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April 2, 2026

The Honorable Aaron Michlewitz
Chair, House Committee on Ways and Means
24 Beacon Street, Room 243
Boston, MA 02133

The Honorable Michael Rodrigues
Chair, Senate Committee on Ways and Means
24 Beacon Street, Room 212
Boston, MA 02133

Re: Behavioral Health Priorities in the FY27 State Budget

Dear Chair Michlewitz, Chair Rodrigues, and Honorable Members of the Joint Committee on Ways and Means:

On behalf of the Massachusetts Association for Mental Health (MAMH), thank you for your commitment to protecting the health and well being of the Commonwealth's most vulnerable residents, including people with mental health and substance use conditions and their families.

Formed over a century ago, MAMH is dedicated to promoting mental health and well being, while preventing behavioral health conditions and associated disability. We are committed to advancing prevention, early intervention, effective treatment, and research for people of all ages. We seek to eliminate stigma and discrimination and advance full inclusion in all aspects of community life. This includes discrimination affecting not only people with behavioral health conditions, but also people who face unequal burdens and barriers to the protections and benefits of citizenship due to their race, ethnicity, gender identity, or disability status. MAMH has a demonstrated track record of furthering its mission by convening stakeholders across the behavioral health and public health communities; disseminating emerging knowledge; and providing subject matter expertise. It is the voices of those stakeholders, particularly those who live with mental health and substance use conditions, that we lift up in writing to you about the FY27 State Budget.

We recognize that Massachusetts is confronting significant fiscal challenges with sharp declines in federal revenue. We also realize that the Joint Committee on Ways and Means will need to make some very difficult choices. We urge you to please prioritize behavioral health as an essential component of the health care continuum in the coming weeks and months. Not only is investment in behavioral health critical to the health and lives of some of the Commonwealth's most vulnerable residents, but it is also judicious during these difficult fiscal times. Investing in community behavioral health services helps to avoid unnecessary and avoidable acute health care costs – such as hospitalizations and emergency department (ED) boarding – and societal costs like homelessness and criminal legal involvement.

In your budget deliberations, we respectfully ask you to prioritize (in summary):

Department of Mental Health: Rental Subsidy Program (DMH RSP)

- **$23,498,512 for HLC 7004-9033, a $7M increase over H2**

Department of Mental Health: Jail/Arrest Diversion Program (DMH JDP)

- **$694,676,424 for DMH 5046-0000, a $15M increase over H2, and a $19M earmark for the jail diversion program**

Department of Mental Health: Child and Adolescent Services

- **$140,848,638 for DMH 5042-5000, a $4.180M increase over H2**

Middlesex County Restoration Center

- **$157,714,202 for EOHHS 4000-0300, a $1.5M increase over H2, and a $1.5M earmark for the continuation of a pilot program to establish a county restoration center and program**

MassHealth Accountable Care Organization (ACO) Care Management Reduction - 50% Reduction in Funding for Care Management and Elimination of the Requirement that MassHealth ACOs contract with Behavioral Health Community Partners (BH CPs) by July 1, 2026

- **MAMH urges the Legislature to actively influence MassHealth to issue guidance to ACOs and initiate consumer protections to ensure people with behavioral health conditions and their families continue to have their care management needs met during and after this transition**

OPPOSE: Section 48 Bureau of Substance Addiction Services Payor of Last Resort

Department of Mental Health: Rental Subsidy Program (DMH RSP)

- **$23,498,512 for HLC 7004-9033 (DMH Rental Subsidy Program), a $7M increase over H2**

The Department of Mental Health (DMH) Rental Subsidy Program (RSP) provides rental vouchers for over 2,500 DMH clients to live in studio and one-bedroom apartments in the community with DMH clinical and tenancy supports.[i] DMH clients cover between 30% - 35% of the rent, and the rental vouchers cover the rest. We note that this is essential, as most DMH clients depend on SSI or SSDI payments that on average hover around $1,000 per month, while average rent in Massachusetts is $2,360 per month for a studio apartment.[ii]

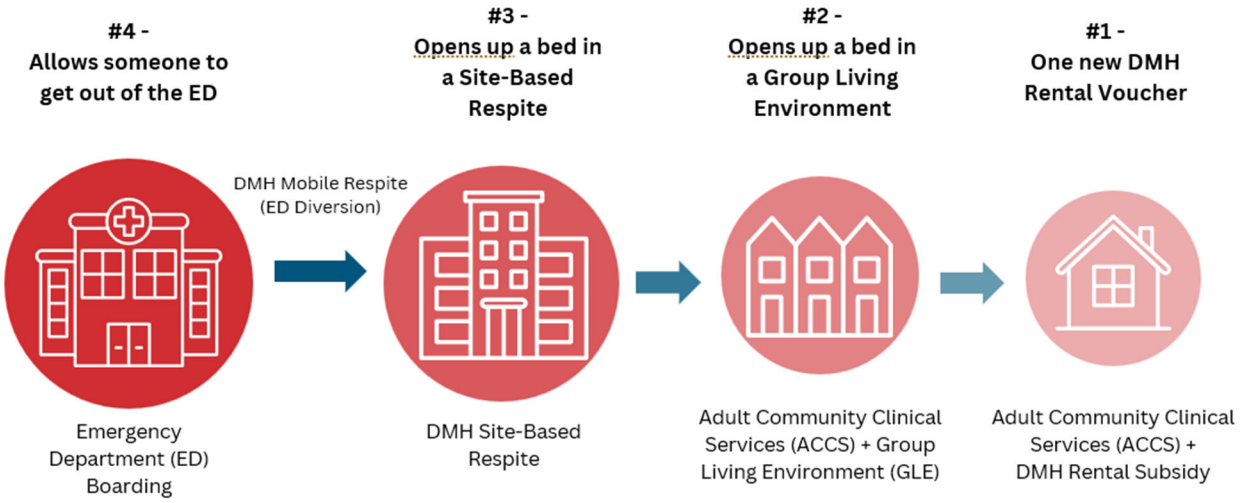
On July 8, 2025, due to the absence of any new net FY26 funding, DMH implemented a "pause" in the use of the RSP, seeking to shrink the program through attrition by not accepting any new DMH RSP clients. The Department prohibited their contracted community-based providers from backfilling any vacated units and instructed them to terminate leases that prior to the pause were refilled with DMH clients waiting in hospitals and homeless shelters for housing.[iii] Community behavioral health providers had spent years building trust with landlords and fighting the stigma that unfortunately persists surrounding people with disabling mental health conditions to secure and maintain these units. Unfortunately, over 120 leased units have already been lost since July 2025. DMH is currently making an administrative change to covered expenses in the RSP accounts in an effort to lift the pause in FY26.

The Healey Administration carried forward this problem in the DMH Rental Subsidy Program in its FY27 state budget proposal (H2). To maintain the same number of clients served by the DMH RSP in FY27, DMH needs a total budget of $49M for the program. However, there is only approximately $42M in H2 ($14.5M DMH 5046-0000 + $6M DMH 5047-0001 + $5 DMH Trust Fund + $16.5 HLC 7004-9033). MAMH is requesting $23,498,512 for HLC 7004-9033 (DMH Rental Subsidy Program) in the FY27 state budget, a $7M increase over H2. If this additional $7M is not included, an estimated 250-300 *more* DMH vouchers will be lost in FY27.

Not only does the $7M shortfall harm DMH clients who are currently ready to move into a studio or one bedroom apartment with a rental voucher, but it also clogs and costs the system. For instance, when an individual moves out of a DMH Group Living Environment (GLE) into an apartment with a DMH rental subsidy voucher, a space opens in that GLE that can then be used to accept a new patient stepping down from a higher level of care, like an emergency department (ED) or a psychiatric inpatient hospital bed. If no new individuals can get a rental subsidy voucher, this halts movement throughout the system. The Commonwealth will have to absorb the costs of more expensive (and unnecessary) acute care.

Massachusetts already has 232 adult behavioral health patients boarding in EDs and medical-surgical units.[iv] In February 2026, DMH also reported that 73 patients (or one out of 10 patients) in DMH continuing care hospitals have been approved for discharge but are "stuck" because of the lack of DMH community placements and the fact that these patients cannot safely be discharged without housing, treatment, and supportive services.[v] The DMH RSP is one of the state's most cost-effective tools. The DMH RSP is one of the state's most cost-effective tools. The average cost of a DMH rental voucher to the Commonwealth is about $1,300 per month.[vi] In contrast, the average cost of a DMH hospital inpatient stay (room and board only) to the Commonwealth is about $1,300 or more per day.[vii]

Figure 1: DMH rental vouchers open up placements and create movement across the entire behavioral health system, moving DMH clients from costly, acute levels of care to community-based care



We urge you to fund HLC 7004-9033 (DMH Rental Subsidy Program) at $23,498,512 in the FY27 state budget, a $7M increase over H2, to ensure the Commonwealth does not lose an additional 250-300

DMH vouchers in FY27. The Commonwealth can't afford to lose community-based, affordable housing for 250-300 people living with disabling mental health conditions amid these incredibly challenging fiscal times.

Department of Mental Health: Jail/Arrest Diversion Program (DMH JDP)

- **$694,676,424 for DMH 5046-0000 (DMH Adult Services and Supports), a $15M increase over H2, and an earmark that reads: "provided further, that not less than $19,000,000 shall be expended for the jail diversion program;"**

Through the Massachusetts Jail/Arrest Diversion Program (JDP), the Department of Mental Health (DMH) provides grants to local communities and behavioral health providers to improve outcomes for individuals experiencing behavioral health crises when they encounter police and other first responders. Funding primarily supports co-response programs, which embed a clinician in a police department, and Crisis Intervention Training (CIT) for personnel from local police departments.

In FY26, DMH distributed grants to 122 municipalities and behavioral health providers across the state. Data clearly show that this program makes a difference. In FY24, the DMH JDP saved the state over $47M by diverting 3,552 people from arrest, 888 people from incarceration, and 7,743 people from emergency departments (EDs).[viii] The Governor's FY27 budget proposal (H2) only includes $4M for the DMH JDP. An additional $15M, totaling $19M in funding for the program in FY27, would be level funding with the FY26 GAA to help preserve and protect the important progress of the DMH JDP. Cutting this program is nonsensical. The DMH JDP supports people in behavioral health crises, is highly valued by police departments, and saves the Commonwealth money during these challenging fiscal times.

Figure 2: FY24 estimated cost savings from the DMH JDP by diversion activities (Figured copied from the DMH Jail and Arrest Diversion Program: FY2024 Annual Report)[ix]

# of Arrest Diversions	# Incarceration Diversions	#Emergency Department Diversions
3552 estimated diversions x $7,169 (per incident)	888 estimated diversions x $5,650 (per incident)	7743 estimated diversions x $2,188 (per incident)
$25,464,288	**$5,017,200**	**$16,941,684**

FY24 Total Estimated Cost Savings = $47,423,172

Department of Mental Health: Child and Adolescent Services
$140,848,638 for DMH 5042-5000 (DMH Child and Adolescent Services), a $4.180M increase over H2

The Governor's FY27 budget proposal (H2) includes $4.180M in cuts to three programs for children and adolescents with serious emotional disturbance and significant behavioral health needs:

- $2.3M cut to DMH Flexible Support Services – Flexible Support Services are prevention-oriented, community-based, individualized supports for youth to prevent out-of-home placements (like

residential treatment). They include clinical services, therapeutic support, young adult peer mentoring, and parent/caregiver peer support. Flexible Support Services also include Emergency Department (ED) Diversion teams. These teams provide clinical support in the community to youth in crisis to help reduce unnecessary ED visits. As of February 2026, there were still 39 pediatric behavioral health patients boarding in Massachusetts EDs and medical-surgical units.[x] If the Commonwealth cuts Flexible Support Services including ED Diversion Teams, we will never fully address ED boarding and will unravel the progress already made to reduce boarding cases.

- $1M cut to Intensive Home-Based Therapeutic Care (IHBTC): IBHTC is teams of behavioral clinicians, occupational therapists, young adult peer mentors, outreach workers, family partners, and psychiatrists that work with youth with some of the most complex needs in their homes and communities to prevent or shorten the need for out-of-home treatment. MAMH with the Children's Mental Health Campaign has been told that these cuts were made to reflect current utilization. However, we know from the Governor's FY26 budget proposal (H1) and the proposed cuts to Intensive Residential Treatment Programs (IRTPs) that vacancies aren't a reflection of lack of need. Rather, they point to systemic problems like administrative hurdles, lack of communication, and silos between providers, state agencies, and families.
- $880K cut to Therapeutic Day Services: Therapeutic Day Services are after school supports for youth with some of the most intensive needs and their working parents/caregivers. Again, we have been told that this cut relates to vacancies in the program. In these cases, often a lack of transportation between the school and the after school program is the culprit. There is certainly demand for youth to participate in after school supports, including recreational and skill building activities and clinical services in structured programs. Instead of cutting these dollars, the Commonwealth should address these non-clinical hurdles so youth can get needed services.

Middlesex County Restoration Center

$157,714,202 for EOHHS 4000-0300 (EOHHS and Medicaid Administration), a $1.5M increase over H2, and an earmark that reads: "provided further, that not less than $1,500,000 shall be transferred to the Criminal Justice and Community Support Trust Fund established in section 2QQQQQ of chapter 29 of the General Laws for the continuation of a pilot program to establish a county restoration center and program overseen by the restoration center commission in the former Middlesex county established in section 225 of chapter 69 of the acts of 2018 to divert persons suffering from mental illness or substance use disorder who interact with law enforcement or the court system during a pre-arrest investigation or the pre-adjudication process from lock-up facilities and hospital emergency departments to appropriate treatment;"

On March 31, 2026, Vinfen with Spectrum Health Systems launched the Greater Lowell Restoration Center, known as the Middlesex County Restoration Center during its planning stages.[xi] Its launch represents the culmination of a thoughtful and intensive planning process by the Executive Office of Health and Human Services (EOHHS) and the Middlesex County Restoration Center Commission established by the Massachusetts General Court. The Restoration Center expands community capacity for mental health and substance use treatment and support ongoing law enforcement diversionary efforts across New England's most populous county. Law enforcement can now bring people needing mental health and substance use treatment to the Center, diverting them from costly and traumatic stays in hospitals and jails. Ambulances can now drop people off at the Center as diversion from busy

hospital EDs, providing a direct alternative to costly ED boarding and acute inpatient admissions. The Restoration Center offers behavioral health crisis assessment, intervention, and stabilization; care coordination with individuals' behavioral and medical care providers; connections to peer specialists and recovery coaches; connections to offsite detox for substance use; a 10-bed Respite Care Program for short-term admissions; sober support for individuals who are intoxicated; and peer-led Living Room services with access to case management, showers, and laundry.

MassHealth Accountable Care Organization (ACO) Care Management Reduction - 50% Reduction in Funding for Care Management and Elimination of the Requirement that MassHealth ACOs contract with Behavioral Health Community Partners (BH CPs) by July 1, 2026
POSITION: MAMH urges the Legislature to actively influence MassHealth to issue guidance to ACOs and initiate consumer protections to ensure people with behavioral health conditions and their families continue to have their care management needs met during and after this transition

The Executive Office of Health and Human Services (EOHHS) and MassHealth are understandably looking for areas of savings given intense fiscal pressures. They are convening workgroups of stakeholders to explore reforms for Personal Care Attendants (PCAs), Adult Day Health, and Pharmacy Benefits.[xii] However, they have decided to cut funding for MassHealth Accountable Care Organization (ACO) care management in half and no longer require MassHealth ACOs to contract with Behavioral Health Community Partners (CPs) by July 1, 2026. MAMH is frustrated by the lack of process and stakeholder input for this significant reduction in behavioral health care management. It seems that behavioral health is being treated differently, that is, without adequate stakeholder input, deliberation, or planning.

Even more concerning is the lack of direction to ACOs for managing the reduction to limit negative impacts on clients. To MAMH's knowledge, EOHHS and MassHealth have not issued guidance to ACOs to ensure that the most vulnerable people and families who depend on Behavioral Health Community Partners for care management continue to have their needs met during and after this transition. We are also not aware of any consumer protections that MassHealth instituted or required of ACOs such as mandatory continuity-of-care policies for high-need members, clear communication with members about changes in services and potential alternatives, and authorization of services for longer periods to ease transitions.

At this time, we urge the Legislature to put pressure on MassHealth to issue guidance to ACOs and initiate consumer protections for behavioral health care management. Without adequate care management services, these MassHealth members be more likely to struggle to navigate the medical, behavioral health, and long-term services and supports systems; utilize emergency departments (EDs) and inpatient care; and experience homelessness and housing instability. All 36,000 individuals in the Community Partners program are vulnerable; they are in the program because they have some of the highest behavioral health and long-term services and supports needs. They deserve a thoughtful process and adequate timeline to ensure transition planning and continuity of care.

OPPOSE: Section 48 Bureau of Substance Addiction Services Payor of Last Resort

Section 48 would amend Massachusetts statute that mandates payment for substance use treatment services by the Bureau of Substance Addiction Services (BSAS) for people who are uninsured and underinsured. We understand that the Governor proposed this Outside Section to amend BSAS payor of last resort policies in light of the challenging fiscal environment. However, MAMH believes that failing to pay for the treatment of people with substance use conditions who are uninsured or underinsured is NOT the way for our Commonwealth to address the problem of decreasing revenues. The Commonwealth does need to make difficult choices, but this Section attempts to balance the budget on the backs of people who are the most vulnerable. We believe people with limited means should continue to receive support for treatment from BSAS for their substance use conditions. This includes acute treatment services, clinical stabilization services, treatment for civilly committed (Section 35), youth stabilization, transitional support services, co-occurring enhanced residential, co-occurring capable residential, family residential, 2nd offender residential, youth residential, opioid treatment programs, outpatient treatment, and the Massachusetts Impaired Driver Program. Please note, we are not advocating for the Commonwealth to pay for care for people who have commercial insurance that should be keeping with parity laws for substance use treatment.

Thank you for your consideration of this letter and hard work to protect the health and welfare of the most vulnerable residents of the Commonwealth. If we can provide any additional information or serve as a resource to your work, please do not hesitate to contact us.

Sincerely,

Danna Mauch, PhD
President and CEO

Jessica Larochelle, MPH
Director of Public Policy and Government Relations

Kate Alicante, MPH
Associate Director of Public Policy and Government Relations

cc: The Honorable Ronald Mariano, Speaker, Massachusetts House of Representatives
The Honorable Karen Spilka, President, Massachusetts Senate

[i] MA Department of Mental Health. Department of Mental Health Rental Subsidy Program (DMH RSP) fact sheet. March 2026.
[ii] Apartments.com. Rental Market Trends in Massachusetts. Available at: https://www.apartments.com/rent-market-trends/ma/
[iii] MA Department of Mental Health. DMH Rental Subsidy Program Budget Constraints and Suspension of New Leasing Activities. 20 October 2025.

[iv] Massachusetts Health and Hospital Association. Capturing a Crisis: Behavioral Health Boarding Reports. February 2026. Available at: https://www.mhalink.org/bhboarding/.
[v] MA Department of Mental Health. Section 114 Report – February 2026. Available at: https://www.mass.gov/info-details/section-114-reports.
[vi] MA Department of Mental Health. Department of Mental Health Rental Subsidy Program (DMH RSP) fact sheet. March 2026.
[vii] MA Department of Mental Health. FY26 Facility Chargebooks. Available at: https://www.mass.gov/lists/hospital-price-transparency.
[viii] MA Department of Mental Health. DMH Jail and Arrest Diversion Program: FY2024 Annual Report. Available at: https://www.mass.gov/doc/2024-jail-diversion-annual-report/download.
[ix] MA Department of Mental Health. DMH Jail and Arrest Diversion Program: FY2024 Annual Report. Available at: https://www.mass.gov/doc/2024-jail-diversion-annual-report/download.
[x] Massachusetts Health and Hospital Association. Capturing a Crisis: Behavioral Health Boarding Reports. February 2026. Available at: https://www.mhalink.org/bhboarding/.
[xi] Vinfen. Coming in 2026: The Restoration Center of Greater Lowell. Available at: https://vinfen.org/services/restoration-center/.
[xii] Executive Office of Health and Human Services (EOHHS). FY27 H2 Budget Overview. 28 January 2026.