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FISCAL IMPACT REPORT

SPONSOR <u>Ferrary</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/1/25</u>
SHORT TITLE <u>Boarding for Certain Health Discharges</u>	BILL NUMBER <u>House Bill 116</u>
	ANALYST <u>Klundt</u>

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$250.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
DOH	No fiscal impact	At least \$99.9	At least \$99.9	At least \$199.8	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
Department of Health (DOH)

SUMMARY

Synopsis of Choose an item.

House Bill 116 (HB116) proposes, beginning January 1, 2026, the Department of Health (DOH) to pay licensed boarding homes \$200 per month for each resident discharged from the New Mexico Behavioral Health Institute (NMBHI) at Las Vegas or the University of New Mexico Adult Psychiatric Center (UNM-APC). The bill allocates \$250 thousand from the general fund for fiscal year 2026 to support these payments. Any unspent funds by the end of that fiscal year will revert to the general fund.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund. Although HB116 does not specify future appropriations, establishing a new grant program could create an expectation the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

Additionally, DOH reported an annual operating cost to administer this program which included 1 FTE and \$99.9 thousand annually. However, the department also stated “it is unknown what the true cost would be to the department as data on the number of discharges from UNM-APC to Boarding Homes is unavailable at this time. Given the lack of information/data regarding discharges from UNM-APC to boarding homes, it is difficult to determine the cost of administering this new program.”

SIGNIFICANT ISSUES

DOH noted that this bill may create a disparity by specifying that only discharges from NMBHI and UNM-APC are eligible for funding, potentially excluding boarding home residents referred from other sources.

DOH also noted this bill directs the department to function as a Managed Care Organization (MCO) to fund healthcare services, a role for which it is not currently structured. DOH believes MCOs are better equipped to approve and fund these services and would be better suited for this function.

TECHNICAL ISSUES

DOH notes the department no longer licenses boarding homes as this authority was transferred to the Health Care Authority. However, HB116 names DOH as the licensing authority.

ALTERNATIVES

DOH proposed that the Health Care Authority and Medicaid develop a system of care and payments for this purpose.