

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

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov).

FISCAL IMPACT REPORT

SPONSOR Garcia, M. **ORIGINAL DATE** 01/27/22
LAST UPDATED 02/02/22 **HB** 112/ec/aHHHC
SHORT TITLE Substance Use Disorder Programs and Clinics **SB** _____
ANALYST Hitzman

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
\$917.8		Nonrecurring	Consumer Settlement Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
 Office of the Attorney General (NMAG)
 Human Services Department (HSD)
 Department of Health (DOH)

SUMMARY

Synopsis of HHHC Amendment

The Health and Human Services Committee’s amendment to House Bill 112 specifies that the remaining and unencumbered balances of the appropriation in the bill will revert to the consumer settlement fund where it originated rather than the general fund.

Synopsis of Original Bill

House Bill 112 appropriates \$917.8 thousand from the consumer settlement fund of the Office of the Attorney General to the local government division at the Department of Finance and Administration for expenditure in fiscal year 2022 through 2024 for improvement and renovation of a facility for the expansion of integrated substance use disorder programs in San Miguel County.

This bill contains an emergency clause and would become effective immediately upon signature by the governor.

FISCAL IMPLICATIONS

The appropriation of \$917.8 thousand contained in this bill is a nonrecurring expense to the consumer settlement fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2024 shall revert to the general fund.

As noted in a 2021 progress report published by LFC staff, [*Addressing Substance Use Disorders*](#):

“New Mexico has long had some of the highest death rates from alcohol and drugs in the country and the problem continues to worsen. Since 1990, drug overdose deaths have increased by 572 percent and alcohol-related deaths have increased by 165 percent, with more than 43 thousand New Mexicans dying from those causes over the 30-year period.”

The report also notes that the Human Services Department spent at least \$147 million in 2020 in state and Medicaid funds to provide treatment services to individuals with substance use disorder across the state. San Miguel County currently does not have a program or facility of this kind, presenting the opportunity for positive impacts on those who have not previously had access to services in this area. The facility improvements and expansions proposed under HB112 should result in increased treatment for those with substance use disorder where there previously was none and, as a result, contribute to decreases in deaths and hospitalizations in some cases. Therefore, there could be the potential for cost savings on treatment programs funded by other departments or entities in San Miguel County, though it is difficult to estimate total potential cost savings. Further, returns on investment for different substance use services were found to range from \$4.72 to \$33.73 (based on data from Washington State).

PERFORMANCE IMPLICATIONS

The Office of the Attorney General notes working with New Mexico counties and municipalities to ensure that funds from any opioids-related settlements are directed to those entities. It is the office’s understanding that counties and municipalities will be receiving their own settlement payments as a result of the state's settlement with four of the major opioid defendants. These settlement payments will be separate and distinct from any funds the state receives into the consumer settlement fund.

In addition, DFA notes that the funding, available for only three fiscal years, could limit the ability of the agency to complete the renovation/construction project, citing that “complex construction project appropriations are routinely provided 4 years to complete.” In addition to the time limit on the appropriation, the agency notes the potential for other delays caused by the Covid-19 pandemic, such as supply and labor shortages, that could impact the success of this project under the proposed timeframe.

ADMINISTRATIVE IMPLICATIONS

To distribute funding, DFA’s local government division would need to enter into a grant agreement with San Miguel County to obligate funds and issue payment reimbursements for valid expenditures. The local government division would be tasked with ensuring the legal requirements of the grant agreement are met and that the project is monitored throughout its life cycle.

DOH notes the potential for staffing competition in San Miguel county under the proposed HB112, providing the following impact analysis:

There are currently no substance abuse services in San Miguel County or the Las Vegas area. This particular area of the state contains the New Mexico Behavioral Health Institute (NMBHI) which is a facility of the New Mexico Department of Health. The NMBHI struggles to fill vacant positions and this facility could create competition for qualified workers in a market in which it is already difficult to hire for.

TECHNICAL ISSUES

Although the original bill appropriates funding from the consumer settlement fund of the Attorney General's office, the reversion language included in the bill would result in any unexpended or unencumbered balances to be reverted to the general fund, rather than the fund it originated from. However, the HHHC amendment to HB112 addresses this concern.

HB112 provides for the "improvement and expansion" of a facility to support the programs, but it is not known what specific facility should be improved or expanded using the appropriated funding or whether the bill provides for construction of a new facility. It is also unclear whether the bill intends to only provide funding for facilities improvements or if the funding is also intended to help support the development and administration of substance abuse treatment programs in the county.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without enactment of HB112, San Miguel County will still not have any substance abuse treatment facilities for individuals suffering with substance abuse disorder in the area.

POSSIBLE QUESTIONS

Is the bill intended to provide for development and implementation of treatment services or just construction/renovation activities?

Is there an existing facility in San Miguel County that would be improved or expanded under the provisions of HB112 or would the bill fund construction of an all new facility?

JH/al/acv