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FISCAL IMPACT REPORT

SPONSOR: Knauer DATE TYPED: 02/26/01 HB 783/aHCPAC
 SHORT TITLE: Substance Abuse Treatment Expansion SB _____
 ANALYST: Esquibel

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 9,800.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in The General Appropriation Act (see below).
 Duplicates SB628

SOURCES OF INFORMATION

LFC Files
 Department of Health (DOH)
 NM Health Policy Commission (HPC)
 Corrections Department (CD)
 Children, Youth and Families Department (CYFD)
 Administrative Office of the Courts (AOC)
 Public Defenders Department (PDD)

SUMMARY

Synopsis of HCPAC Amendments

The House Consumer and Public Affairs Committee amendments to House Bill 783 change the funding source for the \$9.8 million appropriation from the tobacco settlement program fund to the general fund.

Synopsis of Original Bill

House Bill 783 originally appropriated \$9.8 million from the tobacco settlement program fund for the following:

- \$5 million to DOH to expand and implement regionally based substance abuse intervention, treatment and hard reduction initiatives. DOH may use the funds to match federal funds.

House Bill 783/aHCPAC -- Page 2

- \$1 million to DOH to provide coordinated substance abuse and treatment services and community reintegration programs, collaboratively planned with CD, for persons under supervision and parole with CD.
- \$1.8 million to DOH to expand statewide science-based substance abuse prevention programs for youth.
- \$2 million to CD for substance abuse treatment to include; 1) \$500.0 to implement a residential evaluation and treatment center at an existing CD prison as an alternative correctional sanction sentencing alternative for selected nonviolent prisoners and parole violators; 2) \$500.0 to provide residential treatment for females released from prison who are dually diagnosed with mental illness and substance abuse to transition and reintegrate them into the community; and 3) \$1 million to provide residential treatment and family and community reintegration services for the women living with their children and for female offenders who are paroled or released with substance abuse problems and their children under 11 years of age.

Significant Issues

Substance Abuse Prevention, Education and Treatment Currently. In FY01, New Mexico's Department of Health (DOH) currently is spending approximately \$32,368.7 in total funding (including federal and other funds) for its substance abuse prevention and treatment programs (this does not include Las Vegas Medical Center's behavioral health programs nor mental health community programs). The purpose of the behavioral health treatment program area is to provide an effective, accessible, regionally-coordinated and integrated continuum of behavioral health treatment services that are consumer driven and provided in the least restrictive setting, to help eligible New Mexicans become stabilized and improve their functioning levels. This program area provides treatment services for both mental illness and substance abuse, particularly because the two are often linked in about 30% of cases.

DOH's current substance abuse system serves approximately 10,500 individuals. According to surveys utilized by DOH, there is an unserved population of approximately 8,000 individuals currently needing substance abuse treatment services in New Mexico.

Proposed Substance Abuse Prevention, Education and Treatment Package. The proposed substance abuse package would provide a comprehensive continuum of services including: prevention; training; expanded treatment capacity; pharmacology; rural consulting; performance measurement; needs assessment; community reintegration with substance abuse treatment; correctional alternative program for non-violent offenders; post-incarceration program for dually-diagnosed women; and a post-incarceration program for women with minor children.

The proposed substance abuse package would serve approximately 2,100-2,500 individuals, or 20%-30% of the population in need of services.

DOH and the Corrections Department arrived at the funding figures and estimated that a package with an enhanced continuum of services that could realistically be implemented within the currently available infrastructure would cost \$9.8 million for FY02. The Department of Health indicates funding much greater than the \$9.8 million requested for FY02 would not be necessary because it could not be readily expended given the current infrastructure availability in the state.

If it is not possible to fund all \$9.8 million requested for the substance abuse package, \$5 million could be appropriated to serve approximately 1000 individuals or 10% of the population in need of services.

The total amount of \$9.8 million represents the first of three phases of program implementation. The cost of phase two and three is not currently known because it is dependent on what the system would need in the future based on the needs assessment to be conducted in FY02. However, it is estimated that in years two and three of the program, the same amount or less funds may be required, or \$20 million or less.

Additional Issues Regarding Substance Abuse Package. The bill draft proposes \$8 million be appropriated from tobacco settlement program funds to DOH and the Corrections Department to fund all of the package except prevention. DOH proposes the \$1.8 million for prevention be funded through adding language stipulating that tobacco prevention and cessation program funding be expanded to include alcohol and other substance abuse. The LFC recommendation and House Bill 2 currently appropriate \$5 million for tobacco prevention and cessation services, as well as appropriating the remainder of the tobacco settlement program funds for other program initiatives. Therefore, \$8 million in initiatives funded with tobacco funds would have to be funded with other revenue, or not funded at all in order to finance the substance abuse package with tobacco settlement program funds.

The LFC, in its FY02 budget document, recommended DOH implement an effective plan to serve New Mexicans suffering from long-term alcohol and substance abuse addiction. Areas of concern are access to a continuum of social services including assistance with housing, education and employment; flexibility in detox and treatment plans; easy access and referral for services; and increasing the state's infrastructure to provide long-term outpatient services as a means to reduce recidivism. The LFC was particularly concerned with access to services for adolescents with substance abuse problems and the limited assistance available for parents with children requiring behavioral health services. It would require an estimated additional \$1 million over the amount requested in the package to provide residential services for adolescents and for mothers with minor children.

The Medicaid program could also be expanded to fund a substance abuse program for adults. The budget request submitted last year by then acting HSD Secretary Alex Valdez, requested \$500.0 in general fund to leverage an approximate \$1.5 million in federal funds to fund a substance abuse treatment program for adults under Medicaid. Currently, staff at the Human Services Department indicates that an even larger substance abuse treatment program for adults under Medicaid could be implemented.

The Corrections Department is currently implementing a pilot program funded with \$800.0 in federal funds and general fund to provide post-incarceration substance abuse treatment at the Fort Stanton facility for up to 80 individuals. Also, the department was appropriated \$6.4 million in FY01 to provide inmate programming which includes substance abuse and mental health treatment specially structured for the penal environment. Lastly, the Corrections Department is requesting \$11 million in FY02 to construct a new mental health correctional facility which would provide a segregated environment for inmates with mental illness and/or substance abuse problems.

Finally, the substance abuse package fails to address pre-incarceration options such as drug court. The LFC estimates that in FY02, it would cost \$1.2 million in general fund to maintain the current level of drug courts, and \$3 million in general fund to expand the capacity of current drug courts and create new drug courts in additional communities.

FISCAL IMPLICATIONS

The appropriation of \$9.8 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY02 shall revert to the general fund.

TECHNICAL ISSUES

HPC indicates it may be logical to conduct the statewide needs assessment first to help determine the current status of regional, fiscal, logistical, administrative and other needs.

PDD indicates it should be included in the development and implementation of addiction centers to ensure that individuals needing treatment do not compromise their constitutional rights when seeking help.

AOC indicates DOH's regional care coordination system needs to work more cooperatively and strategically with AOC's drug court system.

CYFD indicates it will need to work closely with DOH to identify and coordinate juvenile substance abuse prevention needs.

RAE/ar