

## **Background Information on the Community Mental Health Services Performance Partnership Block Grant**

### **What Is the Community Mental Health Services Performance Partnership Block Grant?**

The Community Mental Health Services Performance Partnership Block Grant is the principal federal discretionary program supporting community-based mental health services for adults and children. States may utilize block grant dollars to provide a range of critical services for adults with serious mental illnesses and children with serious emotional disturbances, including housing services and outreach to people who are homeless, employment training, case management (including Assertive Community Treatment), and peer support.

The Community Mental Health Services Performance Partnership Block Grant is a flexible source of funding that is used to support new services and programs, expand or enhance access under existing programs, and leverage additional state and community dollars. In addition, the Community Mental Health Services Performance Partnership Block Grant provides stability for community-based service providers, many of which are non-profit and require a reliable source of funding to ensure continuity of care.

### **How Is the Community Mental Health Services Performance Partnership Block Grant Calculated?**

The current formula for distribution of the mental health and substance abuse block grants was developed as part of legislation adopted in 1992 establishing the Substance Abuse and Mental Health Services Administration (SAMHSA). One component of the formula is a factor to adjust for differences among states in the cost of providing the same service. This factor, called the Cost of Services Index, tries to take into account the variation in the costs of labor and rent paid by treatment facilities. Since 1993, manufacturing wage rates in each state have been used as a proxy for these labor costs. The law charges SAMHSA and the U.S. Department of Health and Human Services (HHS) with reviewing and making appropriate adjustments to the Cost of Services Index every three years.

### **Why is the Community Mental Health Services Performance Partnership Block Grant Important?**

Over the last three decades, the number of people in state psychiatric hospitals has declined significantly, from about 700,000 in the late 1960s to about 60,000 today. As a result, state mental health agencies shifted significant portions of their funding from inpatient hospitals into community programs. About two-thirds of state mental health agency budgets are now used to support community-based care.

The first-ever U.S. Surgeon General's Report on Mental Health provides clear scientific evidence demonstrating the effectiveness and desirability of these community-based options.

The Community Mental Health Services Performance Partnership Block Grant is the only major

federal discretionary program designed to support community-based services for people with mental illnesses. More importantly, because it is a block grant rather than categorical funding, it gives states critical flexibility to: (1) fund services that are tailored to meet the unique needs and priorities of consumers of the public mental health system in that state; (2) hold providers accountable for access and the quality of services provided; and (3) coordinate services and blend funding streams to help finance the broad range of supports – medical and social services – that individuals with mental illnesses need to live safely and effectively in the community.

### **What Justifies Federal Spending for the Mental Health Block Grant?**

In July, 1999, the U.S. Supreme Court issued a decision finding that unjustified institutionalization of individuals with mental illnesses constitutes discrimination under the Americans with Disabilities Act (ADA). The decision in Olmstead v. L.C. and E.W., was strongly supported by the U.S. Department of HHS, which developed policies and mechanisms to ensure compliance by states.

As part of a “New Freedom Initiative” announced in January, 2001, the Bush Administration pledged support for expanding community-based services to implement the Olmstead decision.

Despite increasing pressure from the federal government to expand community-based services for people with mental illnesses, the federal government’s financial support is limited. Medicaid provides optional coverage for some services under separate Medicaid options, but technical barriers exist to states that want to use Medicaid waivers to provide these services. In addition, many essential elements of effective community-based care – such as housing, employment services, and peer support – are non-medical in nature and generally are not reimbursable under Medicaid. **Therefore, Community Mental Health Services Performance Partnership Block Grant funding is the principal vehicle for federal financial support for comprehensive community-based services for people with mental illnesses.**

The National Association of State Mental Health Program Directors has prioritized efforts to increase Community Mental Health Services Performance Partnership Block Grant funding and to ensure that the Block Grant provides evidence-based community services for populations most in need of services. These populations include adults with severe mental illness who:

- have a history of repeated psychiatric hospitalizations or repeated use of intensive community services;
- are dually diagnosed with a mental illness and a substance use disorder;
- have a history of interactions with the criminal justice system, including arrests for vagrancy and other misdemeanors; or
- are currently homeless.

Children with serious emotional disturbances who:

- are at risk of out-of-home placement;
- are dually-diagnosed with serious emotional disturbance and a substance abuse disorder;  
or
- as a result of their disorder, are at high risk for the following significant adverse outcomes: attempted suicide, parental relinquishment of custody, a brush with the law, behavior dangerous to themselves or others, running away, or being homeless.