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Policy uncertainties and persistent care barriers put mental health programs in flux

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<https://www.chartis.com/insights/policy-uncertainties-and-persistent-care-barriers-put-mental-health-programs-flux>

The Buzz This Week

May is Mental Health Awareness Month, and many organizations and individuals are promoting awareness and advocating for programs to support people living with behavioral health conditions. But recent federal policy developments have brought renewed uncertainty to the future of behavioral healthcare access nationwide.

On May 12, a federal judge granted the Trump Administration's request to pause an employer coalition lawsuit that challenges Biden-era mental health parity regulations. These regulations enforce the Mental Health Parity and Addiction Equity Act of 2008, a federal law requiring insurance plans to cover mental health and substance use disorder treatment on terms comparable to medical and surgical benefits. The current administration has suspended enforcement while considering whether to modify or rescind the regulations.

In addition, the Department of Health and Human Services (HHS) announced on May 9 that it would not enforce the 2024 updates to the Mental Health Parity and Addiction Equity Act (MHPAEA). These updates would have required insurance companies to provide clearer disclosures about coverage standards and offer meaningful benefits, addressing long-standing disparities between mental and physical health reimbursements. Despite substantial progress under recent parity enforcement—including expanded mental health benefits for more than 4 million Americans—HHS's reversal stymies these newly introduced measures.

The past several years have seen significant improvement in the understanding of behavioral healthcare's importance, as well as an increase in utilization of behavioral health services. This can be attributed to reduced stigma, a dramatic increase in the use of digital tools (including telehealth), treatment advances

(such as medication assisted treatment for substance use disorder), and expanded insurance coverage.

Despite these positive trends, considerable challenges remain. More than 25% of individuals experience a behavioral health condition annually, yet nearly 50% of individuals with mental illness and 90% with substance use disorder do not receive adequate treatment. These gaps in care are driven by pervasive shortages across behavioral health provider types, including psychologists, psychiatrists, and clinical social workers. Shortages are compounded by the fact that approximately one-third of behavioral health clinicians accept only cash payments. Access to care is further diminished for individuals in underserved and rural communities.

The proposed fiscal year 2026 federal budget could further exacerbate these persistent issues. The budget suggests major cuts to mental health funding, including a proposed \$1 billion reduction for the Substance Abuse and Mental Health Services Administration (SAMHSA). Programs this reduction will potentially impact include suicide prevention grants and overdose prevention initiatives. Critics argue these cuts could disrupt vital mental health services and threaten ongoing federal efforts to address rising suicide rates and overdose deaths.

Why It Matters

The new administration's reevaluation of mental health parity rules and proposed federal budget cuts would introduce significant potential challenges for provider organizations and new access barriers for patients. Behavioral health practitioners often face lower reimbursement rates than their physical health counterparts. A [2024 study](#) by RTI International revealed that insurance companies reimburse behavioral health providers approximately 22% less on average than medical/surgical providers for in-network office visits.

Providers may also face increased pressure due to the potential loss of federal funding for mental health and substance use disorder programs. Proposed SAMHSA funding reductions could reduce support for critical community-based mental health services, creating additional burdens on hospitals and health systems to manage rising patient needs. Suicide prevention services, notably the recently expanded [988 crisis line](#), could suffer disruptions if planned federal cuts proceed, further straining hospital emergency departments and mental health crisis response teams.

As organizations navigate potential budget constraints and regulatory uncertainty, adopting digital solutions could help sustain service delivery and broaden access to care. According to a recent Peterson Health Technology Institute [report](#), digital mental health tools such as self-guided platforms and prescription digital therapeutics can achieve meaningful clinical improvements for anxiety and depression while reducing overall costs compared to traditional therapy models.

To effectively address reimbursement disparities, anticipated federal funding cuts, and intensifying provider shortages, healthcare leaders should prioritize expanding access through alternative means, such as strategic partnerships or targeted outsourcing, especially in rural and underserved communities where provider scarcity is most pronounced. Investing in digital behavioral health solutions—including virtual visits, self-guided digital therapies, and remote patient monitoring—can help bridge gaps created by funding

constraints and workforce shortages. Healthcare organizations should also proactively secure alternative funding sources from federal, state, and private programs to maintain service continuity amid budget uncertainties. Additionally, embedding behavioral health services within primary care and emergency departments and enhancing revenue cycle efficiency will help sustain financial viability as organizations navigate ongoing regulatory and reimbursement pressures.

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