



Substance Abuse and Mental Health  
Services Administration

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Dear State Authority for Mental and Substance Use Disorders:

As the COVID-19 pandemic continues to impact the nation, many individuals with existing or newly developing substance use and mental disorders are facing significant stressors.

Accordingly, treatment providers are seeing increases in the demand for access to services while the healthcare workforce is being stretched thin. Additionally, individuals who have lost their employment, and the insurance tied to that employment, may result in the SAMHSA block grant funding being more important than ever in assisting states with funding their substance use and mental disorder programs.

SAMHSA recognizes that COVID-19 may have also impacted your state through an economic downturn due to the loss of tax revenue and employment during the past almost two years. Based on current economic data, we understand that many states are not generating normal levels of tax revenue. Additionally, critical services in the behavioral health field may have been impacted over the past two years, such that it is expected that states will have spent less money overall on services this year, which may create additional maintenance of effort (MOE) shortfall considerations. If this is the case, it may be possible that your state will be unable to fulfill your MOE requirement this year.

#### Extraordinary Economic Circumstances Waiver

For both the Substance Abuse Prevention and Treatment Block Grant (SABG) and the Mental Health Block Grant (MHBG) there is a regulatorily defined process that allows for the consideration of a MOE waiver for any state that experiences extraordinary economic circumstances in a state fiscal year:

Upon the request of a State, the Secretary may waive all or part of the requirement established in subsection (a) if the Secretary determines that extraordinary economic conditions exist in the State, or any part of the State, to justify the waiver.

1930(c)(1), Public Health Service Act (42 USC 300x-30(c)(1)) [SABG MOE waiver provision]

The Secretary may, upon the request of a State, waive the requirement established in paragraph (1) in whole or in part if the Secretary determines that extraordinary economic conditions in the State in the fiscal year involved or in the previous fiscal year justify the waiver.

1915(b)(3)(A), Public Health Service Act (42 USC 300x-4(b)(3)(A)) [MHBG grant MOE waiver provision]

The Interim Final Rule implementing subparts II and III, part B, title XIX of the Public Health Service Act defines extraordinary economic conditions as “[a] financial crisis in which the total tax revenue declines at least 1.5 percent **AND** either unemployment increases by at least 1 percent, **OR** employment declines by at least 1.5 percent.” (45 CFR 96.134(b)).

#### Public Health Emergency Waiver

SAMHSA will again consider requests from states who do not meet the extraordinary economic conditions waiver requirements under 45 CFR 96.134(b) but may qualify through a Public Health Emergency Waiver. This process is based on SAMHSA’s public health emergency (COVID-19) waiver authority under section 1957 of the Public Health Service Act (42 USC 300x-67), which provides in pertinent part:

In the case of a public health emergency (as determined under section 319), the Secretary, on a State by State basis, may, as the circumstances of the emergency reasonably require and for the period of the emergency, grant an extension, or waive application deadlines or compliance with any other requirement, of a grant authorized under section 1911, or 1921.

Additional information will be forthcoming shortly with specific instructions on how a waiver request will be considered under either the Extraordinary Economic Circumstances Waiver or, for those states that do not qualify for economic circumstances, the Public Health Emergency Waiver. As a reminder, if the waiver request is granted, you will receive formal notification. If the waiver is denied for any reason, you will have the option to request a determination of material compliance decision citing other factors that will be outlined in your early notification letter.

Sincerely,

/Miriam E. Delphin-Rittmon/

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