



SAMHSA Mental Health and Substance Abuse Prevention and Treatment Block Grants

Introduction

The Substance Abuse and Mental Health Services Administration (SAMHSA)ⁱ of the US Department of Health and Human Servicesⁱⁱ is responsible for two block grant programs:

- Substance Abuse Prevention and Treatment Block Grant (SABG); and
- Community Mental Health Services Block Grant (MHBG).

The MHBG and SABG are noncompetitive formula grants authorized by federal law to:ⁱⁱⁱ

- Fund priority treatment and support services for individuals without insurance or for whom coverage is terminated for short periods of time;
- Fund priority treatment and support services for low-income individuals that are not covered by Medicaid, Medicare, or private insurance and that demonstrate success in improving outcomes, supporting recovery, or both;
- Fund primary prevention for individuals not identified as needing treatment (i.e., universal programs that reach everyone in a group being served regardless of risk, selective interventions that serve people at elevated risk of substance misuse or a substance use disorder (SUD), and indicated prevention interventions that serve people who exhibit some symptoms of an SUD but do not yet meet criteria for a diagnosis); and
- Collect performance and outcome data to determine the ongoing effectiveness of behavioral health promotion, treatment, and recovery support services and to plan the implementation of new services on a nationwide basis.^{iv}

SAMHSA also encourages states to use MHBG and SABG funds to:

- Allow recovery to be pursued through personal choice and many pathways;
- Encourage providers to assess performance based on outcomes that demonstrate client successes; and

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- Expand capacity by increasing the number and types of providers who deliver clinical treatment, recovery support services, or both.^v

To help states meet the challenges of 2020 and beyond, and to foster the implementation of an integrated physical health and mental health and addiction service system, SAMHSA has worked with states to establish standards and expectations that have led to an improved system of care for individuals with or at risk of mental and substance use disorders.

General Block Grant Principles

Delegation by the Office of the Governor

Pursuant to federal regulations, each state's governor may delegate authority for attestations and certifications required to administer the SABG and MHBG. Accordingly, Governor Greg Abbott has delegated this authority to the Health and Human Services Commission (HHSC's) Chief Program and Services Officer, or anyone officially acting in this role in the instance of a vacancy. This delegation remains in effect for the duration of Governor Abbott's time in office.

Single State Authority

The state plans required for the MHBG^{vi} and SABG^{vii} require identification of the single state agency (SSA) responsible for administration of the grant program. The SSA's designee receives, on behalf of the state, MHBG and SABG Notices of Award, which include the "Terms and Conditions" to which the funds are subject.

The SSA is responsible for mandatory reporting of MHBG and SABG activities and expenditures (see **Appendix A**); and for responding to federal audits, inspections, or requests for information related to MHBG or SABG activities.

HHSC is the SSA for Texas and HHSC's Associate Commissioner for Behavioral Health Services, within the IDD-BHS department, serves as the SSA's designee.

SSA Block Grant Activities

The SSA prepares and submits a biennial (every two years) behavioral health application and plan^{viii} to provide planning, implementation, and evaluation of:

- Comprehensive community mental health services to adults with a serious mental illness (SMI) and to children with a serious emotional disturbance (SED).^{ix}MHBG funding:
 - ▶ Ensures access to a comprehensive system of care, including health and mental health services, rehabilitation services, employment services, housing

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- services, educational services, substance abuse services, medical and dental care, and other support services;^x
- ▶ Promotes participation by consumers and their families in planning and implementing services and programs, as well as in evaluating state mental health systems;^{xi}
 - ▶ Ensures access for underserved populations, including people who are homeless and residents of rural areas;^{xii} and
 - ▶ Promotes recovery and community integration for adults with SMI and children with SED.^{vi}
- Prevention of substance misuse and treatment of SUDs^{xiii} and related activities.^{xiv} SABG funding:
 - ▶ Promotes the prevention of substance misuse through primary prevention activities;^{xv}
 - ▶ Promotes access to SUD treatment services for women who are pregnant or have dependent children;^{xvi}
 - ▶ Provides outreach and promotes access to SUD treatment for IV drug users;^{xvii}
 - ▶ Provides specialized SUD treatment services to individuals living with Human Immunodeficiency Virus (HIV) in designated states;^{xviii} and
 - ▶ Provides individuals with a recovery-oriented system of care to support their recovery.

In addition, federal law governing the SABG requires states to conduct random, unannounced inspections to ensure that retailers do not sell tobacco products to individuals under the age of 21.^{xix}

Set-Asides

States must set-aside specific amounts or percentages of their SABG and MHBG allocations for certain services and/or populations. These set-asides include:

- SABG: A minimum of 20 percent of SABG for primary prevention;^{xx}
- SABG: For Texas, a minimum of \$13,987,893 SABG and SABG-Maintenance of Effort for services for pregnant women and women with dependent children;^{xxi}
- SABG: Five percent of SABG for HIV services (currently not required of Texas);^{xxii}
- MHBG: For Texas, a minimum of \$18,705,040 for children's services;^{xxiii}
- MHBG: Ten percent of MHBG for First Episode Psychosis services.^{xxiv}
- MHBG: As of February 3, 2021, a minimum of five percent of the state's total allocation for each fiscal year for evidence-based crisis care programs to address the needs of individuals with SMI or SED.^{xxv}

Maintenance of Effort (MOE) Requirements

MOE requirements are intended to incentivize states to contribute state funding in support of the overall objectives of the MHBG and SABG. Expenditures of state funds must be maintained at a level that is not less than the average level for the two-year period preceding the fiscal year for which the state is applying for the grant.^{xxvi} The MOE requirements ensure stability of a state's contribution to those services and populations over time. Both the SABG and the MHBG include an MOE requirement:^{xxvii}

- The SABG services general MOE;^{xxviii} and
- The MHBG services general MOE.^{xxix}

Administrative Costs

States may not spend more than five percent of the MHBG or SABG funds on administrative expenses.^{xxx} Federal regulations do not specifically define "administrative expenses" thus, the state's processes and procedures apply. This requirement applies to administrative expenses incurred by the state itself; sub-recipients and contractors using MHBG or SABG funds may have different restrictions on administrative costs. Administrative costs are sometimes referred to as indirect costs.

Fiscal Tracking

Federal law requires MHBG and SABG funds to be obligated and expended by the end of the federal fiscal year appropriated.^{xxxi} MHBG and SABG funds are subject to federal requirements, cost principles, and audit requirements for federal awards as described in 2 CFR Section 200 and the Uniform Grant Management Standards^{xxxii} published by the Texas Comptroller of Public Accounts.

Restrictions

MHBG and SABG funds must be used to further the goals and purposes for which the grants were made (see **Block Grant Activities**). Any amount charged to the MHBG or SABG is subject to SAMHSA review to determine allowability and reasonability. A charge may be considered allowable if the cost can be demonstrated to have been necessary for furthering the goals and purposes of the MHBG or SABG. Reasonable costs must be consistent with what a reasonable person would incur while conducting the same activities in comparable circumstances.

MHBG and SABG funds cannot be used to:

- Provide inpatient hospital services;^{xxxiii}
- Make cash payments to intended recipients of health services;^{xlv}

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- Provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs;^{xxxiv}
 - Purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment;^{xlv}
 - Satisfy any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds;^{xlv} or
 - Provide financial assistance to any entity other than a public or nonprofit private entity;^{xlv}
 - Supplant state funding of alcohol and other drug prevention and treatment programs (SABG only).^{xxxv}

Limitations

MHBG and SABG funds may not be used in excess of the following limitations:

- To provide treatment services in penal or correctional institutions, the state shall not expend more than an amount prescribed by section 1931(a)(3) of the Public Health Service Act^{xxxvi} (Applies to SABG only); and
- To pay the salary of an individual at a rate in excess ^{xxxvii} of Executive Level II of the Executive Salary Schedule^{xxxviii} published by the National Institutes of Health.^{xxxix}

Although use of SABG funds in penal or correctional institutions is restricted, SAMHSA has encouraged states to find additional means to assist this population. In a letter to state Mental Health Commissioners dated February 2020, SAMHSA addressed the care and treatment of individuals with SMI who have interactions with the criminal justice system, including incarceration, or who have a criminal case pending. SAMHSA clarified that treatment during incarceration is an allowable use of the MHBG, provided both the treatment services and provider of such services meet the statutory requirements of the MHBG.

Funding of Last Resort

SABG funds must be the funding of last resort for SUD treatment services.^{xl} SUD treatment providers are required to exhaust all efforts to collect payment for services from any eligible Medicaid, private insurance, or third-party program before billing the SABG for services.

Contracting with “For-Profit” Agencies

Federal rules are not explicit regarding states’ authority to use MHBG or SABG funds for services with “for-profit” agencies. States are restricted from expending grant funds “to provide financial assistance to any entity other than a public or

nonprofit private entity.^{xli} However, in a letter to state substance abuse and mental health directors dated August 5, 2009^{xlii}, the Directors of the Center for Substance Abuse Treatment and the Center for Mental Health Services of the US Department of Health and Human Services stated:

"Ordinarily, the term 'financial assistance' is used to describe a grant relationship as distinguished from an acquisition (or procurement) relationship, typically funded by a contract. While the statute and regulations preclude States and Territories from providing grants to for-profit entities, procurement contracts may be entered into with for-profit entities."

In written guidance to Texas dated February 2020, SAMHSA confirmed states can enter into competitively-procured contracts with for-profit entities using SABG funds in a "vendor" or "contractor" relationship. However, states may not enter into a subrecipient contract relationship with a for-profit entity.

Planning Council

For the MHBG, the state is required to establish and maintain a mental health planning council with the following duties (expanded in 2012, in accordance with federal guidance^{xliii} to include SUD prevention, intervention, and treatment):

- To review biennial block grant plans developed by the SSA and to submit to the state any recommendations for modifications to the plans;^{xliiv}
- To advocate for adults and children with SUD, SMI, SED, and other individuals with substance use issues, mental illnesses, or emotional problems;^{xliv} and
- To monitor, review, and evaluate, not less than once each year, the allocation and adequacy of behavioral health (MH and SUD) services within the state.^{xlvi}

Texas meets this federal requirement for a mental health planning council through the Behavioral Health Advisory Committee (BHAC). Additionally, HHSC administers the Statewide Behavioral Health Coordinating Council (SBHCC) pursuant to state law.^{xlvi, xlviii, xlix, l}

BHAC membership include persons with lived experience, family members, providers, advocates, and other behavioral health stakeholders.^{li} In accordance with federal guidance requiring a tribal representative, the three federally recognized Native American tribes in Texas (Alabama Coushatta Tribe of Texas, Ysleta Del Sur Pueblo, and Kickapoo Traditional Tribe of Texas) select one representative to serve

on the BHAC. To the extent possible, equal representation of mental health and substance use-related issues is maintained.

The BHAC makes recommendations and advocates to HHSC and the Texas Legislature on all aspects of the behavioral health service system.^{lii} In addition, the BHAC monitors, reviews, and evaluates the allocation and adequacy of behavioral health services by reviewing financial and programmatic information and analyzing the efficacy of programs and policies to develop and promote their recommendations.^{liii}

SBHCC members are representatives of state agencies that receive general revenue funds for behavioral health services.^{liv} The SBHCC is statutorily required to develop the five-year *Texas Statewide Behavioral Health Strategic Plan (TSBHSP)* and tracks implementation activities through the *TSBHSP Annual Progress Report*.^{lv} The SBHCC monitors the allocation of behavioral services through the annual review and development of a *Statewide Behavioral Health Expenditure Proposal*, which includes information about MHBG and SABG funds.

HHSC hosts annual joint meetings with the BHAC and SBHCC. During these meetings, information about the block grant plans, biennial application, and/or reports are reviewed and discussed. In addition, this is a venue for broader system coordination and collaboration.

Conclusion

The State of Texas has both the opportunity and obligation to use MHBG and SABG funds to substantially improve the lives of many of the state's most vulnerable citizens. Funds are entrusted to our state by the federal government, making the state responsible for ensuring funds are administered wisely and with appropriate controls, and that the programs they fund demonstrate the greatest possible impact. HHSC has committed to the Governor and to the people of Texas that it will carefully listen, deliberately plan, faithfully execute, and painstakingly track all MHBG and SABG activities, always keeping in mind our most important priority which is to improve the lives of Texas residents.

Appendix A

HHSC Deliverables

Deliverable	Scope/Purpose	Federal Release Date	State's Submission Due Date
Biennial plan/application	MHBG and SABG: update/renew all sections	Early May (of odd-numbered years, concurrent with Texas Legislature's last month in session)	Sept. 1 (of odd-numbered years)
Mini-application	MHBG and SABG: update/renew funding certifications, expenditure reports for year 2 of biennial plan, & advisory committee information	July 1 (of even-numbered years)	Sept. 1 (of even-numbered years)
Biennial plan/application Report #1	MHBG and SABG: report year 1 progress on targets MHBG only: update children's MH set aside and MOE SABG only: update reports on expenditures (for prior 1 or 2 years, depending on the table), populations, services, performance indicators, and accomplishments	Sept. 1 (of even-numbered years)	Dec. 1 (of even-numbered years)
Biennial plan/application Report #2	See previous row	Sept 1 (of odd-numbered years)	Dec 1 (of odd-numbered years)

ⁱ <https://www.samhsa.gov/>

ⁱⁱ <https://www.hhs.gov/>

ⁱⁱⁱ <https://www.samhsa.gov/grants/block-grants>

^{iv} SAMHSA 2017 Fiscal Year Cost Justification

^v SAMHSA 2017 Fiscal Year Cost Justification

^{vi} 42 USC §300x-1

^{vii} 42 USC §300x-32

^{viii} 42 USC §§ 300x-1(a), (b); 300x-6(a); §300x-32(a) and (b); and 45 CFR §96.122

^{ix} 42 USC §300x-1(a)(1)

^x 42 USC §300x-1(b)(1)(A)

^{xi} 42 USC §300x-3(c)(1)(C-D)

^{xii} 42 USC §300x-1(b)(1)(D)

^{xiii} While the SABG program and authorizing statute uses the term “substance abuse,” this term has been replaced by “substance use disorder” in most instances, since the adoption of the Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM-5)

^{xiv} 42 USC §300x-21(b)

^{xv} 42 USC §300x-22(a)(1), 45 CFR §96.124(b), and 45 CFR §96.125

^{xvi} 42 USC §300x-22(b), 45 CFR §96.124(c), and 45 CFR §96.131

^{xvii} 42 USC §300x-23 and 45 CFR §96.126

^{xviii} 42 USC §300x-24(b) and 45 CFR §96.128; see also footnote ^{xix}, below

^{xix} 42 USC §300x-26(a)(1)

^{xx} 42 USC. §300x-22(a), 45 CFR §96.124(b) and 45 CFR §96.125;

^{xxi} 42 USC. §300x-22(b); 42 USC. §300x-27; 45 CFR §96.124(c); and 45 CFR §96.131; equal to or greater than 1994 base funding;

^{xxii} 42 USC §300x-24(b) and 45CFR §96.128; Effective 10/1/2017, the Texas Case Rate fell below the 10 cases per 100,000 persons threshold, making Texas an undesignated state; therefore, this set-aside is not applicable to Texas at this time. .

^{xxiii} 42 USC §300x-2(a)(1)

^{xxiv} Consolidated Appropriations Act, 2016, Public Law 114-113, 129 Stat. 2608 (Dec. 18, 2015).

^{xxv} Consolidated Appropriations Act, 2021 and the Coronavirus [P.L. 116-260] requires states to set-aside not less than 5 percent of their total MHBG allocation amount for each fiscal year to support evidence-based crisis care programs addressing the needs of individuals with SMI or SED. The set- aside must be used to fund some or all of a set of core crisis care elements including: centrally deployed 24/7 mobile crisis units, short-term residential crisis stabilization beds, evidence-based protocols for delivering services to individuals with suicide risk, and regional or State-wide crisis call centers coordinating in real time.

^{xxvi} 42 USC §300x-4(b)(1), 42 USC §300x-30(a) and 45 CFR §96.134(a)

^{xxvii} The SABG originally included an MOE requirement related to expenditures for tuberculosis and HIV; however, Section 8002(c)(3) of the 21st Century Cures Act (P.L. 114-255) amended section 1924 of the Public Health Service Act (42 USC §300x-24) to strike subsection (d), which had required an MOE. The authorizing legislation was enacted 12/31/2016; therefore, states and jurisdictions are no longer required to report expenditures for tuberculosis and HIV.

^{xxviii} 45 CFR §96.134 and 42 USC §300x-30

^{xxix} 42 USC §300x-4(b)

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- xxx 42 USC §300x-5(b), 42 USC §300x-30.31 (a)(2) and 45 CFR §96.135(b)(1)
- xxxi Title 42 USC §300x-62 and 45 CFR §96.14
- xxxii <https://comptroller.texas.gov/purchasing/docs/ugms.pdf>
- xxxiii 42 USC §300x-5(a)(1); 42 USC §300x-31(a)(1)(A); and 45 CFR §96.135(a)(1); there is an exception, however, in 300x-31(b)(1) “With respect to compliance with the agreement made under subsection (a), a State may expend a grant under section 300x-21 of this title to provide inpatient hospital services as treatment for substance use disorders only if it has been determined, in accordance with guidelines issued by the Secretary, that such treatment is a medical necessity for the individual involved, and that the individual cannot be effectively treated in a community-based, nonhospital, residential program of treatment”
- xxxiv 45 CFR §96.135(a)(6) Applies to SABG only, and includes the following exception: “Unless the Surgeon General of the Public Health Service determines that a demonstration needle exchange program would be effective in reducing drug abuse and the risk that the public will become infected with the etiologic agent for AIDS.”
- xxxv https://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.96&rgn=div5#se45.1.96_1132
- xxxvi 42 USC §300x-31(a)(3) and 45 CFR §96.135(b)(2); for Texas, this amount is \$423,124
- xxxvii See also the Federal Funding Accountability and Transparency Act (FFATA)
- xxxviii Consolidated Appropriations Act, 2020 (P.L. 116-94) (Dec. 20, 2019) Section 202, STAT.2578
- xxxix http://grants.nih.gov/grants/policy/salcap_summary.htm
- xl 45 CFR §96.124(e) and 45 CFR §96.137(a)(1-2)
- xli 42 USC §300x-31(a)(1)(B) and 45 CFR §96.135(a)(2)
- xlii https://www.samhsa.gov/sites/default/files/funding_for_for-profit_organizations_r021014a_rev.pdf
- xliii 42 USC §300x-3(a)
- xliv 42 USC §300x-3(b)(1)
- xlv 42 USC §300x-3(b)(2)
- xlvi 42 USC §300x-3(b)(3)
- xlvii Government Code Subchapter M-1.
- xlviii Senate Bill (S.B.) 200, 84th Legislature, Regular Session, 2015 required HHSC to establish and maintain advisory committees to consider issues and solicit public input across all major areas of the health and human services system on an array of topics including behavioral health. In establishing these advisory committees, the state was required to assess and consolidate, where feasible, existing advisory committees.
- xliv The 2016-17 General Appropriations Act, House Bill (H.B.) 1, 84th Legislature, Regular Session, 2015 (Article IX, Section 10.04) originally created the Statewide Behavioral Health Coordinating Council comprised of state agencies that receive state funding for behavioral health services, for the purpose of developing and overseeing implementation of a five-year strategic plan and a statewide expenditure proposal.
- ^l In order to receive MHBG funds, the state is federally required to establish and maintain a mental health planning council. Since 2000, as the SSA authorized to manage the federal block grant funds, legacy Department of State Health Services (DSHS) established and maintained an advisory council in accordance with the state’s obligations under 42 U.S.C. § 300x-3. There is no corresponding requirement for the state to receive federal SABG funds. However, since 2012, the state adopted federal guidance to include consumers, family members, providers, and advocates for substance use disorder prevention, intervention, and treatment and the associated SABG in one advisory council.
- li 1 TAC §351.807(f)
- lii Id at §351.807(b) and (c) and 42 USC §300x-3(b)
- liii Id.
- liv Government §531.473

^{lv} Id. at §531.476