



STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES

6th FLOOR, ANDREW JACKSON BUILDING
500 DEADERICK STREET
NASHVILLE, TENNESSEE 37243

BILL HASLAM
GOVERNOR

E. DOUGLAS VARNEY
COMMISSIONER

February 12, 2016

The Honorable Bill Haslam, Governor
State Capitol
Nashville, Tennessee 37243

Dear Governor Haslam:

This letter serves as the annual report as required by TCA 9-4-5404 pertaining to the Federal Block Grants under the purview of the Federal Block Grant Review Act of 1994. The time period covered by this letter extends from July 1, 2014 to June 30, 2015. The Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) receives two Block Grants administered through the Substance Abuse and Mental Health Services Administration (SAMHSA), an agency of the Federal Department of Health and Human Services as follows: the Substance Abuse Prevention and Treatment Block Grant (approximately \$27M) and the Mental Health Services Block Grant (approximately \$8.5M).

Block Grant dollars provide support for individuals diagnosed with serious mental illness, children diagnosed with serious emotional disturbance, and individuals diagnosed with substance abuse disorders. The Substance Abuse Prevention and Treatment Block Grant is designed to pay for direct services not covered by insurance or other third party payor for the treatment and prevention of substance abuse disorders. The Mental Health Services Block Grant is designed to pay for mental health services not covered by insurance and other third-party payors. For the preponderance of Mental Health Services Block Grant expenditures, services are ancillary and not the direct counseling and psychiatric care presently covered by TennCare and other third-party payor.

The United States Congress, the President, and SAMHSA establish allocations and priority service areas for the expenditure of federal Block Grant funding. A plan for Block Grant spending is submitted every two years by TDMHSAS to SAMHSA and reports are submitted annually to SAMHSA regarding the utilization of Block Grant dollars from the prior fiscal year.

TDMHSAS administers a Regional and Statewide Council system that acts in an advisory and advocacy capacity to the Commissioner and the Governor and conducts an annual needs assessment (by Region for each of the seven planning regions) pertaining to the mental health and substance abuse service delivery system in Tennessee. Needs are then prioritized, approved by the Statewide Council, and submitted to the Commissioner and staff of TDMHSAS. Regional and statewide data are provided to the Councils by means of data books, prevalence estimates, geographic differences and comparisons, and trend analysis to ensure that adequate information is available to the Councils for the accurate assessment of need.

Following the completion of the needs assessment, TDMHSAS constructs the Three-year Plan and conducts Block Grant planning and contracting, based on need, the Customer Focused Government Goals for the year, existing programming, and funding availability. In many cases, programming is funded through a combination of Block Grant and State funding, or Block Grant and federal discretionary funding (other grant initiatives funded through federal dollars).

As required by TCA 9-4-5403, the following principles for the time period aforementioned have received the attention of TDMHSAS staff and leadership:

1. Minimizing harmful impacts on current programs, current and potential recipients of assistance, local governments, nonprofit agencies and the state economy;

For FY2015, Block Grant funding was essentially steady or had increased from years prior. Programs pertaining to screening and early intervention were added as the result of Congressional action. Any harmful impact was mitigated by a focus on partnership with TennCare, the judicious use of Behavioral Health Safety Net funds, and the use of high impact low cost recovery-oriented services and supports.

2. Ensuring formal and informal participation of concerned citizens, regulated industry or other entities, environmental groups, religious organizations, nonprofit agencies and service providers and their clients/customers and board members and local government officials in proposed reorganizations and new priority decisions, so that their experience may be used creatively by state decision makers;

The Regional and Statewide Council system is comprised of service recipients and family members of recipients, providers, advocates and interested persons. Federal law also mandates a number of related-agency staff members who are appointed to the Statewide Council by virtue of the office held. The Regional Council system feeds information to the Statewide Council for deliberation and consideration. Also, there is input from non-members who regularly attend meetings from managed care organizations, and trade organizations serving consumers, substance abuse providers and organizations, and mental health providers and organizations. All Plans and Reports submitted to the Governor, State Legislature and the federal government are reviewed, edited, and endorsed by the Council.

3. Providing the above-referenced groups and categories of citizens with full and prompt access to information on new policy and funding and program organization related to block grants and federal devolution of authority.

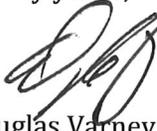
Information is made readily available by attendance of Planning staff at each Regional and Statewide meeting; an executive staff report that is updated monthly with TDMHSAS activities and projects and then published and distributed to a universal mailing list; the posting of all plans, reports, news releases, funding resources, and data resources on the TDMHSAS website; and an update provided at each Statewide Council meeting quarterly.

Program purchases made by Block Grant dollars are reviewed and carefully managed. They include: programming for children's services; early intervention and prevention services for substance abuse programs; evidence-based early intervention programming for young people experiencing a first episode of psychosis; peer-to-peer services; suicide prevention; screening for youth who are involved in the criminal justice system; support for older adults; support for individuals transitioning out of or into different living situations; support for recovery courts; and in-home services for at-risk pregnant and post-partum women, to name a select few.

There is the anticipation of increased Block Grant allocations for coming years and, with it, a sustainable expansion of the programs that are presently wholly funded, or funded in part, by Block Grant dollars.

Should you have questions, please feel free to call me at 615-532-6503.

Sincerely yours,



E. Douglas Varney, Commissioner

cc: Senator Randy McNally, Chair, Finance, Ways and Means Committee of the Senate
Representative Charles Sargent, Chair, Finance, Ways and Means Committee of the House of Representatives
Senator Rusty Crowe, Chair, Health and Welfare Committee of the Senate
Representative Cameron Sexton, Chair, Health Committee of the House of Representatives
Senator Steve Southerland, Chair, Energy, Agriculture and Natural Resources Committee of the Senate
Representative Curtis Halford, Agriculture and Natural Resources Committee of the House of Representatives;
Rick Nicholson and Cathy Higgins, Legislative Office of Budget Analysis
Kurt Hippel, TDMHSAS Director of Legislation