

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

| | |
|---|--|
| SPONSOR <u>Rep. Herndon/Sen. Maestas</u> | LAST UPDATED _____ |
| | ORIGINAL DATE <u>2/11/2025</u> |
| SHORT TITLE <u>Counseling Compact</u> | BILL NUMBER <u>House Bill 217</u> |
| | ANALYST <u>Hanika-Ortiz</u> |

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

| Agency/Program | FY25 | FY26 | FY27 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|----------------|------------------|-----------------|----------------|-------------------|---------------------------|--------------------------------------|
| RLD | No fiscal impact | At least \$48.0 | At least \$8.0 | At least \$56.0 | Recurring | Counseling and Therapy Practice Fund |

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of House Bill 217

House Bill 217 (HB217) enters New Mexico into the Counseling Licensure Compact (Compact) to facilitate the interstate practice of licensed professional counselors, while preserving the state’s regulatory authority. The Compact includes definitions for “home state” which is the licensee’s primary state of residence; “member state” which is a state that has enacted the Compact; “remote state” which is a member state, other than the home state, where the licensee seeks to practice; and “counseling compact commission” which consists of all states that have enacted the Compact.

The Compact is designed to: increase access to professional counseling services; protect public health and safety; encourage cooperation of states in regulating multistate practice; support spouses of relocating military members; enhance the exchange of licensee information between member states; allow for the use of telehealth technology; support the uniformity of professional counseling licensure requirements; invest all member states with the authority to hold a licensee accountable for meeting all state practice laws; and provide opportunities for interstate practice.

To participate in the Compact, each member state must: license and regulate professional counselors; require licensees to pass a national recognized examination; require licensees to have a master’s degree in counseling with 60 hours of graduate course work; require licensees to have a supervised postgraduate professional experience; and have a system to investigate complaints.

A member state shall: participate in the commission's data system; notify the commission of any adverse actions; consider criminal history information for an initial privilege to practice; require an applicant to retain a license in their home state; grant practice privileges to a licensee holding an unencumbered license in a member state; and send a delegate to annual commission meetings.

For a licensee to practice under the Compact, the licensee shall: hold a license in a home state; be eligible to practice in any member state; have no license restrictions in the two years prior; notify the commission if seeking to practice in a remote state; pay commission and/or state fees; meet continuing education requirements; and report to the commission any adverse action against them taken by a nonmember state. The privilege to practice is valid until the home state license expires.

A remote state has the power to take adverse action against a licensee. The home state shall give the same priority and effect to reported conduct received from a member state as it would if the conduct had occurred in the home state. However, nothing in the Compact shall override a member state's decision that participation in an alternative program may be used in lieu of adverse action.

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 Regulation and Licensing Department (RLD) reports the cost to update its NM Plus online licensing system for interstate licensees is \$40 thousand. RLD asserts it can absorb the additional costs associated with rulemaking processes.

If enacted, the New Mexico Counseling and Therapy Practice Board would incur out-of-state travel expenses to send a delegate to the annual commission meetings. These costs are expected to be no more than \$8,000 for four days of travel and attendance each year. As required under the Compact, RLD would incur expenses for taking any adverse action against a licensee.

The Compact commission may assess each member state to cover the costs of its activities and staff, at an amount sufficient, it stipulates, to cover its annual operations. Presumably, those activities will include the development, maintenance, and operation of the coordinated database and reporting system containing licensure, adverse actions, and investigative information on all licensees.

SIGNIFICANT ISSUES

For the Compact to take effect, a minimum number of states must enact it into law. As of 2025, 37 states joined the interstate counseling Compact. This agreement allows licensed professional counselors and licensed mental health counselors to practice across state lines without needing additional licenses. This will allow New Mexicans more choices when selecting their counselor.

The Counseling and Therapy Practice Board states the bill will improve access to patient care by making the state more attractive to licensed counselors residing outside of New Mexico and by

increasing access to telehealth services especially for underserved and rural communities.

The Counseling and Therapy Practice Board says the Counseling and Therapy Act licensing requirements would need to be amended to participate in the Compact, as the licensing requirements for education are more strenuous than the core curriculum requirements the Board currently requires. For instance, the Compact requires 60 credit hours for a master's in counseling while the Board rules only require 48 credit hours. The Counseling and Therapy Practice Board would also need to meet requirements for federal background checks and fingerprinting.

OTHER SUBSTANTIVE ISSUES

New Mexico has a significant shortage of professional counselors, but barriers such as long waitlists, hurdles for insurance certification, and provider burnout has exacerbated this shortage. Many patients self-medicate or rely on their primary care provider for their mental health instead of professional therapy.

AHO/rl