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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Armstrong **ORIGINAL DATE** 2/26/2025

SHORT TITLE CYFD Perinatal Investigation & Support Unit **BILL NUMBER** House Bill 463

ANALYST Garcia

APPROPRIATION*
(dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$100.00	Nonrecurring	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
CYFD	No fiscal impact	1,379.5	1,337.5	\$2,716.9	Nonrecurring	General Fund
DOH	No fiscal impact	\$97.0	\$97.0	\$194.0	Nonrecurring	General Fund
HCA	No fiscal impact	\$107.9	\$107.9	\$215.8	Nonrecurring	General Fund
Total	No fiscal impact	\$1,584.4	\$1,541.9	\$3,126.7	Nonrecurring	General Fund

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

Relates to House Bill 205, House Bill 303, House Bill 343, Senate Bill 42, and Senate Bill 458
Relates to an appropriation within the General Appropriation Act
Relates to House Bill 424

Sources of Information

LFC Files

Agency Analysis Received From

Children, Youth and Families Department (CYFD)
Office of Family Representation and Advocacy (OFRA)
Department of Health (DOH)
Administrative Office of the Courts (AOC)
Health Care Authority (HCA)

Agency Analysis was Solicited but Not Received From

Early Childhood Care and Education Department (ECECD)

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of House Bill 463

House Bill 463 contains a temporary provision within the Children’s Code to create a two-year pilot program within the Children, Youth and Families Department (CYFD) that would include a “perinatal investigation and support unit” within CYFD.

The unit would investigate and assess all reports of substance-exposed newborns from healthcare providers statewide made pursuant to Subsection A of Section 32A-4-3 NMSA 1978, which is the section of the Children’s Code that deals with the duty to report child abuse and neglect.

The bill would require the unit be staffed with “qualified trauma-informed perinatal professionals” who would both investigate and “take appropriate measures to provide services to families.” The bill would require the unit to implement care coordination models listed in the federal Title IV-E (foster care) prevention services clearinghouse or another nationally recognized evidence-based clearinghouse for child welfare and requires the unit coordinate with the Health Care Authority (HCA) and the Early Childhood Education and Care Department (ECECD).

House Bill 463 appropriates \$100 thousand from the general fund to CYFD for the purpose of establishing the pilot in fiscal years 2026 and 2027.

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

A 2023 LFC evaluation of the state’s Comprehensive Addition and Recovery Act found the state established plans of safe care for 3,770 substance-exposed infants between 2020 and 2022. Throughout the analysis below, LFC assumes the plans of safe care will be established for roughly 1,200 newborns annually, or roughly 6 percent of all births in New Mexico. The 2023 LFC evaluation found 40 percent of families with a safe care plan were referred to CYFD, 27 percent of referrals were ultimately screened in for further investigation as an accepted report, and 18 percent of accepted reports ultimately resulted in cases of substantiated abuse or neglect. House Bill 463 would pilot a unit to respond to such cases referred to CYFD.

The bill does not specify the number of staff CYFD would hire for the pilot; CYFD estimates the need to hire 12 full-time employees with perinatal qualifications, one for each of the regional county offices, at an estimated cost of \$1.38 million, including one-time costs, in FY26 and \$1.3 million in FY27.

The appropriation of \$100 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall revert to the general fund. While the appropriation establishes a pilot, the bill may create an expectation of a recurring expense. In addition, the appropriation may not be sufficient to pilot a unit but could fund roughly 1 FTE.

The appropriation contained in the bill is not included in the House version of the General Appropriation Act.

The Office of Family Representation and Advocacy (OFRA) reports the bill may result in increased filings of abuse and neglect petitions by CYFD, though LFC estimates an increase is likely minimal.

DOH reports, though the agency is not named, the pilot could result in the need for additional data capacity at DOH, at an estimated cost of \$97 thousand annually for one position.

HCA also notes the agency would need to hire an additional FTE for data collection and tracking, though it is unclear the specific role of the required function. While this cost estimate is listed in the table above, HCA may be able to absorb such a cost in the existing agency budget or seek federal Medicaid reimbursement to support the function in part.

AOC reports potential minimal costs associated with any change to statute, resulting from distributing and documenting statutory changes and the potential for any new laws to impact caseloads within the judiciary.

SIGNIFICANT ISSUES

According to LFC analysis, New Mexico has a higher rate of newborns who have been exposed to substances than the national average. The federal Comprehensive Addiction and Recovery Act (CARA) amended the federal Child Abuse Prevention and Treatment Act (CAPTA) to require states to develop plans and monitor the implementation of plans of safe care. Under CAPTA, a plan of safe care is a collaborative plan designed to ensure the safety and well-being of infants affected by prenatal substance exposure, by addressing the health and substance use treatment needs of the infant and their caregivers and aiming to prevent child safety risks.

States which receive CAPTA grants must report the following to the federal government:

- The number of infants born and identified as being substance-exposed,
- The number of such infants for whom a plan of safe care was developed,
- The number of infants for whom referrals were made for services.

States can place CARA responsibilities within child welfare or public health agencies. According to the National Center on Substance Abuse and Child Welfare, state child welfare agencies oversee plans of safe care for families with open child welfare cases in most states. However, 18 states employ strategies for monitoring plans of safe care that do not have an open child welfare case.

In 2019, New Mexico passed legislation requiring staff in hospitals and birthing centers develop plans of care for substance-exposed newborns, which refer families to voluntary support and treatment services. New Mexico's CARA law changed reporting requirements to CYFD such that a finding that a woman is using or abusing drugs would not alone be a sufficient basis to report child abuse or neglect. New Mexico's CARA law takes a public health approach by treating drug and alcohol use during pregnancy as a disorder requiring services rather than as a reason for reporting suspected child maltreatment to CYFD. After New Mexico enacted its CARA law in 2019, CYFD's removal of infants from families fell below the national rate.

However, the CARA law spread the responsibility for developing and monitoring voluntary plans of care across multiple state agencies and healthcare organizations, including the Health

Care Authority (HCA), the Department of Health (DOH), birthing hospitals, Medicaid managed care organizations, and CYFD. A 2023 LFC evaluation found that the state’s implementation of its CARA policy has substantive gaps and recommended many of the statutory and program changes reflected in this bill, though the LFC recommended placing lead responsibility with HCA.

In 2023, the Legislature made appropriations from opioid settlement revenue, including \$1 million to implement plans of safe care for substance-exposed newborns and \$1 million to establish SafeCare Home Visiting, which is eligible for federal reimbursement. Both appropriations went unused and reverted. For FY25, the Legislature appropriated nearly \$2 million for plans of safe care to HCA based on a recommendation from the 2023 LFC program evaluation. However, during 2024, CYFD posted 17 CARA-related positions and moved forward with hiring. As of December 1, 2024, the agency had filled 16 CARA positions; CYFD reported the agency was using Temporary Assistance for Needy Families (TANF) funding for the positions but moved the positions to DOH in January 2025.

CYFD maintains responsibility for investigating and responding to reports of abuse and neglect, and this bill would create a pilot unit to specifically respond to reports of abuse and neglect made by healthcare providers regarding substance-exposed newborns. As of December 2024, Protective Services had a filled headcount of 918, a 2 percent drop from the 936 positions filled in December 2023. In addition, Protective Services had 139 filled investigation positions, an 11 percent decrease relative to December 2023. This bill would likely involve CYFD hiring additional FTE within Protective Services to pilot the unit focused on the types of reports identified in the bill.

CYFD reports the proposed unit would duplicate the CARA unit that moved to the Department of Health in January 2024 and the agency would need to work in partnership to design the pilot and avoid redundant efforts. OFRA similarly notes a potential for duplication and risk of punitive approach that may deter families from seeking substance use and other services.

PERFORMANCE IMPLICATIONS

AOC notes the bill may impact cases filed and disposed.

ADMINISTRATIVE IMPLICATIONS

CYFD reports:

Having this program created in CYFD and a similar program under the Department of Health would likely require an interagency agreement for collaboration and contract development for community providers that provide services to this population to ensure that we do not duplicate contracts or services.

CYFD also notes, should this bill pass, the agency would consider amending the Title IV-E prevention plan the state submitted to allow the state to claim federal reimbursement for services.

As the positions are created for a pilot, they will likely be classified as “term” and more difficult to fill, suggests OFRA analysis.

HCA notes it is unclear if this bill would make other changes to the CARA program, including

the role of Medicaid care coordinators, and the agency may need to amend contracts with Managed Care Organizations.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB463 relates to an appropriation in the House version of the General Appropriation Act. The proposed act does not duplicate the HB463 appropriation but does include the following appropriations related to the CARA program and CYFD

- \$1.8 million to the HCA to implement and oversee Plans of Safe Care from Opioid Settlement Revenue. No appropriation is made to DOH, however.
- \$7.7 million to the CYFD to match federal Title-IV E prevention revenue in the agency’s recurring operating budget.
- \$231 million for Protective Services at CYFD

House Bill 205, House Bill 343, Senate Bill 42, and Senate Bill 458 all make changes to the state’s CARA program.

House Bill 424 establishes a statewide perinatal advisory council.

The 2024 General Appropriation Act included the following government results and opportunity fund appropriations that may fund the implementation of portions of this bill:

- \$15 million to the Health Care Authority over three years that can be used to train providers using the evidence-based screening tool SBIRT; no appropriation related to training has been made to DOH.

TECHNICAL ISSUES

The bill contains a variety of terms and phrases which are not defined, including:

- “qualified trauma-informed professionals”
- “appropriate measures to support provide support for families”
- “assessing reports”
- “substance exposed newborns”
- “perinatal”- in particular AOC notes the American Academy of Pediatrics, the World Health Organization, and other groups have different definitions for perinatal period following a birth

Amendments may wish to define these terms to clarify who at CYFD shall perform the functions of the unit for what clients and what actions the department shall specifically take in response to reports.

CYFD notes House Bill 463 states the proposed unit will investigate all reports of substance exposed newborns but does not specify whether these investigations will follow existing procedures or a separate process.

OTHER SUBSTANTIVE ISSUES

While the bill establishes a pilot program, it does not define the criteria, such as performance measures, through which the success or impact of the program shall be evaluated to inform

whether the pilot program continues beyond fiscal year 2027 or should be modified.

OFRA notes the bill requires the proposed unit to investigate “all” reports of substance-exposed newborns received from health care providers, regardless of the screening process at Statewide Central Intake (SCI), or if CYFD would only investigate if the report met criteria for investigation. OFRA recommends this clarification in the bill.

OFRA also notes it is unclear if a workforce for “qualified, trauma-informed perinatal specialists” exists and training may be required. OFRA also notes a gap exists in staff requirements to have experience related to working with clients and families with substance use, though some of program models listed in the Title IV-E clearinghouse are explicitly designed for work with families experiencing substance use.

ALTERNATIVES

Statute outlines the actions CYFD shall take in response to reports of abuse and neglect, and statute outlines multilevel or differential response, an evidence-based approach to reports in child welfare, that CYFD has never implemented. As such, CYFD likely already has the authority in statute to establish a unit or focus caseworkers with specific expertise on either investigating or providing an alternative response to reports of abuse and neglect which may also involve substance exposure.

RMG/hg