

Rescissions, Rancor, and Budget Reconciliation: A Federal Policy Update

Jonah C. Cunningham, President And CEO

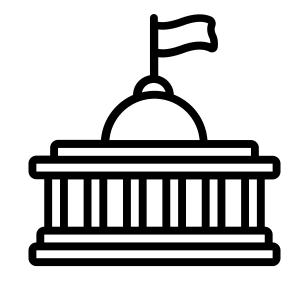


About NACBHDD

- Founded in 1989
- Represents Local Authorities
- Dual Focus on I/DD and Behavioral Health
- Affiliate of NACo









Ground Rules & Goals



Goals for Presentation

- Share Context for Policy Developments
- Provide Updates
- Give Tools for Education & Outreach



Ground Rules

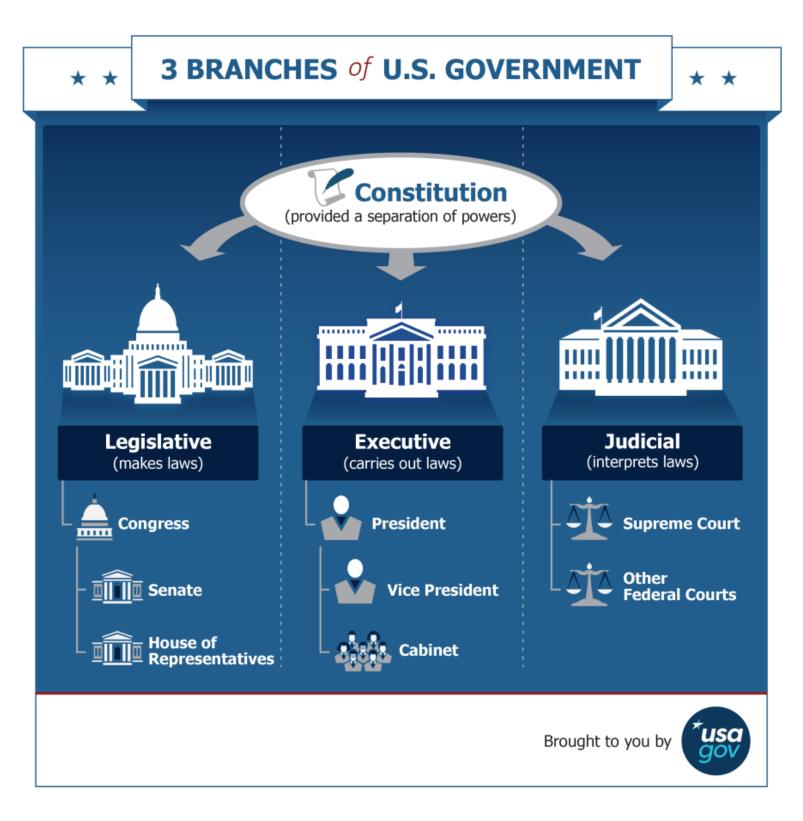
- We are Non-Partisan
- Situation is Evolving
- Questions are Welcomed



Federal Government Background



What Are the Rules?



- U.S. Constitution
 - Article I (Legislative)
 - Article II (Executive)
 - Article III (Judicial)
 - Article IV (Relationships Btw States)
 - Article V (Amending Constitution)
 - Article VI (Debts, Fed Supremacy, Oaths of Office)
 - Article VII (Ratification)
 - Amendments (Bill of Rights)



Legislative Branch

- Two Chambers (House & Senate)
- Power of the Purse
- Confirmation of Presidential Appointments (Senate)
- "Necessary & Proper"



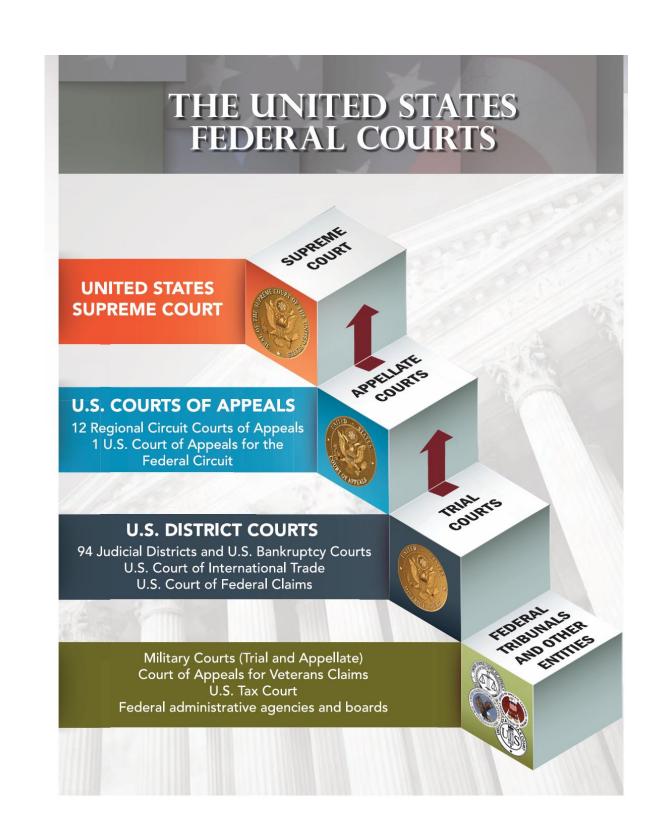
Executive Branch

- President & Cabinet
- Powers Include
 - Executive Orders
 - Veto Legislation
 - Pardons
 - Budget/Impoundment of Funds***



Judicial Branch

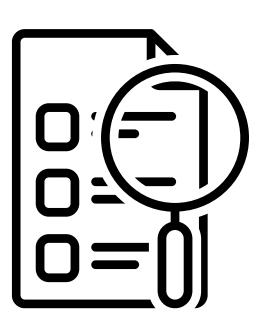
- Article III Establishes SCOTUS & Authorizes Congress to Establish Court System
- Can Only Interpret Laws Through
 Resolution of Legal Disputes, Not
 Correct a Problem on Its Own
 Initiative

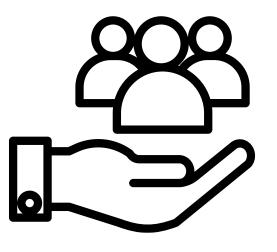




Role of Federal Government in Health

- Research
- Funding
- Technical Assistance
- Regulation & Oversight
- Surveillance
- Provision Of Services





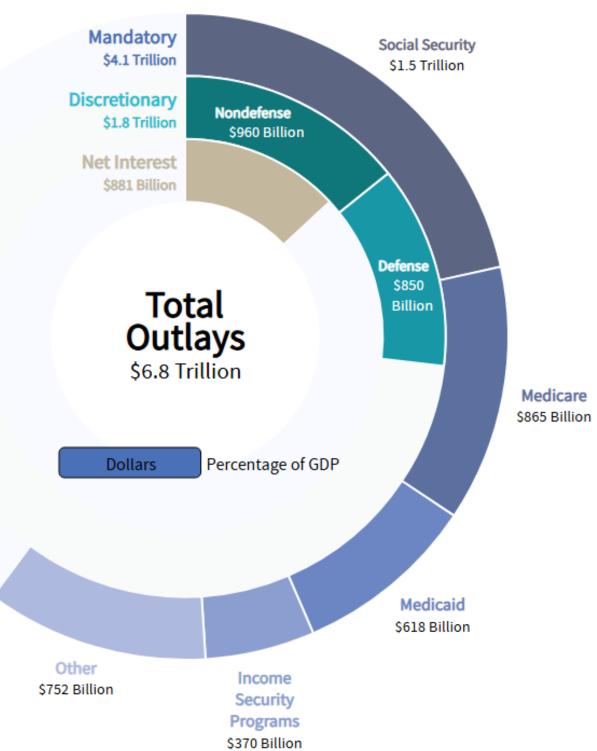


Policy Context



Federal Budget Overview

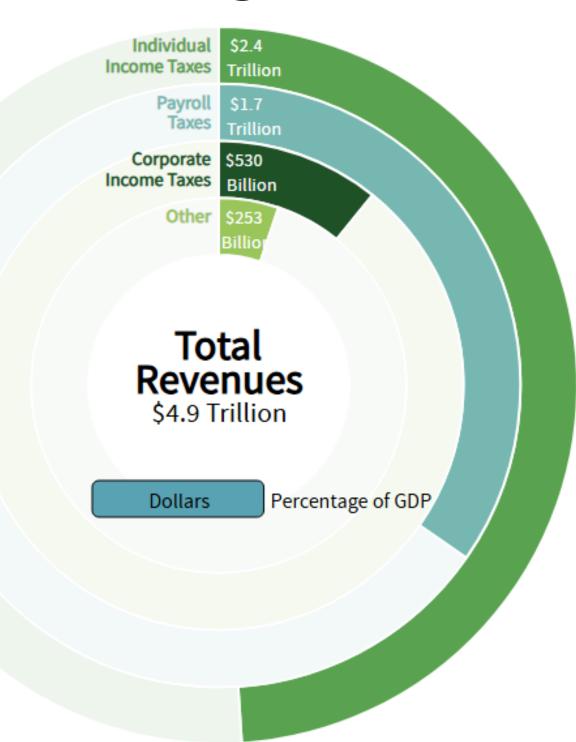
THE FEDERAL BUDGET IN FISCAL YEAR 2024



Data source: Congressional Budget Office, March 2025



Federal Budget Overview



Data source: Congressional Budget Office, March 2025



Federal Budget Overview

Mandatory Spending

Primarily payments for benefit programs whose eligibility rules and benefit formulas are set by law

Discretionary Spending

Spending that lawmakers control through appropriation acts

Net Interest

The government's interest payments on debt held by the public, offset by the interest income that the government receives

Revenues

Taxes and other funds collected from the public that arise from the government's exercise of its sovereign powers



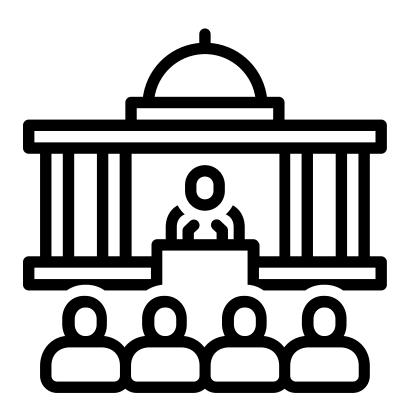
Debt Limit

- More Expenditures Than Revenue ->Issue Bonds
- Congressional Oversight of Amount of Bonds Issued
- \$ Spent w/out Bonds Covering Difference -> DEFAULT



Fiscal Fights

- Small Majorities in Each Chamber
- Annual Appropriations & Previous Year
- Debt Limit
- Budget Reconciliation





Policy Updates



Top Story Lines

- Broad Retrenching of Federal Activities
- Impacts Slowly Coming Into Focus
- "The Big Shift" Will Vary By State



Annual Appropriations

- Pass 12 Bills to Fund Government
- End of Fiscal Year September 30th
- Can Be Combined or Extended
 - Omnibus/Continuing Resolution
- No Funding=Gov Shutdown



President's Budget

- Statement of Policy Priorities
- Proposed Cuts
 - \$33.3 billion (26.2% decrease) to HHS
 - Eliminate Programs of Regional and National Significance (PRNS)
 - Merger of SUD/MH Block Grants

Source: FY2026 Budget Request



Reorganization of HHS

- RIFs of Staff
- Merger of SAMHSA/HRSA into AHA
- Merger of ACL/ACF



Source: **HHS Budget in Brief**



FY2026 Status

- Differing Funding Levels Between House & Senate
- Continuing Resolution Passed by House, Failed in Senate
- Disagreements on Policy Riders (ACA Marketplace, Medicaid), Duration



Impoundment

- Ability of POTUS to "Impound" Funds
- Restricted by Impoundment Control Act of 1974
 - POTUS Must Request Recissions from Congress
 - Allows for Expedited Process



Recissions History

Table 1. Presidents Have Not Routinely Relied on the ICA's Rescissions Authority in Recent Years, \$U.S. Billions

Administration	President Initiated	Congress Accepted	Congress Initiated
Trump 47	\$9.4	\$9.0	Analysis not yet available
Biden	\$0	\$0	*Analysis not yet available
Trump 45	\$42.2	\$0	\$61.6
Obama	\$0	\$0	\$125.2
G.W. Bush	\$0	\$0	\$83.4
Clinton	\$6.7	\$3.6	\$48.8
G.H.W. Bush	\$13.4	\$2.4	\$26.6
Reagan	\$43.3	\$15.7	\$33.4
Carter	\$5.7	\$2.8	\$3.5
Ford	\$6.8	\$0.5	\$1.4
Totals	\$127.5	\$34.0	\$383.9

Source: Government Accountability Office, White House Archives, and authors' analysis of presidential rescissions requests since July 2020.



Rescissions Package

- Cut Previously Appropriated Funding
- \$9 billion to PBS, NPR, and USAID
- Passage Coupled with Pocket Recissions Threatens Future Collaboration on Funding



Pocket Recissions

- President Requests Funding Cancellation Close to End of Fiscal Year
- Challenges Congress "Power of the Purse"
- Current Administration Views Pocket Recissions as Legal

Source: What is a "Pocket Rescission" and is It Legal? | U.S. GAO



Pocket Recissions Advocacy



MENTAL HEALTH AND ADDICTION ADVOCATES ADVANCING POLICY, L

September 10, 2025

The Honorable Arthur Kleinschmidt, Ph.D., MBA, LPC, LAC Principal Deputy Assistant Secretary Substance Abuse and Mental Health Services Administration 5600 Fishers Lane Rockville, MD 20852

Dear Principal Deputy Assistant Secretary Kleinschmidt:

We, the undersigned members of the Mental Health Liaison Group (MHLG), write to express our concern regarding reports that the Substance Abuse and Mental Health Services Administration (SAMHSA) has redirected or withheld unspent funds appropriated for Fiscal Year 2025 (FY25) at the direction of the Office of Management and Budget (OMB). Such a move would be unprecedented and introduce more uncertainty into an already fragile behavioral health care system.

Source: MHLG-Letter-to-SAMHSA.pdf



What Happens in a Shutdown?

- Government Services Scaled Back
- Prohibition of New Spending*
- Decision by Agency Heads on Exempted Work

Source: Government Shutdowns and Executive Branch Operations: Frequently Asked Questions (FAQ) | Congress.gov | Library of Congress



HHS Shutdown Plans

Lapse Plan Summary Overview_1

Category / Description	Details / Number of Employees		
Estimated time (to nearest half day) required to complete shutdown activities:	.5 days		
Total number of agency employees expected to be on board before implementation of the plan:	79,717 employees		
Total number of agency employees expected to be furloughed under the plan (unduplicated count):	32,460 employees		
Total number of employees to be retained under the plan for each of the following categories (may include duplicated counts):			
Compensation is financed by a resource other than annual appropriations:	35,096 employees		
Necessary to perform activities expressly authorized by law:	12,206 employees		
Necessary to perform activities necessarily implied by law:	2,654 employees		
Necessary to the discharge of the President's constitutional duties and powers:	1,609 employees		
Necessary to protect life and property:	7,898 employees		

Source: FY 2026 HHS Contingency Staffing Plan | HHS.gov



Reconciliation Bill



Budget Reconciliation







CAN ONLY FOCUS ON FISCAL MATTERS (BYRD BATH)



NOT SUBJECT TO FILIBUSTER



Effects on Medicaid

- Bill cuts approx. \$1 trillion over 10 yrs.
- Biannual eligibility redeterminations
- Work Requirements



Effects on Medicaid Cont'd

- Freeze on Provider Taxes
 - Lowered to 3.5% over 5 years
- Restrict ability of certain immigrants to access coverage and benefits
- Reduced retroactive coverage from 3 months to:
 - 1 month (expansion pop)
 - 2 months (non-expansion pop)



Work Requirements

- States mandated to implement work requirements for 19-64 yr old
- 80 hours/month of approved activities (e.g. work, job training)
- Compliance verified <u>before</u> enrollment and at least <u>every 6 months</u>
 during



Work Requirements Exemptions

- Mandatory Exemptions
 - Participating in drug or alcohol program
 - "Medically frail" (e.g. SUD, "disabling mental disorder", physical or I/DD that impairs 1+ADL, and/or serious or complex medical condition)
 - Parents/Guardians/Caregiver of dependent child(ren) under 14 or person w/disability
 - Released from incarceration in the last 90 days

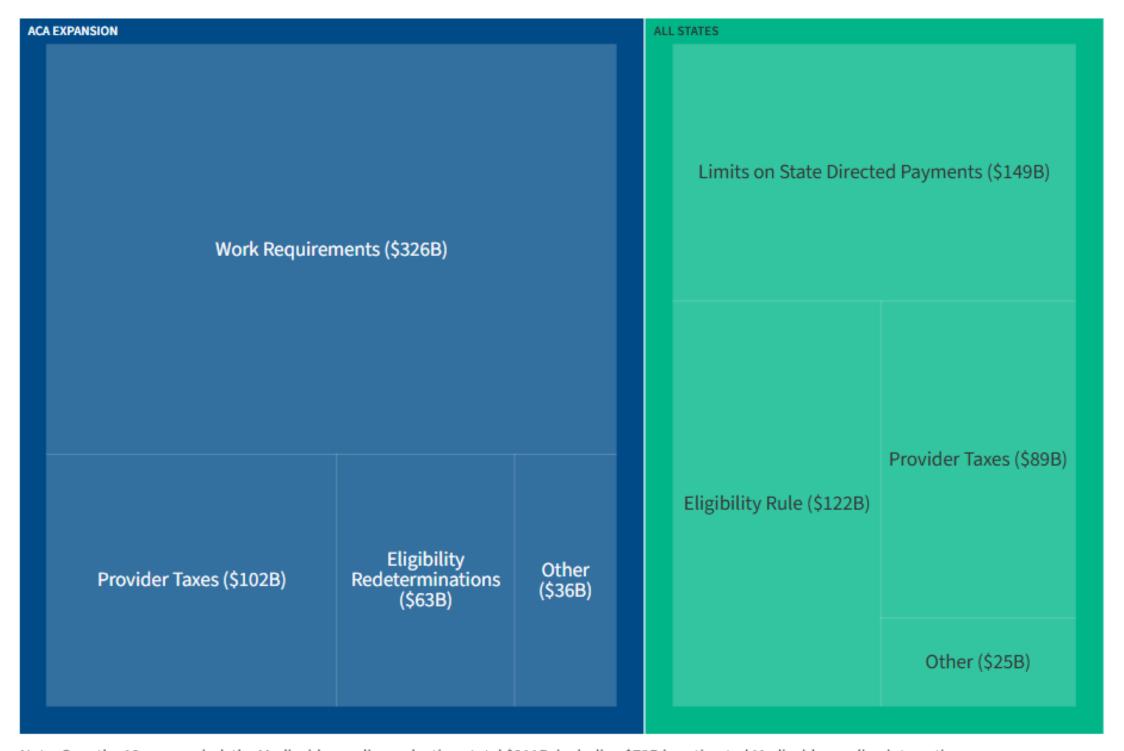


Work Requirements Exemptions Cont'd

- Optional Exemptions (must request "short-term hardship")
 - Receiving inpatient psychiatric care
 - Living in county impacted by disaster
 - Living in county with high unemployment (requires request from state to HHS Sec)



Effects on Medicaid



Note: Over the 10-year period, the Medicaid spending reductions total \$911B, including \$79B in estimated Medicaid spending interactions.

Without accounting for interactions, the total is \$990B. See Methods in "Allocating CBO's Estimates of Federal Medicaid Spending Reductions

Across the States: Enacted Reconciliation Package" for more details.

Source: KFF analysis of CBO estimates of the enacted reconciliation package



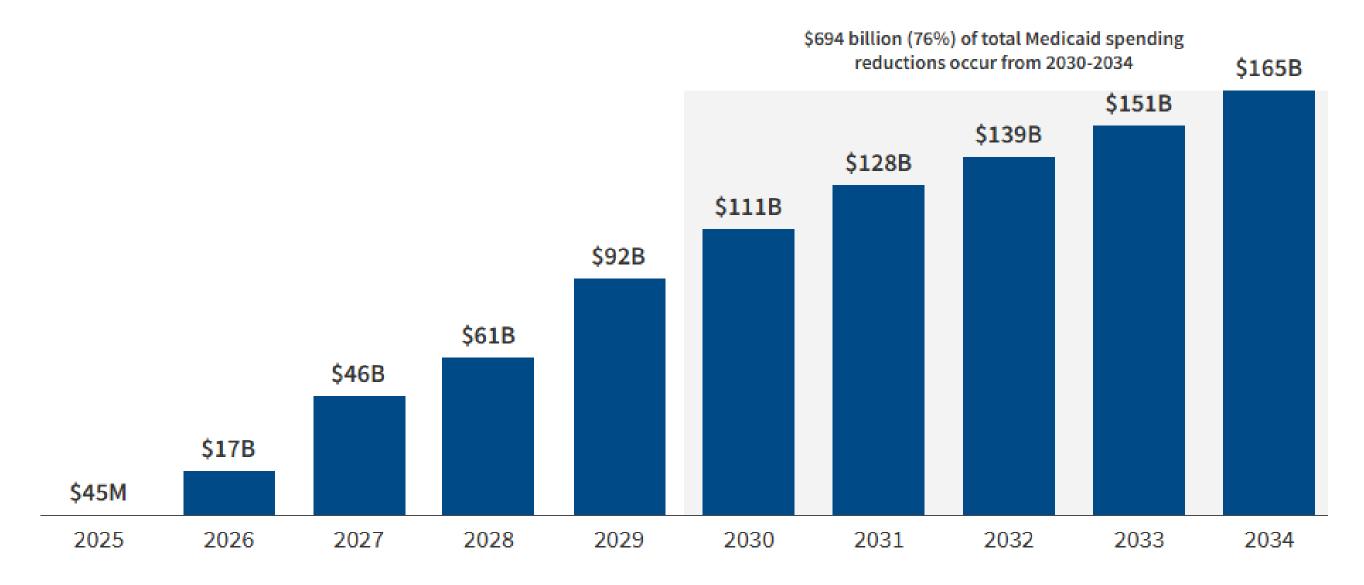
Timeline for Implementation

Effective Date	Provision
October 1, 2026	Limit certain immigrant eligibility for Medicaid & CHIP
January 1, 2027	Limit certain immigrant eligibility for ACA subsidies & Medicare
January 1, 2027	Limit retroactive coverage
January 1, 2027	Redeterminations at least 2x a year
January 1, 2027 (optional 2 yr delay)	Work Requirements (expansion population)
October 1, 2028	Cost-Sharing (expansion populations)
FY 2028-2032	Provider taxes (% reduction)



Medicaid Cuts Over Time

Federal Medicaid Cuts in the Enacted Reconciliation Package, By Year



Note: Estimated interaction effects are included each year. Over the 10-year period, the Medicaid spending reductions total \$911B, including \$79B in estimated Medicaid spending interactions. Without accounting for interactions, the total is \$990B. See Methods in "Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Package" for more details.

Source: KFF analysis of CBO estimates of the enacted reconciliation package • Get the data • Download PNG

KFF



Rural Health Transformation Program

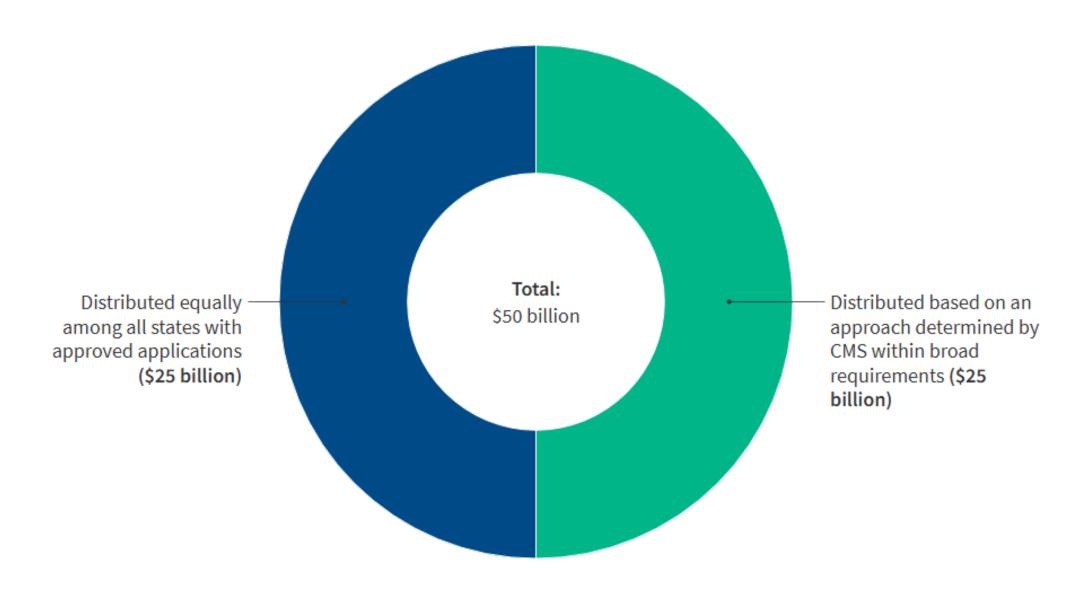
- \$50 Billion Over 5 Years
- Can Fund a Number of Activities
- Applications Just Opened





Rural Health Transformation Program

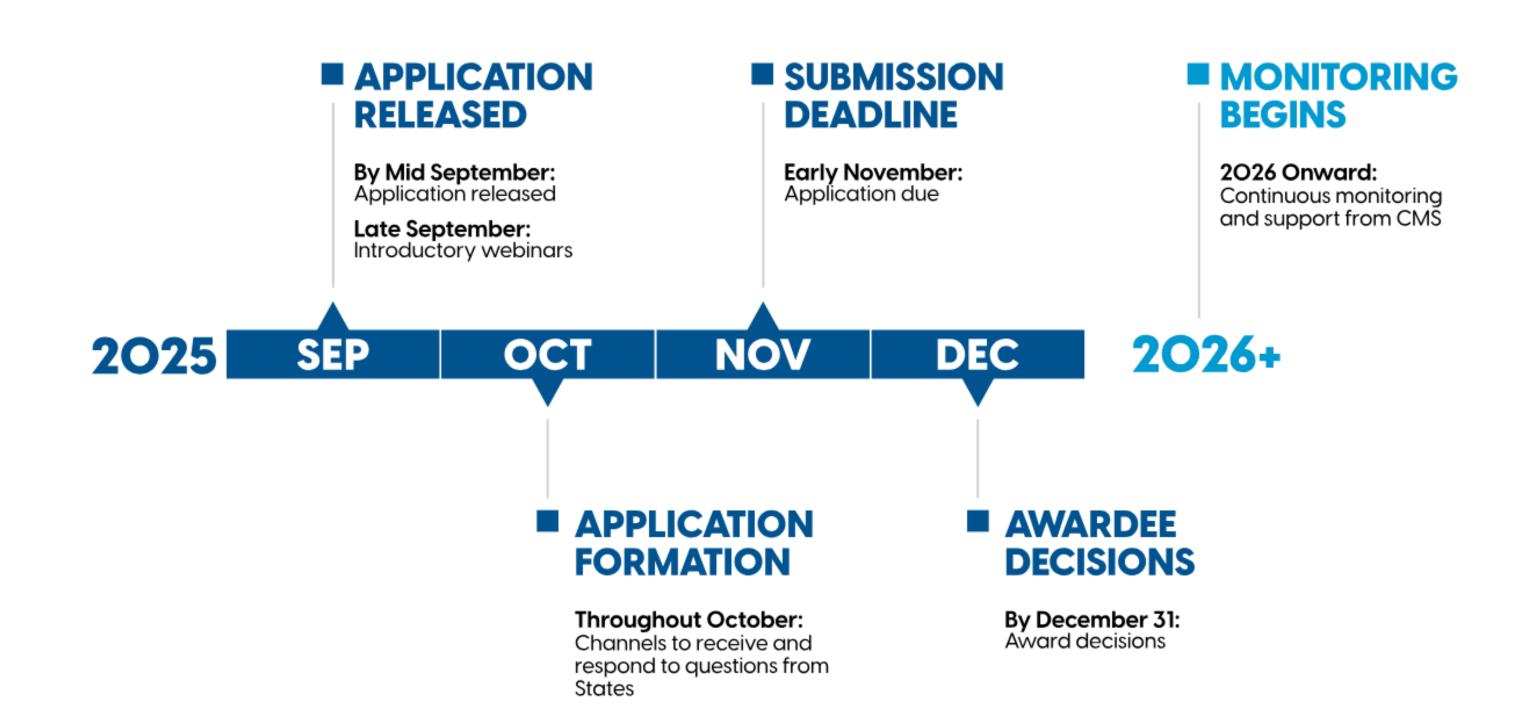
The Rural Health Fund Includes \$50 Billion, With Half to Be Distributed Equally Among States With Approved Applications and Half to Be Distributed Based on an Approach Determined by CMS Within Broad Requirements



Note: The law provides \$10 billion per year through the rural health fund for fiscal years 2026 through 2030, a five-year period. States will be allowed to spend funds that they receive through the end of the following fiscal year, and CMS may be able to redistribute some unused funds over time, but all funds must be spent before October 1, 2032.



Rural Health Transformation Program





Education & Outreach Resources



Resources for Federal Policy

- Congress.Gov
- Regulations.Gov
- Crsreports.Congress.Gov







Legislative and Policy Conference

- Candid Discussions with Policymakers
- "Best Little Meeting in America"
- Use <u>VAxLP20</u> for 20% Off Registration







NACBHDD Education Toolkit

An aid for those seeking to connect with policymakers on the state and federal level with the goal of education and engagement.

BEFORE

BEGIN WITH THE END IN MIND

Q

Start the process with the question "what is the goal of the meeting?" It could be as broad as simply informing them of the work of your organization and trying to build a relationship. Or it could focus on a specific issue or action. Either way start by thinking of the outcome you would like from this meeting.

DO YOUR RESEARCH



Who will you be meeting with? What is their role in policy development? What information would be most helpful during this meeting? By starting with these questions and some quick research you can prepare for a productive meeting.

B)

IDENTIFY RESOURCES & WORK TO HIGHLIGHT

Your work serving the community is multifaceted and it may be difficult to pick specific projects or activities to highlight. When in doubt start with the basics: what you do, who your organization serves, and why it is important to the community.

DU HE HEAD

DURING

REACH THE HEAD, HEART, & FEET

There are two general approaches to sharing information, logical (head) and emotional (heart). Logical appeals include studies, statistics, and background information. Emotional appeals include storytelling, appeals to values, and individual experiences. Both



are valid. Whatever approach you choose, do not forget to have the meeting lead somewhere (feet). In other words, think what the next steps could be and present your information to lead them there.

ENGAGE IN A DIALOGUE

It might be tempting to use all the time in the meeting to share the work of your organization, but a better alternative is to ask questions and learn more about their priorities as well. As you learn more about their priorities you can better calibrate what information and resources may be most helpful.

IDENTIFY THE "WIN-WIN"

It is important to ground ourselves in the fact that all intergovernmental partners are serving their communities. They might have different approaches and responsibilities, but the end goal is the same. What is one small way that you can help them serve their community?

AFTER

FOLLOW UP WITH MATERIALS & RESOURCES



An underappreciated aspect of policymaker education is following up with materials that are referenced in the meeting. Try to send follow-up materials within a week of meeting.

CHECK-IN PERIODICALLY

Relationships take time and effort. If you have a newsletter or communications list, adding them to the distribution list is an easy way to maintain the line of communication.

IDENTIFY AREAS OF COLLABORATION

As your relationship grows with the policymaker there may be ways to work together. Examples include joint events, briefings, and information sharing.





Scan the QR code to view and download the NACBHDD Education Toolkit



NACBHDD Newsletters

- Week in Review
- NACBHDD News
- Periodic Announcements



WEEK IN REVIEW

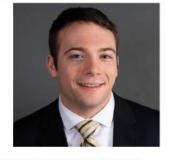
NATIONAL ASSOCATION OF COUNTY BEHAVIORAL HEALTH & DEVELOPMENTAL DISABILITY DIRECTORS



Weekly News & Updates

Welcome to the Week in Review where these short holiday weeks really throw your author for a loop. It's a Friday but feels like a Thursday...or more accurately Blurs-day.

Send your calendar tips as well as relevant mental health, substance use, and I/DD-related news clips to gpennix@nacbhd.org or jcunninghar @nacbhd.org.



In this week's edition we include the latest federal activities including letters from CMS on services for undocumented individuals and gender dysphoria, a webinar from SAMHSA on supporting those with serious mental illness as they shift from child to adult services, and a letter from ranking members in the House and Senate Appropriations Committee on the delay a full budget sent to Congress.

We also highlight a Baltimore program targeting generational poverty, an intriguing snapshot of where SNAP recipients shop, and a new report co-authored by the former NACBHDD President on the correlation between state mental health spending and parity enforcement.



NACBHDD Engagement: Sign On Letters

Farm and Ranch Stress Assistance Network: Letter Requesting Continued Funding - FY26

Coalition for Health Funding: Letter Expressing Concern for President's FY26 HHS Budget

United Science Alliance: Letter Requesting Transparency in HHS Reorganization

Letter Expressing Concern for FY26 HHS Budget Cuts to SAMHSA and ACL

Mid-Email Music Break #1: A song from this one-man band that comes from rock royalty: Mammoth: Don't Back Down

Federa

Gender- Affirming Care

HHS Letter Re: treatment protocols for minors with gender dysphoria

MS Letter: Urgent Review of Quality and ards and Gender Transition

- Gender Dysphoria Report | HHS
- Note: AMA's policy updated in 2024 support gender-affirming care: H-185.927 Clarification of Evidence-Based Gender-Affirming Care | AMA

Government Operations & Oversight Letter to OMB from Ranking Members

Appropriations Re: 2026 Budget

RFK Jr. threatens to bar government scientists from publishing in leading medical journals - POLITICO

CMS Letter: Ending Taxpayer Subsidization of Open Borders

Funding Cuts

Trump Has Cut Science Funding to Its Lowest Level in Decades - The New York

The USDA Ended a Program That Helps Tribes Get Healthy Food — ProPublica

White House plans — at last — to send some DOGE cuts to Hill - POLITICO

Disarray at Department of Veterans Affairs imperils patient care, internal documents reveal | US military | The

Upcoming Events

6/17 Webinar: Supporting Young Adults
Experiencing Early Serious Mental
Illness in the Shift from Child to Adult
Mental Health Services

Mid-Email Music Break #2: One of my absolute favorites from the same artist that is a mainstay of my "Gym Jamzz" playlist: Mammoth – Another Celebration at the End of the World

State Updates

NC: Scathing report details NC's involuntary commitment problem - NC Health News

CO: https://coloradosun.com/2025/05/26 /colorado-dyslexia-screening-bill

NH: State, hospitals settle lawsuit over Medicaid tax | New Hampshire Public Radio

NC: https://www.northcarolinahealthnew s.org/2025/05/28/house-budget-reduceshhs-positions-tweaks-medicaid-funding

MD: Opinion | Baltimore program shows how to fight generational poverty - The TX: POLITICO Pro | Article | "We're not waiting for permission": Texas puts \$50 million into studying psychedelics

CA: How San Francisco is changing its response to drug addiction - Axios San Francisco

AZ: In Arizona County That Backed Trump, Conflicted Feelings About Cutting Medicaid - KFF Health News

MN: Southern Minnesota sober house for veterans opens | MPR News

NH: 'No surprise' ambulance billing could be on the way for Granite Staters | New Hampshire Public Radio

Mid-Email Music Break #3: A song that has been on repeat recently: Mariah The Scientist Burning Blue

Partners

National Alliance for Caregiving: The Invisible Workforce; How Medicaid Work Requirements Overlook the Lahor of Family Caregiving

Trust For Americas Health: Pain in the Nation 2025: The Epidemics of Alcohol, Drug, and Suicide Deaths. TEAH

Policy Center for Maternal Health: State Report Cards

Interesting Reads

Economy

SNAP Shopper Scorecard - Numerator

U.S. Debt Is on Pace to Set a Record High, Going All the Way Back to 1790 -The New York Times

A Medicaid Patient Had a Heart Attack While Traveling. He Owed Almost \$78,000 - KFF Health News

Funding

Bill With Billions in Health Program Cuts Passes House - KFF Health News

Funding for 988 Crisis Line Holding Steady for Now | MedPage Today

Vour pain is real put so is hope up to is ho

Mental Health Crisis Understanding, treating and managing bipolar disorder: Short Wave: NPR

Mental Health

Why Pilots Don't Get Therapy - The Atlantic

Former Surgeon General says Congress

has failed to protect children's mental

May 25 - Lost & Lonely: America's

Other

We the People: Civic Engagement in a Constitutional Democracy | Harvard University

Medical errors are still harming patients.

Al could help change that.

Where Have All My Deep Male Friendships Gone? - The New York Times



THANK YOU

- jcunninghamenacbhd.org
- NACBHDD.org

