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FISCAL IMPACT REPORT

SPONSOR Ortiz y Pino **ORIGINAL DATE** 1/26/16
LAST UPDATED _____ **HB** _____

SHORT TITLE Alcohol and Drug Counselor Medicaid **SB** 148

ANALYST Chilton

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
\$0.0	\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Medicaid Match for SGF appropriated in SB148	\$0.0	\$753.0	\$753.0	\$1,506.0	Recurring	Federal Matching Funds
Unfunded woodwork impact*	\$0.0	\$1,600.0 to \$2,000.0	\$1,600.0 to \$2,000.0	\$1,600.0 to \$2,000.0	Recurring	State General Fund and Federal Matching Funds*

* "Unfunded woodwork impact" indicates HSD's estimate of additional clients who would "come out of the woodwork" once it was known that Medicaid covered this service. It is uncertain what percentage of this cost would come from state funds, as the federal share of Medicaid expenditures ranges from 71% to 95%, depending upon which category of Medicaid a recipient falls into.

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 148 appropriates \$200 thousand from the General Fund to the HSD for the purpose of funding the services of licensed alcohol and drug counselors (LADACs) for Medicaid recipients. The state Medicaid Plan would be modified to reflect the coverage of these counselors.

FISCAL IMPLICATIONS

The appropriation of \$200 thousand contained in this bill is recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2017 shall revert to the general fund.

HSD estimates that the \$200 thousand appropriation would draw down approximately \$753 thousand in additional federal Medicaid matching funds for a total of approximately \$953 thousand.

HSD further states that

“There are currently 61 LADACs enrolled to provide services in the Medicaid program. Doubtless, additional LADACs are practicing in Medicaid enrolled agencies but have not been individually identified.

“There are approximately 540 LADACs actively licensed by New Mexico, but it is not known if they are all actively practicing or even still in New Mexico.

“In state fiscal year 2015, the Medicaid program reimbursed approximately \$400 thousand for which a LADAC was identified as having rendering the service. However, treatment for many drug and alcohol abuse issues may be rendered by multidisciplinary teams for which the LADAC was not individually identified. Therefore, it is difficult to predict the financial impact from this bill.

“The primary financial impact will come from extending the locations of services that would be newly covered by the Medicaid program, as described under significant issues.

“Given the number of LADAC providers who could potentially render services when appropriately supervised in county treatment settings (of which there are currently at least seven) and other clinic locations situations, and given that some counties and clinics may develop programs that would qualify for Medicaid reimbursement for LADAC services, HSD is roughly estimating that program expenditures may increase by as much as four or five times, which would make the total increased annual expenditure between \$1.6 million and \$2 million.”

SIGNIFICANT ISSUES

According to the New Mexico Epidemiology Report, a DOH publication,

- there were almost 1,000 deaths in New Mexico related to alcohol in 2006, representing more than 27,000 years of potential life lost.

- the economic costs associated with alcohol abuse in New Mexico in 2006 amounted to an estimated \$2.5 billion.
- the economic burden of alcohol abuse amounted to over \$1,250 for every person in the state.

Alcohol abuse is also associated with domestic violence, unstable employment, and sexual abuse.

The abuse of other drugs , especially opiates, both prescribed and illicit, also exacts a heavy toll on New Mexicans, with the state having the top or close to the top number of opiate-related overdose deaths. In addition, opiate addiction contributes to crime and school failure, and mothers' addiction to opiates during pregnancy is the cause of neonatal abstinence syndrome (NAS), which causes disability, prolonged hospitalization, and markedly increased hospital costs for the nearly 1% of New Mexico babies afflicted by NAS.

ADMINISTRATIVE IMPLICATIONS

HSD states that it is “revising supervisory protocols to allow more services within appropriate agencies by non-independent practitioners at a Masters level including LADACs. While New Mexico's high rates of substance abuse call for many additional practitioners to serve rural and frontier areas, SB 148 would expand Medicaid costs.”

It further states that “A State [Medicaid] Plan Amendment would be required, as would be the issuing of rules and holding a public hearing. These tasks are typically already encompassed by existing HSD staff.”

OTHER SUBSTANTIVE ISSUES

Currently, under state Medicaid rules (Sec. 8.321.2.9 NMAC), drug and alcohol treatment services provided by LADACs are only reimbursed by Medicaid when the LADAC is rendering the services through one of the following agencies:

- (1) a community mental health center (CMHC)
- (2) a federally qualified health clinic (FQHC);
- (3) an Indian Health Services (IHS) hospital or clinic;
- (4) a PL 93-638 tribally operated hospitals and clinics;
- (5) children, youth and families department (CYFD);
- (6) a hospital and its outpatient facility; and
- (7) a core service agency (CSA).

SB 148 would require the Medicaid program to reimburse for drug and alcohol abuse treatment services rendered by LADACs in settings that are not currently covered. These could include other medical clinics, private practice settings, and many of the county supported treatment programs as long as the supervisory requirements of the Counseling and Therapy Practice Act are met.

SB 148 would require Medicaid to eliminate the current reimbursement limitation that includes only certain public and private agencies.

ALTERNATIVES

Targeting Medicaid-funded LADAC availability to a subset of those who might be served.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

No change; some Medicaid recipients would continue to receive treatment for their alcohol and substance abuse, i.e., when their services were covered through one of a number of agencies employing the LADAC, such as community mental health centers or federally-qualified health centers.

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