THE WHITE HOUSE

WASHINGTON

October 29, 1996

MEMORANDUM FOR CAROL RASCO

From: Janet Abrams

RE: **Federal Support for Substance Abusers**

Changes in public assistance programs made over recent months have created serious new challenges for low-income individuals with drug and alcohol addictions. Below is a summary of those changes, plus an inventory of federal programs which do provide support.

WELFARE REFORM

- The welfare reform bill requires all recipients to join the workforce, but a significant number of these individuals have serious addictions which may prohibit them from functioning effectively in jobs or training programs.
    - HHS estimates that at least 15% of women currently receiving AFDC have substance abuse problems likely to impair their ability to participate in the workforce.
    - The majority of these women do not get treatment for their addictions.
- The bill provides tools to punish individuals with substance abuse problems but offers relatively few new resources for treatment.

    Provisions which penalize:

    - The bill states that federal law will not prohibit states from drug testing welfare recipients or from sanctioning those individuals who test positive.
    - Anyone convicted of a drug-related felony after the date of the bill's enactment will be banned from ever receiving cash assistance or food stamps. States can pass laws to opt out of this provision or to change the length of the ban.
    - Legal immigrants with substance abuse problems will no longer have access to the drug treatment for which Medicaid pays. The bill ended federal Medicaid payments for legal immigrants, allowing states the option of providing Medicaid for those in the U.S. before 8/22/96.

Resources for addressing substance abuse problems:

- States have the option to use some of the federal monies intended to support individuals as they move into the workforce (to cover costs such as childcare) for substance abuse treatment. There will, of course, be many competing demands on these funds.

  A number of states that have offered drug treatment to AFDC recipients in an effort to prepare them for work report positive outcomes, e.g. Oregon and Utah have for several years been providing drug treatment to AFDC recipients under welfare waivers. For additional information on experience at the state-level, please see attached document, *Alcohol and Other Drug Treatment: Policy Choices in Welfare Reform.*

CHANGES IN SUPPLEMENTAL SECURITY INCOME (SSI) AND SOCIAL SECURITY DISABILITY INSURANCE (SSDI) PROGRAMS

- Benefits for individuals currently disabled with substance abuse problems are eroding, and the federal structure for requiring treatment is being dismantled.

  - Roughly 18 months ago, Congress took action in response to public outcry about the revelation that many substance abusers receiving SSI/SSDI assistance were using their monthly checks to finance their addictions. New rules were implemented limiting benefits to substance abusers to 3 years and requiring all individuals to go through treatment. A monitoring system of RMAs (Referral & Monitoring Agencies) was established to assure participation in treatment programs.

  - More severe steps were taken in legislation enacted March 29, 1996: Provision was made to terminate all SSI and SSDI benefits for individuals coded as drug abusers/alcoholics (DA&A) as of January 1997. There are approximately 190 thousand people in this category.

    - It is estimated that 25% of individuals now receiving SSI and SSDI coded as DA&A will lose their cash assistance. 75% of the group is expected to requalify under another category.

    - This summer, all beneficiaries were sent notices of the impending discontinuation of benefits and were offered the opportunity to requalify under another disability category. So far half the beneficiary population has responded. Just over half of these people have been granted benefits under a different category; those turned down can appeal.

    - The people likely to be cut off from SSI benefits are concentrated in a small number of states. More than half of all individuals coded DA&A live in CA, IL, MI & NY. One explanation: In Illinois & Michigan, the

states cancelled their general assistance programs for the poor and tapped heavily into SSI.

- Since SSI is a categorical eligibility for the Medicaid program, loss of SSI may result in loss of Medicaid benefits for some. Medicaid has paid for these people's substance abuse treatment in the past. Females dropped from the SSI roles may hold onto their Medicaid benefits because they can qualify for AFDC.

- The March '96 legislation also lifted the requirement that substance abusers receiving SSI/SSDI must participate in addiction treatment. Now, those who will requalify under a different category (and certainly those dropped from the roles altogether) will be liberated from the pressure by Uncle Sam to seek professional help.

    - With the treatment requirement lifted, the Social Security Administration is discontinuing its contracts with the RMAs which worked at the state level to enroll beneficiaries in appropriate treatment programs and monitor compliance. The state substance abuse program directors argue that Social Security should maintain the RMAs because so many on the SSI/SSDI rolls will continue to have substance abuse problems. Social Security says there is no point in the federal government spending money to monitor participation in drug treatment without any sanctions at its disposal. (Savings from discontinuing RMAs in FY97 equal $200 million.)

THE MOST VULNERABLE GROUPS

The changes outlined above put many individuals with drug and alcohol problems at significant risk of losing cash assistance for subsistence and/or access to medical care. The most vulnerable include:

- Women with substance abuse problems now on AFDC who do not get the treatment they need and are unable to meet their state's work requirements ... and their children.

- The estimated 25% of SSI & SSDI beneficiaries now coded as DA&A who will not requalify under another disability category. Many of these individuals (primarily men) will also lose their Medicaid coverage.

WHAT THE FEDERAL GOVERNMENT DOES OFFER SUBSTANCE ABUSERS

Of the Administration's $15-billion budget for drug control efforts, roughly $5 billion will be spent this year on "demand reduction" activities. 60% of the $5 billion will pay for treatment; 40% will fund prevention efforts.

Below is a listing, by Department, of initiatives which help individuals with drug and alcohol problems. Please refer to the attached document, *The National Drug Control Strategy, 1996: Program, Resources and Evaluation*, for further detail.

Agriculture

- The WIC program, acting through state agencies, provides drug abuse prevention information to beneficiaries and refers individuals, when appropriate, to alcohol and drug abuse treatment. On average, WIC local agencies refer 10% of its women participants. This would equal 160,000 women in 1996. Approximate FY97 expenditure on prevention and referral activities will be $15 million.

- The Food Stamp program, which provides no special assistance to substance abusers, is expected to providan additional $4 million in the coming year in benefits to those individuals dropped from SSI and SSDI rolls.

Defense

- DOD will spend $84 million on demand reduction activities within the Armed Forces. The Department funds programs for the early identification and treatment of drug abusers within the Armed Forces and supports National Guard state demand reduction plans. DOD conducts random drug testing of active duty military, selected civilian employees, and national guard/reserves, plus drug education, prevention, and selected treatment programs directed at employees, family members, and their communities.

Education

- The Office of Elementary and Secondary Education will spend $515 million for Safe and Drug-Free Schools and Communities State Grants and $25 million on Safe and DrugFree Schools and Communities National Programs.

- The Office of Special Education and Rehabilitative Reserach Services will spend $116 million on drug-related treatment and treatment research costs. $83 million of this total will be used for VR State grants to benefit drug-dependent individuals whose disabilities result in substantial impediment to employment. The balance includes funding for research into vocational rehabilitation for persons whose disability is drug dependency through the National Institute on Disability and Rehabilitation Research, Grants for Infants and Families, and drug-related activities under Special Education Support and Improvement.

Health and Human Services

- **Administration for Children and Families**

  - ACF will spend $82 million on drug-related prevention and treatment activities. Funds under the Consolidated Runaway and Homeless Youth program, the Youth Gang/Youth Initiative Program, the Community Schools Youth Services program, and 1/2 of the budget of the Abandoned Infants Program are used for drug related prevention activities. Funds under the Community-Based Resource CEnters program, the Temporary Child Care/Crisis Nurseries program, and the other half of the budget of the Abandoned Infants Assistance program support treatment approaches for drug-exposed infants with special focus on problems of abandoned babies, babies born to crack-cocaine-using mothers, and children who have been aubsed or neglected by drug-using parents.

- **Centers for Disease Control and Prevention**

  - CDC will allocate $61 million to state and local health departments for the prevention of HIV infection among drug users.

- **Food and Drug Administration**

  - FDA is working with NIH to expedite development of dependency-reducing drugs, with the aim of reducing illicit drug use and reducing the spread of AIDS. The agency also reviews all applications for narcotic addiction treatment programs and monitors the programs' compliance with federal standards; it will spend $6.8 million on these monitoring activities in FY97.

- **Health Care Financing Administration**

  - Medicaid-eligible individuals requiring drug abuse treatment can receive all necessary inpatient, outpatient, and physician services. (The one significant limitation on Medicaid coverage in this area is that the program will not pay for recipients aged 22-64 to be treated in large inpatient psychiatric facilities.)

  - Medicare covers inpatient hospital treatment and necessary services in outpatient settings.

  - In FY97, HCFA will spend approximately $260 million for direct drug treatment program costs under Medicaid and $60 million under Medicare.

- **Health Resources and Services Administration**

  - HRSA will use $43 million (which equals 6% of the total appropriated for Titles I, II, & III of the Ryan White Act) for the direct health care of persons with HIV/AIDS in substance abuse treatment settings.

- **Indian Health Service**

  - The agency will spend $42 million on substance abuse treatment and prevention services.

- **National Insitutes of Health**

  - The National Institute on Drug Abuse (NIDA) conducts research on the causes, consequences, prevention and treatment of drug abuse and addiction, as well as its behavioral biological and social bases. NIDA will spend $489 million in FY97.

  - The National Institute on Alcohol Abuse & Alcoholism also supports significant research. FY97 budget is $212 million.

- **Substance Abuse and Mental Health Services Administration (SAMHSA)**

  - SAMHSA provides the Substance Abuse Block Grant to the states for use in providing services to individuals with drug and alcohol problems. For FY97, the grant will be $1.3 billion, almost $100 million greater than last year's appropriation. In addition, the legislation which ended SSI & SSDI eligibility for people coded DA&A provided $50M in both FY97 and FY98 to bolster state and local treatment efforts. This amount is being added to the Block Grant.

  - The Mental Health Services Block Grant allocated by SAMHSA also supports communities in caring for individuals with addictions -- given that mental health difficulties are so often linked with substance abuse. This year, $275 million will got out to the states through this mechanism.

Housing and Urban Development

- HUD's Drug Elimination Grant program provides funds to mobilize communities living in public housing against drug abuse. While the focus of this initiative is to increase the security of public housing by ridding drug dealers from the premises, funds can also be used for innovative drug education and treatment, counseling, referral, and outreach efforts to reduce the use of drugs in and around public housing projects. Approximately $290 million will be awarded to public housing authorities this year.

Bureau of Prisons

- It is estimated that 30% of the inmates are drug-dependent and require treatment. The Bureau of Prisons will spend $2 billion on drug-related activities within the federal prison system in FY97. (This figure includes hefty salary and facility expenses.)

Veterans Affairs

- The VA provides treatment and rehabilitation services to veterans with drug abuse and drug dependency disorders. The largest addiction treatment provider in the federal government, the VA will spend over $1 billion on targeted drug treatment programs and on medical costs related to addiction in the coming year. Over 175 thousand veterans, most of whom qualify as indigent, are now receiving substance abuse services, which range from inpatient care to outpatient support at the Department's Methadone clinics.

Attachments

- *Alcohol and Other Drug Treatment: Policy Choices in Welfare Reform*, Office of National Drug Control Policy
- *The National Drug Control Strategy, 1996: Program, Resources, and Evaluation*, Substance Abuse and Mental Health Services Administration