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FISCAL IMPACT REPORT

SPONSOR <u>Senate Health and Public Affairs Committee</u>	LAST UPDATED <u>3/18/2025</u> ORIGINAL DATE <u>2/26/2025</u>	BILL <u>CS/Senate Bill</u> NUMBER <u>305/SHPACS/ aSFC/aSFI#1</u>
SHORT TITLE <u>Quality Foster Parent Task Force</u>	ANALYST <u>Hernandez</u>	

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

Children, Youth and Families Department (CYFD)

Health Care Authority (HCA)

SUMMARY

Synopsis of SFI#1 Amendment to Senate Bill 305

The Senate Floor #1 amendment to Senate Bill 305 (SB305) removes the at-large representative appointed by the Children, Youth, and Families Department (CYFD) secretary, reducing the number of task force members from 17 to 16.

Synopsis of SFC Amendment to Senate Bill 305

The Senate Finance Committee amendment to SB305 increases the size of the task force from 16 to 17 agencies and specifies that one of the task force members be a licensed social worker with federal Indian Child Welfare Act of 1978 and Indian Family Protection Act experience from an Indian nation, tribe or pueblo, appointed by the Indian Affairs Department.

Synopsis of SHPAC Substitute for Senate Bill 305

The Senate Health and Public Affairs Committee substitute for Senate Bill 305 creates a task force that would consider foster parent recruitment and retention. CYFD is responsible for convening the task force. The task force must collaborate with higher education institutions to work on reducing office stays for children and study successful models of foster parent recruitment and retention. The task force must report to the interim Legislative Health and Human Services Committee, the interim Legislative Finance Committee, and the governor by July 1, 2026.

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

CYFD likely could absorb the costs of the task force. A similar task force from the 2024 legislative session, created through Senate Memorial 5, only had an appropriation of \$5 thousand.

SIGNIFICANT ISSUES

According to Chapin Hall, a child welfare research institute at the University of Chicago, states have relied on congregate care settings to address two different challenges: the need for emergency or first placements for children in custody, and the need to find placements for youth with complex behavioral or other clinical needs who are otherwise hard to place. Chapin Hall recommends a variety of evidence-based strategies to address these needs and reduce the reliance on congregate care, such as building the capacity of resource homes (foster families) for first-time placements to reduce the need for congregate care in emergency situations and building capacity to deliver clinically effective alternatives in home-based settings for youth with clinical and behavioral health needs.

The Legislature has made significant investments to expand children's behavioral health capacity. New Mexico has invested roughly \$60 million over the last two years to increase payments made to behavioral health providers in the Medicaid program, with the goal of improving access to behavioral health services. The Health Care Authority began paying enhanced Medicaid reimbursement rates for providers that deliver evidence-based behavioral health services, including multi-systemic therapy, trauma-informed cognitive behavioral therapy, and functional family therapy. Several LFC and other reports have highlighted shortages of providers delivering these services. Beginning in July 2024, the Health Care Authority increased Medicaid reimbursement rates for behavioral health services for children in CYFD care, including treatment foster care and residential treatment centers.

Moreover, in 2022, the Legislature appropriated \$20 million to build behavioral health provider capacity, specifically to support the start-up costs of providers who could then bill Medicaid for services. However, the appropriation has gone largely unused or used for purposes outside of legislative intent. The appropriation was re-authorized in FY25 but spending to date has not been used for strategies that increase numbers of Medicaid-eligible behavioral health providers. For example, this is the funding source for the newly opened CYFD multi-service home (group home), which is not Medicaid-eligible. In FY24, CYFD received \$963 thousand to establish three more community behavioral health clinician teams in the behavioral health division. However, CYFD experienced challenges with hiring moved \$1.4 million out of their personnel budget at the end of the fiscal year.