAL	SENATE FY26 PROPOSAL
Community Behavioral Health Clinics (CCBHCs)	\$385 million (level)	\$385.5 million (+\$0.5 million) for integrated care technical assistance
Mental health awareness training (MHAT)	\$0 (eliminates)	\$27.963 million (level)
Project AWARE	\$126 million (-\$13M)	\$140 million (level)
Primary and Behavioral Health Care Integration (PBCHI)	\$55.877 million (level) for grants and \$2.991 million for technical assistance (level)	\$55.877 million for grants (level) and \$2.991 million for technical assistance (level)
988 Suicide & Crisis Lifeline	\$519 million (level)	\$534 million (+\$15 million)
Substance Use Prevention, Treatment and Recovery Services block grant	\$2.013 billion (+\$5 million)	\$2.028 billion (+\$20 million)
Community Mental Health Services block grant	\$1.017 billion (+\$10 million)	\$1.007 billion (level)
State Opioid Response (SOR) grants	\$1.575 billion (level)	\$1.595 billion (+\$20 million)

Where things stand: Federal shutdown

- Temporary funding agreements have not yet been reached, and the federal government is in a current shutdown.
- Two proposals under consideration.
 - **GOP Proposal:** a relatively “clean” CR through Nov. 21.
 - **Dem Proposal:** CR through Oct. 31 that would extend ACA tax credits, roll back Medicaid cuts, and aim to limit the Administration from enacting recissions.
 - *Extension of ACA tax credits is a major flashpoint.*
- 60 votes are needed to pass stopgap funding and reopen the government.
 - 8 Democratic votes are needed.
- Votes expected to continue on the House-passed CR.



Implications of a Federal Shutdown

- **Staffing and Agency Impact:** Many federal employees will be furloughed, and agency action will slow. [Agency contingency](#) plans contain details for each agency's response.
- **Continuing Programs:** HHS staff who administer mandatory programs will continue to work and emergency surveillance operations will continue.
- **Discretionary grant programs:** Depending on the program, if funding was awarded prior to the shutdown, the grantee should be able to draw down funds.



Getting out of the shutdown

- **October 15:** ATC first missed paycheck
- **November 1:** Open enrollment starts
- **Likely way out:** ACA tax credit expiration negotiation





HEALTHY MINDS
STRONG COMMUNITIES

Legislative Updates

SUPPORT Act Passes Both Chambers

- The SUPPORT Act passed both chambers of Congress and awaits the President's signature.
- The bill provides a five-year reauthorization of key substance use treatment and prevention programs including the:
 - Substance Use Disorder Treatment and Recovery (STAR) Loan Repayment Program
 - Building Communities of Recovery (BCOR) program
 - Comprehensive Opioid Recovery Centers
 - *Funding for these and many other programs is now authorized through 2030, and in many cases funding levels are higher than what was originally authorized in 2018.*
- National Council submitted letters of support to both the House and Senate.



Hill Day 2025

- Over **250** National Council members gathered Oct. 7-8
- On 10/8, National Council members traveled to Capitol Hill to meet with members of the House and Senate.
- At a reception Oct. 7, the National Council announced the recipients of its annual Advocacy Leadership Awards: **Sen. Bill Cassidy, R-La.**, and **Rep. Andrea Salinas, D-Ore.**, received Legislator of the Year honors.



Ensuring Excellence in Mental Health Act of 2025

Bill Numbers: S.XXXX

Sponsors: *To be announced*

Status: *Introduction coming soon*

- **Bill Summary:**

- Establishes CCBHCs under Medicare
- Solidifies the PPS under Medicaid
- Updates CCBHC-E grants authorizing language
- Create opportunities to better integrate physical and behavioral health care
- Further enhance the strong accountability measures for CCBHCs
- [Urge Congress to introduce this bill!](#)



Providing Empathetic and Effective Recovery (PEER) Support Act

Bill Numbers: [H.R.2741/S.1329](#)

Sponsors: Rep. Salinas (D-OR), Rep. Mann (R-KS)/
Sen. Kaine (D-VA), **Sen. Banks (R-IN)**

Status: Introduced



- **Summary:**
 - Removes barriers to make it easier for people to become credentialed peer support specialists.
 - [Contact Congress to support this bill!](#)



Reentry Act of 2025

Bill Numbers: [H.R.2586](#)

Sponsors: Rep. Tonko (D-NY), Rep. Turner (R-OH)

Status: Introduced

- **Summary:**
 - Ensures that Medicaid coverage will be available to individuals re-entering the community from incarceration.
 - [Contact Congress to support this bill!](#)



Possible Upcoming Congressional Action

- There is potential for a second reconciliation package
- Lawmakers will also need to navigate ACA tax credit expiration
- Overall, continued focus on health care –
 - Telehealth flexibilities extension
 - Health hearings
 - MH Caucus Engagement



NATIONAL
COUNCIL
for Mental
Wellbeing

HEALTHY MINDS
STRONG COMMUNITIES

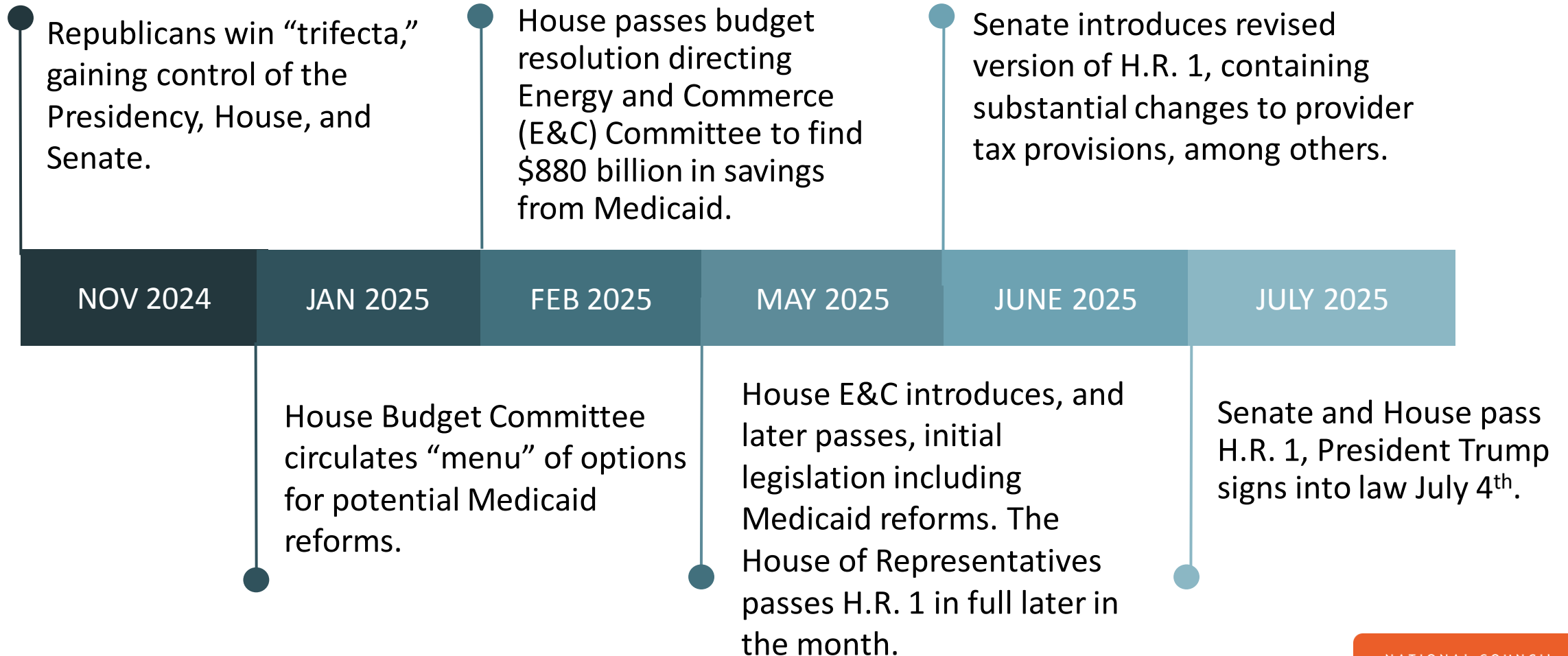
H.R.1

H.R. 1 – One Big Beautiful Bill Act (OBBBA)

- H.R. 1, the One Big Beautiful Bill Act (OBBBA), contains the bulk of the Republican domestic policy agenda for the current Congress.
- OBBBA partially offsets the cost of tax cuts and other spending items in the bill through new restrictions on Medicaid.
- Overall, the new law will result in significant funding reductions to the program, in many cases phased in over the next decade.



H.R. 1: How We Got Here



December 31, 2025



- **Rural Health Transformation Program (RHTP):** The RHTP will distribute **\$10 billion per year from 2026 to 2030.**
 - Half of the \$50 billion will be divided equally among all approved states, while 40 percent of the remaining funds will be distributed by CMS based on enumerated factors in the bill.
- States seeking funds must submit a one-time “rural health transformation” application and CMS must approve or deny applications **by November 5, 2025**, with awardees chosen by **December 31, 2025.**
 - Application must detail how the state will use money to support at least three of the ten program areas (one of which includes improving access to SUD/MH services).
- **Eligibility Redeterminations:** CMS must issue **guidance related to implementation by December 31, 2025.**

Provisions Effective 2026



- **Sunsetting FMAP Increase:** Temporary extra 5% FMAP for new expansion states sunsets **January 1, 2026.**
- **Work Requirements:** CMS must issue an interim final rule by **June 1, 2026.**

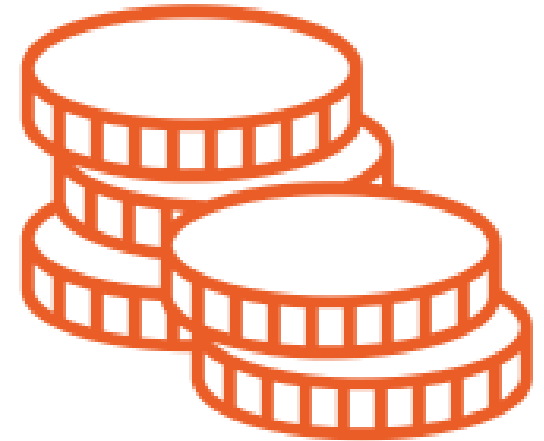
Provisions Effective 2027

- **Work Requirements:** Effective **January 1, 2027**. Requires expansion enrollees to complete at least 80 hours of work or qualifying activities per month. States can apply for "**good faith**" **exemptions** which would delay implementation until **December 31, 2028**.
- **Retroactive Coverage:** Effective **January 1, 2027**. Limits retroactive coverage for the **expansion population to one month** before the individual made an application for benefits, and limits to two months for the **non-expansion population**.



Provisions Effective 2027 (cont.)

- **Eligibility Redeterminations:** Effective **January 1, 2027**. Limited to expansion enrollees and required **every six months**, down from the current twelve-month requirement.
- **Provider Tax Phasedown:** Phases down the maximum allowable rate of provider taxes in expansion states by 0.5% per year, from the current maximum of **6% down to 3.5%**, with the start of the phase down **beginning October 1, 2027 (FY 2028)**.



Provisions Effective 2028

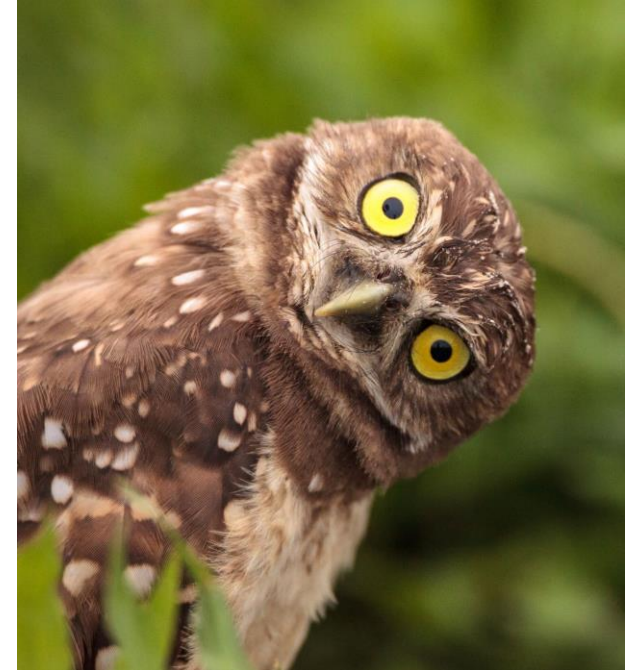


- **State-Directed Payment Phasedown:** Lowers total payment rate in expansion states for SDPs to hospital services, professional services at academic medical centers, and nursing facility services to **100%** of the published Medicare rate for **expansion states** and **110%** of the published Medicare rate for **non-expansion states**. Phase down begins **January 1, 2028**.
- **Cost-Sharing Requirements:** Effective **October 1, 2028**
 - Requires cost sharing greater than **\$0 up to \$35 per service** on expansion population.
 - Includes exceptions for **primary care, mental health, and substance use disorder** services. Also specifically exempts services furnished by **CCBHCs, FQHCs, and RHCs**.

What's NOT in the Bill? Byrd Rule Exclusions

- Pursuant to the Byrd Rule, the Senate parliamentarian **excluded** several provisions from previous versions of the bill related to Medicaid:

- Reduction in expansion FMAP for certain states that provide coverage to certain undocumented individuals.
- Ban on Medicaid coverage for gender-affirming care.
- Enhanced FMAP for high poverty states (aimed at Alaska and Hawaii).



What Comes Next?

- Many opportunities to mitigate the impacts of the bill at the federal level will involve **rulemaking, future story and data collection, future legislation.**
- Several of the Medicaid provisions in the bill require HHS or CMS to engage in **rulemaking** for implementation, and there will likely be opportunities for state-level rulemaking as well.
- Now and over time, it will be key to collect **stories and data** on the impacts of the bill.
- Advocates will work to mitigate damage where possible through future legislation and state action before the most impactful provisions are enacted.



How can you Mitigate the Impact for your Organization or Find Opportunities to Leverage?

- Plan enrollee evaluation for other eligibility pathways, coverage, benefits – are there partners you can work with to increase universal screenings?
- System for proactive disability determination
- Systems or technology to implement to track and support timely renewal determination process
- Are there costs you can control now? Consider review of IT infrastructure or contracts for efficiency
- Are there opportunities to develop innovative partnerships?
- Are there local partners that need to be informed and could be key advocates, such as law enforcement?
- Identification of key places where you could work with the state to minimize administrative burden and to maximize exemptions (e.g. where broad definitions are possible)
- Begin collecting data on impact now





HEALTHY MINDS
STRONG COMMUNITIES

Executive Actions & Regulations

HHS Reductions in Force (RIFs)

- On Friday, October 11, the Office of Management and Budget (OMB) announced approximately 4,200 layoffs across multiple federal agencies.
- HHS was heavily impacted by the RIFs, with roughly 1,200 employees laid off. SAMHSA layoffs totaled approximately 150 employees.
- The majority of layoffs appear to have taken place at CDC.



DOJ DEI Memo

- On July 29, the Department of Justice [released a memo](#) on the application of federal antidiscrimination laws to entities receiving federal funds.
- It provides a list of diversity, equity and inclusion (“DEI”) policies and practices the DOJ considers unlawful.
- The memo provides a list of “Best Practices” to minimize legal risk.



SAMHSA Outlines Strategic Priorities

- On Sept. 10, SAMHSA released its strategic priorities and outlined its work going forward with alignment with Make America Healthy Again and other administration priorities.
- SAMHSA names six strategic priorities:
 1. Preventing substance misuse and addiction
 2. Addressing serious mental illness
 3. Expanding crisis intervention services
 4. Improving access to evidence-based treatment for mental illness, substance use and co-occurring disorders
 5. Supporting long-term recovery and sobriety
 6. Identifying and addressing emerging behavioral health threats



EO: Ending Crime and Disorder on America's Streets

- An [executive order](#) released on July 24, 2025 encourages the use of civil commitment for individuals with serious mental illness or substance use disorders, particularly those experiencing homelessness.
- The EO also calls on HHS to “*ensure that Federal funds for Federally Qualified Health Centers and Certified Community Behavioral Health Clinics reduce rather than promote homelessness by supporting, to the maximum extent permitted by law, comprehensive services for individuals with serious mental illness and substance use disorder, including crisis intervention services.*”
- National Council provided a template letter for members on cost-effective, evidence-based methods for states to implement the EO.



NATIONAL
COUNCIL
for Mental
Wellbeing

HEALTHY MINDS
STRONG COMMUNITIES

Looking Forward

Engaging Legislators, Including Those in the Minority Party

- Important to continue to keep up engagement!
 - The more you share, the better prepared your members of congress will be to prioritize issues you raise.
- Think about arguments your lawmaker will likely face on your issue and provide information that will be compelling to mitigate those concerns.



How Can You Stay Informed and Advocate?

- **Capitol Connector** (*weekly federal policy update*)
 - [Subscribe here](#)
- **Advocacy Action Center**
 - [Found here](#)
- **Other Helpful Newsletters**
 - Politico, Punchbowl, Insider Health Policy
- **Have a question? Reach out to our team!**
 - Policy@thenationalcouncil.org



Advocacy Outcomes and Wins



Advocacy Engagement

- So far this year nearly **1,000** letters, calls, and stories have been shared from Hoosiers through National Council.
- This effort has contributed to the **45,000** messages sent to Congress nationwide through National Council this year.

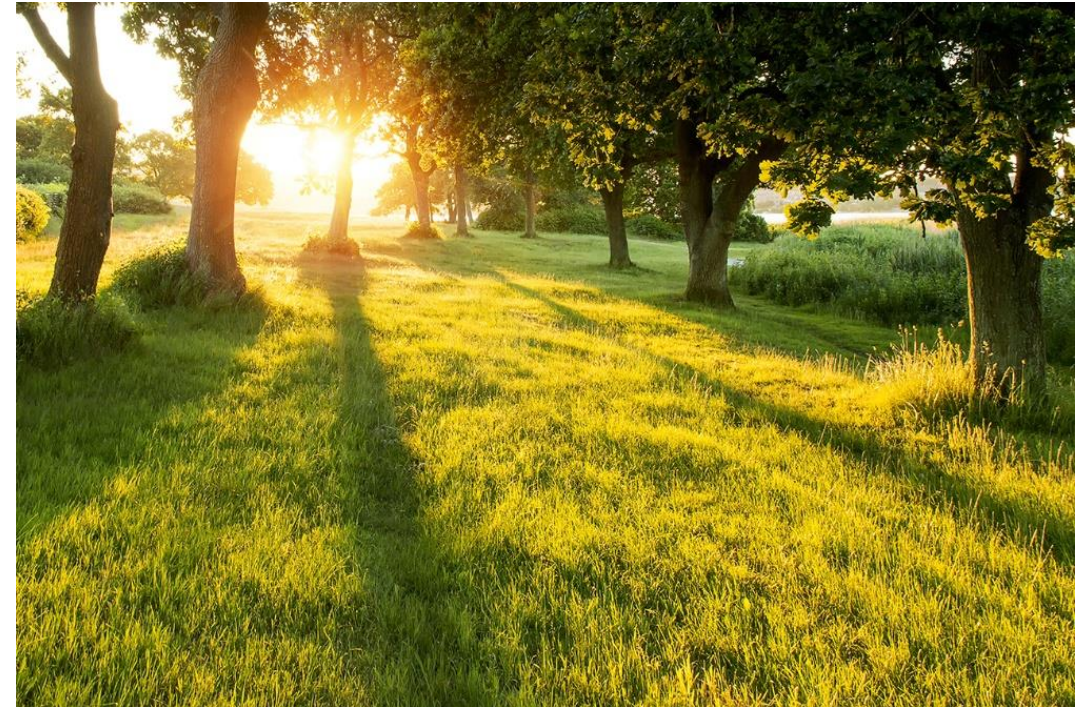
Key Successes

- Inclusion of CCBHCs, OTPs, and CMHCs in RHTP
- Mental health and substance use service exemption in cost sharing
- Inclusion of CCBHCs in the President's Budget Request, House funding proposal and Senate proposal



In Sum

- The environment is everchanging but there are ways to influence, it might look different from previous engagement
- Keeping up engagement is key
- There are people in your corner
- We are in this together



NATIONAL
COUNCIL
for Mental
Wellbeing

HEALTHY MINDS
STRONG COMMUNITIES

Thank You!

ConnorM@TheNationalCouncil.org