



**National
Mental
Health
Association**

Statement to the Media

2001 N. Beauregard St., 12th Floor
Alexandria, VA 22311
www.nmha.org

Contact: Heather Cobb (703) 797-2588
hcobb@nmha.org

President Releases Proposed FY 2006 Budget *Medicaid and Domestic Spending Cuts Spell Trauma for Vulnerable*

Statement by Michael M. Faenza, President and CEO of NMHA

ALEXANDRIA, Va. (February 7, 2005) – After the White House released its proposed FY 2006 budget today, many Americans already in vulnerable positions now face even bleaker futures. Cuts to safety-net and critical federal programs jeopardize people with mental illnesses, veterans at risk of post-traumatic stress disorder and their families, and lower income Americans with disabilities and intensive health needs.

While the FY 06 budget contains isolated meritorious proposals, the sheer volume and depth of cuts across a swath of programs serving less fortunate Americans spells disaster for those most in need, particularly those with or at risk of mental illness. The National Mental Health Association calls on Congress to stand up for vulnerable people who need their support.

Medicaid Cuts

Slashing \$60 billion over a decade in federal support for state Medicaid programs, the President's budget would spark drastic restrictions to life-saving mental health services and treatments since states rely on Medicaid for over 50 percent of state and local spending on mental health services for some of the nation's most vulnerable citizens, including those with severe and persistent mental illness. Many people with low incomes who need these mental health services would be in jeopardy without the critical support that Medicaid now provides. In fact, mental illness can lead to job loss, economic and personal hardship, school failure, disability, homelessness, and even suicide when left untreated.

Some savings from the proposed Medicaid cut could fund new initiatives to help people with disabilities stay in their communities instead of institutions and enroll more children into the State Children's Health Insurance Program. However, these worthwhile initiatives should not come at the expense of other low-income families, older adults or Americans with disabilities who rely on Medicaid.

The President's budget also proposes a cap on federal spending on Medicaid populations and services that are "optional" – meaning states are not required to cover them. These capped federal payments constitute a block-grant for these populations and services and would not cover the actual medical needs of the beneficiaries. As a result, states facing increased costs without federal assistance would likely reduce coverage for optional populations as medical costs overtake block-grant funding levels. Under this proposal, some 12 million Medicaid beneficiaries, including people with disabilities and others with intensive health care needs who qualify by deducting medical expenses from their income, would lose all consumer rights and protections. Administration spokespeople have dismissively characterized those who will suffer under this proposal as mere "optional beneficiaries," as though having a severe illness or disability is an option.

Social Security Privatization

Although the Administration's plans for major surgery on the critical Social Security program are not spelled out in the budget, the proposed privatization of the program would likely undermine a critical safety net for individuals with disabilities. Some eight million people rely on the Social Security Disability Insurance (SSDI) benefit as a life-line of support following injury or the onset of serious illness. Diverting funds into private accounts would drain trillions of dollars from the Social Security program over the next 10 years without improving the program's financial health. It is clear that the options advanced by the Administration would significantly cut benefits for future retirees; yet no assurance has been given that the needs of vulnerable Americans dependent on Social Security will be protected. Risky private accounts cannot replace the disability insurance function of Social Security; maintaining funding for SSDI under their plan would require even larger cuts in retiree benefits.

Recognizing the long-term shortfall in funding for Social Security, policymakers might consider that the tax cuts proposed by this Administration for the wealthiest one percent of U.S. households – if made permanent as the President urges – would cost more than the entire Social Security shortfall projected by the Congressional Budget Office. How can America even consider dismantling guaranteed financial support for our older adults and citizens with disabilities instead of repealing tax cuts for just the wealthiest of Americans?

Discretionary Programs Slashed

While the budget proposes sweeping, unwarranted changes in programs long considered entitlements for vulnerable Americans, it would also make devastating cuts to critical "discretionary" programs too. Tragically, the advice of the President's New Freedom Commission on Mental Health apparently had little effect on shaping the priorities of the FY 06 budget.

While the Commission characterized the failure to make mental health a national priority a tragedy, funding for the spartan "priority" programs of the Center for Mental Health Services (CMHS) of the Substance Abuse and Mental Health Services Administration would be cut by \$64 million. The Commission advised the President that youth with mental and emotional problems face enormous access barriers, and that an alarming 80 percent of youth in juvenile detention facilities have mental disorders. Yet this budget proposes a more than 25 percent cut (\$27 million) to CMHS' successful youth-violence prevention program and would slash funding for other programs targeted at keeping youth in school, productive, and out of trouble.

Housing, so critical to people seeking to recover from mental illnesses, would suffer a setback under this budget. Funding for HUD's Section 811 program of supportive housing for people with disabilities would be cut in half (from \$240 million to \$120 million) and its flagship Section 8 program, which provides housing to millions of individuals and families, would effectively be block-granted, depriving tenants of federal protections and subjecting them to higher rents.

And, at a time of war, funding for veterans' health care is yet another budget casualty, with illusory savings, unrealizable "efficiencies," and unacceptable legislative proposals being employed to create the appearance that veteran's health needs will be served.

The National Mental Health Association is the country's oldest and largest nonprofit organization addressing all aspects of mental health and mental illness. With more than 340 affiliates nationwide, NMHA works to improve the mental health of all Americans through advocacy, education, research and service.