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FISCAL IMPACT REPORT

ORIGINAL DATE 03/09/07

SPONSOR Miera LAST UPDATED _____ HM 75

SHORT TITLE Medicaid Substance Abuse Rehab Services SB _____

ANALYST Weber

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total			\$3,500.0	\$3,500.0	Recurring	General
			\$8,500.0	\$8,500.0	Recurring	Federal Medicaid

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HM 75

SOURCES OF INFORMATION

LFC Files

Responses Received From
Human Services Department (HSD)

SUMMARY

Synopsis of Bill

House Memorial 75 would direct the Human Services Department (HSD) to submit an amendment to the State Medicaid Plan to the federal centers for Medicare and Medicaid Services (CMS) no later than July 1, 2008, to add a continuum of rehabilitative services to people with substance abuse problems that is no less than comparable to the continuum of services provided to people with mental health diagnoses.

FISCAL IMPLICATIONS

The Human Services Department reports.

Given the current lengthy process of State Plan Amendment (SPA) approval by CMS, HSD does not anticipate a significant fiscal impact in FY08 and believes that any expenditures that could arise from an earlier approval (prior to July 1, 2008) could be managed within the existing Medicaid budget. Assuming CMS approval within a year, Medicaid would expect a fiscal impact in FY09 of approximately \$3.5 million. With this level of state fund expenditure, there would be a federal match of approximately \$8.5 million, using the current FY07 Federal match rate.

Adding a new Category of Service would require software changes made to the Medicaid Management Information System and would be handled within the existing maintenance.

SIGNIFICANT ISSUES

HSD continues that the Medicaid benefit package as defined by New Mexico's Medicaid State Plan is currently very limited in the area of substance abuse services for adults. The Behavioral Health Services Division is the primary source of public funds for substance abuse services for persons age 21 and older, including substance abuse services for Medicaid-eligible adults. Adding substance abuse services to the benefit package for Medicaid-eligible adults would allow HSD to maximize Medicaid revenue through increased federal match.

HSD and the New Mexico Interagency Behavioral Health Purchasing Collaborative (Collaborative) support adding a continuum of community-based substance abuse services to the State Plan and have been evaluating the best way to accomplish this.

Adding additional services to the State Plan does not require any statutory changes; it does require that HSD submit a State Plan Amendment to CMS. HSD should not have a problem meeting the July 1, 2008 deadline proposed in this bill.

MW/mt