

NAMI Massachusetts Mental Health Budget Priorities for FY27

Overview of Governor Healey's H.2 FY27 Budget Proposal

The Department of Mental Health (DMH) is funded at \$1.31 billion in the FY27 H2 budget, representing a 0% increase over FY26. In the context of rising inflation and increasing demand for services, flat funding effectively reduces the department's real purchasing power and limits its ability to maintain current service levels. To truly sustain existing programs, funding must at least keep pace with inflation. At the same time, mental health needs continue to grow across the Commonwealth, placing additional strain on providers, the workforce, and access to care. Without increased investment, DMH will face significant challenges in meeting the needs of residents, particularly those with the most acute conditions, risking longer wait times and reduced access to critical services.

DMH Rental Subsidy Program (RSP)

The Rental Subsidy Program (RSP) provides state-funded rental assistance that enables individuals receiving DMH services to transition from higher levels of care into stable, independent housing. As a key step-down resource, RSP supports system flow by helping individuals move from hospitals to group homes and ultimately into subsidized apartments as they gain independence. The program currently serves approximately 2,600 clients and has expanded in recent years to meet rising demand.

However, RSP lacks the sufficient resources to sustain growth, which has led DMH to pause new enrollments, and lead to the loss of over 100 vouchers. This pause has created a bottleneck across the system, with individuals remaining in more intensive and costly settings longer than necessary and others unable to access appropriate housing. Without level funding RSP, the Commonwealth risks worsening access to care, limiting independence, and increasing system-wide costs.

The Ask: Increase funding for EOHLC line item 7004-9033 for the DMH Rental Subsidy Program by \$7M over H2 to prevent the loss of 300+ vouchers in FY27.

Community Partner (CP) Program

Community Partners (CP) is a MassHealth-administered care management program that partners with 12 community-based providers to support individuals with complex behavioral health and long-term services and supports needs. The program employs more than 900 staff across Massachusetts and serves approximately 36,000 individuals, helping them navigate the often complex mental health care system.



H.2 proposes a 50% reduction in MassHealth care management funding, totaling a \$90M cut, and would eliminate the requirement for health plans to contract with CPs. These changes risk shifting costs to more intensive and costly care settings, particularly acute hospitalizations and emergency department utilization.

The elimination of CPs will be particularly difficult for the approximately 6,000 individuals with the most serious mental health needs and the highest level of complexity.

The Ask: A policy mandate that care management services be preserved for the 6,000 individuals with the highest behavioral health and long-term service support needs, at a cost of \$16M (\$8M after federal matching).

Jail Diversion Programs (JDP)

The Jail Diversion Program (JDP) provides grants that help law enforcement and other first responders better serve people living with mental health conditions. JDP funds Crisis Intervention Team (CIT) training, which equips officers with the skills to engage compassionately with individuals experiencing a mental health crisis. The program also supports co-response clinicians, who work in police departments to provide real-time crisis intervention and appropriate referrals to services. Without adequate investment, police will be forced to revert to outdated approaches when interacting with people in crisis, leading to unnecessary hospitalization, arrest, incarceration, and use of force.

In addition to improving outcomes for individuals, these initiatives generate significant cost savings. **In FY23, diversions saved an estimated \$28M, doubling the program's cost,** by reducing expenses related to public safety, incarceration, and healthcare.

5046-0000 DMH Adult Mental Health and Support Services: Level fund JDP with FY26 at its annualized need of **\$19M, an increase of \$15M over the \$4M currently allocated in H.2.** This will increase public safety, reduce involvement in the criminal justice system and involuntary hospitalizations, and achieve long-term cost savings for the state.

The Ask: Level fund JDP with FY26 at its annualized need of \$19M in DMH 5046-0000, an increase of \$15M over the currently \$4M allocated in H.2.

If you have any questions about these items or anything else in state budget, please email policy@namimass.org.

