

## Where We Stand:

NAMI believes that health insurance should provide comprehensive mental health and substance use disorder coverage without arbitrary limits on treatment. NAMI opposes block grants or per capita caps in Medicaid, which impose financing limits that jeopardize coverage and services for individuals with mental health conditions.

## Why We Care:

Access to health insurance coverage is essential for people with mental illness to access mental health care and successfully manage their condition. Medicaid is a lifeline for tens of millions of Americans as the nation's [largest](#) payer of mental health condition and substance use disorder (MH/SUD) services, and [nearly 40%](#) of nonelderly adults covered by Medicaid have a MH/SUD. Through Medicaid coverage, people with mental health conditions can access critical services like psychotherapy, inpatient treatment, prescription medications, and crisis care.

Currently, the federal government pays for a set percentage of each state's total Medicaid costs. This structure allows federal funding to grow or shrink based on need; if Medicaid enrollment increases or health care costs rise, federal funding scales up accordingly. Restructuring how Medicaid is funded — through either block grants to states or per capita caps — would create barriers for the millions of Americans who rely on Medicaid, including many people with mental health conditions, as well as pregnant women, children, people with disabilities, working families, and veterans.

Block grants impose a cap on the total amount of federal funding for each state's Medicaid program, and per capita caps are a fixed amount of funding per person enrolled in Medicaid, regardless of real health care costs. Both options would limit states' ability to keep pace with growth in enrollment and health care costs. If enrollment goes up or costs increase, states would be responsible

for 100% of all Medicaid costs above the cap/block grant. These costs may add up quickly due to population growth, a recession (when people lose their jobs and also their employer-sponsored coverage), or other events, like a pandemic or natural disaster.

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Most states are required to have a balanced budget. Faced with federal spending cuts due to caps or block grants, states may be forced to reduce the level of benefits, eliminate services, pay providers less, or restrict eligibility to balance their budget. Any of these changes could result in people with mental health conditions losing their coverage or access to some [optional](#) services and benefits, such as inpatient psychiatric services for youth, psychotherapy, or prescription medications. Sadly, when people do not get the treatment they need, they can end up in jail, emergency rooms, or homeless.

Over the past 40 years, Congress has repeatedly rejected efforts to block grant the Medicaid program — in 1981, 1995, 2004, and 2017. NAMI opposes policies that impose block grants or per capita caps that jeopardize coverage and services for people with mental health conditions.

To learn more about NAMI's work on this issue, visit [www.nami.org/Advocacy/Policy-Priorities](http://www.nami.org/Advocacy/Policy-Priorities)