

## **Department of Health and Social Services**

### **Division of Substance Abuse and Mental Health (DSAMH)**

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### **Joint Finance Committee Hearing Fiscal Year 2027 Budget**

**March 2, 2026**



Good Morning, Senator Paradee, Representative Williams, members of the Joint Finance Committee and members of the public.

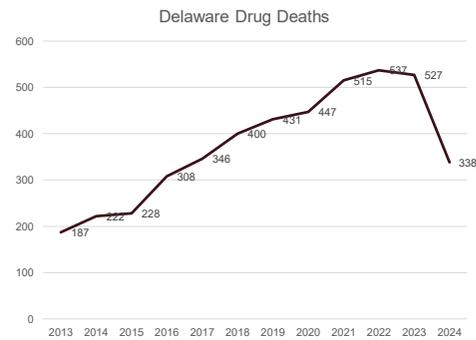
Thank you for the opportunity to speak with you today as we share some of our recent efforts and present our Fiscal Year (FY) 2027 Governor's Recommended Budget (GRB).

The Division of Substance Abuse and Mental Health (DSAMH)'s mission is to improve the quality of life for adults having mental illness, alcoholism, drug addiction, or gambling addiction by promoting their health and well-being, fostering their self-sufficiency and protecting those who are at risk.

DSAMH carries out this mission by funding treatment, education, prevention, and advocacy services. It serves adults with disabilities caused by serious mental illness or addiction, supports stable community living, and works closely with public and private partners, consumers, and families. The division is committed to building a high-quality, coordinated system of care that meets individual needs while promoting self-determination and protecting consumer rights. DSAMH also encompasses the Delaware Psychiatric Center, which houses the state's only forensic psychiatric hospital.

## Accomplishments

- **Drug overdoses fell 36% in 2024; expecting another reduction in 2025**
- **Nearly \$14 Million in opioid settlement funds awarded to 63 Delaware organizations**
- **Progress with staff recruitment for DSAMH Crisis Intervention Services program**



In 2025, we continued working to improve behavioral health for adult Delawareans. **Drug deaths fell 36% last year**, and we expect that as soon as the numbers are finalized for 2025, we will be able to report another year of decreased drug deaths.

In 2025, DSAMH took over management of the **Opioid Settlement Commission**, and this summer we **awarded nearly \$14 Million in grants** to 63 community organizations. We also created a process for local governments to receive funds directly and will make those awards this year.

In an effort to improve the delivery of mobile crisis services for psychiatric emergencies, we tackled staffing shortages by working with Department of Human Resources and Office of Management and Budget. A new job title and higher wages were created for Crisis Intervention Specialists. We have already seen a modest improvement in staffing for our mobile crisis hotline, with four new hires since the reclassification. Staffing is crucial because in FY 2026, the crisis program has already received more than 8,400 calls to date.

## Accomplishments

- Use of the **988 Suicide Prevention Lifeline** increased due to widespread advertising
- Implemented a **reimbursement rate increase** for PROMISE Program providers
- Ongoing **street outreach to unhoused people** and encampments



DSAMH's billboards and partnerships with community agencies advertising the **988 suicide prevention hotline** as a resource for behavioral health have shown to be very effective, as calls from the public to the lifeline continue to increase to 7,600 calls, and increase of 23%. The vast majority of these calls are answered by Delaware volunteers or staff as opposed to the national backup center, and this year we added a Delaware-specific chat and text service for people who are more comfortable reaching out that way. In the last three months of 2025 alone, we received more than a thousand texts.

Our mental health providers are crucial to a well functioning system of care. Last month, we implemented a **reimbursement rate increase** for providers supporting the state's most seriously mentally ill clients enrolled in the Promise Program. Phase I of the increase was adopted for the last six months of FY 2026 and the GRB for FY 2027 includes the second six months of the increase. These rate increases include mental health group homes, mental health peer support, Assertive Community Treatment (ACT Teams), and Intensive Case Management.

DSAMH has continued its statewide **outreach to unhoused individuals** in encampments and in public spaces. To date in FY 2026, we have had 1,983 engagements with unhoused individuals, 71 of which were successfully brought into substance use disorder or voluntary psychiatric treatment for an identified need. Our services also included providing wound care, sometimes offered tent-side, and providing basic hygiene supplies and nourishment.

## FY 2027 Governor's Recommended Budget (\$ in Thousands)

	GF	ASF	NSF	Total
FTEs	537.6	1.0	25.0	563.6
Dollars (\$)	\$136,617.8	\$14,916.2	\$24,593.0	\$176,127.0

**Budget Definitions:**

GF – General Funds

ASF – Appropriated Special Funds

NSF – Non-Appropriated Special Funds

FTEs – Full Time Equivalent Positions

DSAMH's GRB for Fiscal Year 2027 includes the following:

\$136 Million dollars in General Funds (GF):

\$15 Million dollars in Appropriated Special Funds (ASF) spending authority; and

\$25 Million dollars in Non-Appropriated Special Funds (NSF).

For a total of \$176 Million dollars.



## **FY 2027 Governor's Recommended Budget**

- \$ 1,153.3 Mental Health Rate Reimbursement Increase for Community Based Organizations (Annualization of Phase I)
- \$100.0 Appropriated Special Funds (ASF) Residency Program Reimbursement



Our Governor's Recommended Budget request reflects a \$1,1 million increase, which represents the second six months of the Phase I rate increase implemented during Fiscal Year 2026. This will annualize the full Phase I rate increase. Provider services included in the rate increase are mental health group homes, mental health peer support, Assertive Community Treatment (ACT Teams), and Intensive Case Management.

This increase is based on a rate study conducted following advocacy by our mental health providers and their professional association. It aligns with the Department's commitment to strengthening the care economy by ensuring that reimbursement rates align with actual costs to provide care and ensuring that wages for skilled mental health professionals are adjusted to more competitive rates.

The budget also includes one hundred thousand dollars in ASF for Delaware Psychiatric Center (DPC) residency program. This will allow DPC to use revenue from sources such as the Veterans Administration Hospital where our psychiatric residency physicians perform rotations. The funds will support the required supplies and activities of our accredited residency program.

## Looking ahead

- Federal grant portfolio stayed flat funded, with no notable cuts
- Medicaid eligibility changes may lead to an increase in demand for state-pay addiction treatment and psychiatric services
- Hire a Statewide Suicide Prevention Coordinator



Looking ahead into FY 2027, fortunately our current federal grant portfolio was not reduced and remains flat. We received multiple grant termination notices from our federal agency, the Substance Abuse and Mental Health Services Administration (SAMHSA), but those notices were withdrawn by SAMHSA within 24 hours. Some of our community providers similarly received termination notices, but those notices were also rescinded. We continue to proceed with due diligence, working closely with our national professional associations to monitor Congressional budgets and relevant announcements on Capitol Hill.

When Medicaid begins its new work requirements, we do anticipate a potential increase in demand for state-pay services due to individuals being terminated from their coverage. To date in FY 2026, our Division has funded 2,577 uninsured individuals' outpatient and residential addiction treatment and 419 individuals for inpatient psychiatric services. The PROMISE program that serves the state's most seriously and persistently mentally ill individuals is a Medicaid-funded program administered by DSAMH, but 1/3 of the participants – more than 600 people– do not have insurance and are therefore supported with state funds. These numbers may increase if beneficiaries lose Medicaid coverage. At the same time, we are committed to working with DMMA to ensure that Medicaid beneficiaries that interact with DSAMH programs have that interaction properly documented so that the patient can be exempted from work reporting requirements whenever possible.

As the Division looks ahead to strengthening prevention efforts, following the passage of House Bill (HB) 54 last year, DSAMH is preparing to hire a Statewide Suicide Prevention Coordinator so our state can increase its service level for survivors of a loved one's suicide and to better support suicide prevention activities.

## Looking ahead

- Continue onboarding providers to the state's new behavioral health care coordination platform, Delaware Treatment Referral Network (DTRN) 360
- Continue cultivating provider capacity to launch Certified Community Behavioral Health Clinics (CCBHC's)



Our web-based behavioral health care coordination platform, the Delaware Treatment Referral Network (DTRN) 360 or DTRN 360, is now used by 12 organizations, including all psychiatric hospitals in the state. This Health Insurance Portability and Accountability Act (HIPAA) compliant platform improves collaboration by informing providers about which other programs are involved in a client's care and by sending real-time notifications to those providers when clients are hospitalized or incarcerated. This enables faster coordination between hospitals and community-based providers and builds on our widely used e-referral platform, which is used by nearly all behavioral health providers statewide. DTRN 360 already has 450 users, and 12,000 client records are active in the platform. Sun Psychiatric Hospital was our first non-state agency to go live on the platform, and they are pictured here, along with our staff.

DSAMH is also building the state's capacity to launch two Certified Community Behavioral Health Clinics, or CCBHCs. This is a significant milestone, as Delaware is one of only four states without CCBHCs. These clinics will operate under a federal certification model with dedicated Medicaid rates and will serve individuals of all ages in Kent and Sussex Counties who have behavioral health needs. Two providers are currently receiving intensive technical assistance through a federal CCBHC planning grant to prepare for certification.

# THANK YOU



Thank you for your ongoing support and for the opportunity to share some updates on our Division.