

LFC Requestor: Self Assigned

**2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS**

Section I: General

Chamber: Senate **Category:** Bill
Number: 432 **Type:** Introduced

Date (of THIS analysis): 2/19/2025
Sponsor(s): Steve D. Lanier, Pat Woods
Short Title: BEHAVIORAL HEALTH GRANT PGM. & FUND

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 25	FY 26		
\$0	\$0	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
\$0	\$0	\$0	N/A	N/A

The Behavioral Grant Program Fund would be administered by the Department of Finance and Administration and would be comprised of portions of the liquor and cannabis excise taxes. Additionally, a portion of the liquor excise tax would be distributed to the Health Care Authority for Medicaid reimbursements for behavioral health services.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 25	FY 26	FY 27	3 Year Total Cost	Recurring or Non-recurring	Fund Affected
Total	\$0	\$0	\$0	\$0	N/A	N/A

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: HB460

Companion to: None

Relates to: HB417, SB431, HB70, HB196, SB120, SB2S, HB329, SB01

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

Section IV: Narrative

1. BILL SUMMARY

a. Synopsis

Senate Bill 432 (SB432) proposes to create the Behavioral Health Grant Program and the Behavioral Health Grant Program Fund, supported by the net receipts from the liquor excise tax and cannabis excise tax, and also proposes to distribute a portion of the net receipts from the liquor excise tax to the Health Care Authority to increase Medicaid reimbursement for community-based programs for the prevention, treatment, and screening of behavioral health issues.

Specific provisions include:

Section 1: A Behavioral Health Grant Program shall be established with the function of awarding grants to municipalities and counties for the prevention, treatment, and screening of behavioral health conditions. Grants shall be awarded after Division of Finance Administration (DFA) consideration and to counties/municipalities that have submitted a behavioral health plan, are geographically diverse, and have a demonstrated need for funding. Municipalities or counties seeking funding must complete an application.

Section 2: The Behavioral Health Grant Program Fund is created as a non-reverting fund within the state treasury. The fund consists of distributions, appropriations, and other forms of income. The local government division of DFA shall administer the fund.

Section 3: Includes an overview of the rules required of the local government division of DFA when administering the Behavioral Health Grant funds. Rules include administering and evaluating the program and promulgating rules necessary for program operation.

Section 4: Amends Section 7-1-6.40 of NMSA 1978 to include language stating that in addition to funding the DWI Grant Fund and Drug Courts, net receipts from the liquor excise tax shall also fund the Behavioral Health Grant Fund and Health Care Authority. The section adds language stating that two percent of the net receipts from the liquor excise tax shall be given to the Behavioral Health Grant Program Fund. It also adds language stating that two percent of the net receipts from the liquor excise tax shall be given to the

Health Care Authority to increase Medicaid reimbursement for new or existing programs or services for the prevention, treatment, and screening of behavioral health conditions.

Section 5: Amends Section 7-1-6.68 of NMSA 1978 to include language stating that in addition to funding municipalities and counties, a portion of the net receipts of the cannabis excise tax shall be used to fund the Behavioral Health Grant Program Fund. The section adds language stating that five percent of the net receipts from the cannabis excise tax shall be given to the Behavioral Health Grant Program Fund.

Section 6: Provides an effective date for the proposed legislation of July 1, 2025.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

Behavioral health conditions impact all populations within New Mexico. Behavioral health conditions significantly impact children and adolescents' ability to learn and develop. One in five children has a diagnosable mental, emotional or behavioral disorder, yet many have trouble accessing the services they need. There is a strong connection between mental health and academic success (<https://www.samhsa.gov/blog/back-to-school-and-mental-health-supporting-children>).

Teens often lack awareness and understanding of their symptoms as clinically significant, are uneducated about their treatment options, or are hesitant to share their symptoms with parents or other adults ([Perceived barriers and facilitators to mental health help-seeking in young people: a systematic review | BMC Psychiatry | Full Text](#)). Even when youth do access mental health care, treatment completion and compliance are often low due to these persistent barriers (e.g., cost, time, transportation, stigma). Thus, there is a critical need for broad partnerships and services that are scalable, accessible, and developmentally appropriate for the prevention and intervention of mental health problems experienced by children and adolescents. School based health centers (where they are available) have provided many of NM's children with direct access to behavioral health services and support without the child or parent needing to manage the time, cost, and impacts associated with leaving work or school for appointments. Many SBHCs have established a "hub and spoke" model that leverages providers in more rural areas with a centralized "hub" and spokes that touch many schools. These models often include mobile units and telehealth options for more flexibility. This is a wonderful way meet the needs of children facing primary care and behavioral health access issues.

Mental disorders, particularly clinical depression, increase the risk for both attempted suicide and suicide. Other risk factors associated with suicide include a previous suicide attempt, alcohol and substance abuse, a family history of suicide, a history of child maltreatment, feelings of hopelessness, isolation, barriers to mental health treatment, loss (of relationships, social connections, work, finances), physical illness, and easy access to lethal methods, such as firearms ([NM-IBIS - Summary Health Indicator Report - Suicide Death](#)).

Significant barriers interfere with access and delivery of mental health services for adolescents, including barriers related to cost, geographic proximity, and time, among

others. These barriers often result in long waitlists and travel times, as well as a shortage of professionals providing evidence-based care ([Geographic Variation in the Supply of Selected Behavioral Health Providers - ScienceDirect](#)), particularly those who are trained to work with youth ([Workforce Development](#)). Access to treatment is especially challenging for youth in rural regions ([Geographic Variation in the Supply of Selected Behavioral Health Providers - ScienceDirect](#)) and for adolescents who are racial, ethnic, sexual, and/or gender minorities. These youth often face additional barriers to receive culturally sensitive care ([Racial and Ethnic Disparities in Pediatric Mental Health - ScienceDirect](#)).

Mental health disorders have a significant impact on physical health and are associated with progression, prevalence and outcome of physical health conditions ([Mental Health](#)). Severe mental health provider shortages exist in New Mexico. Nearly 1.4 million New Mexicans live in designated mental health professional shortages and only 19% of mental health needs are met. The Kaiser Family Foundation estimates that at least 73 additional mental health providers are needed in the state to meet the need ([Mental Health Care Health Professional Shortage Areas \(HPSAs\) | KFF](#)).

Digital mental health interventions (DMHIs) may help overcome many systemic and individual barriers for youth (e.g., availability, cost, transportation, stigma). First, certain technologies to deliver DMHIs are already widely in use. For example, smartphones have become pervasive among youth, with over 95% of teens owning these regardless of gender, race/ethnicity, or sexual identity ([Teens, Social Media & Technology 2018 | Pew Research Center](#)). Second, adolescents are early adopters of many digital technologies. They report high levels of comfort with and preference for online communication, particularly when discussing mental health ([Young People's Views on Electronic Mental Health Assessment: Prefer to Type than Talk? | Journal of Child and Family Studies](#)). Thus, DMHIs also promote help-seeking behaviors and can serve as a “gateway” to initiating mental health care ([Journal of Medical Internet Research - Do Online Mental Health Services Improve Help-Seeking for Young People? A Systematic Review](#)). Third, adolescents also commonly use the Internet for mental health information ([Health information and healthcare seeking online - ScienceDirect](#)), which is especially the case for adolescents who identify as racial/ethnic minorities or have parents that are less health literate ([Journal of Medical Internet Research - Health-Related Internet Use by Children and Adolescents: Systematic Review](#)). Finally, as the first point of entry for many adolescents, DMHIs can facilitate treatment by reducing uncertainty about interactions with providers and ambiguity about treatment options ([Using technology to deliver mental health services to children and youth: a scoping review - PubMed](#)). Rather than being a passive participant, teens can gain a newfound understanding and agency over their mental health, which may promote treatment seeking and engagement.

SB432 would help fund prevention, treatment, and screening for behavioral health conditions through county/municipality level grant awards and through increased Medicaid reimbursement for behavioral health services. Monthly sales data for cannabis indicates a range of approximately \$34,000,000 to \$40,000,000 for 2024 ([Cannabis Reporting Online Portal – Cannabis Control Division](#)). Cannabis sales for the adult use market have an excise tax of 12%. Cannabis sales for medical use are not taxed. A 5% distribution of the net receipts of the cannabis excise tax would amount to \$204,000 to \$240,000 per month to the behavioral health grant program fund.

Liquor excise tax revenue amounted to \$49,500,000 in fiscal year 2023 ([NM Tax and Revenue Excise Taxes Presentation](#)). A 2% distribution of the liquor excise tax would amount to approximately \$990,000 to the Behavioral Health Grant Program fund in a fiscal year.

The total amount of distributions from liquor and cannabis excise taxes to the behavioral health grant program fund in a fiscal year is estimated to be between \$3,000,000 to \$4,000,000 based on current available sales data.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?
 Yes No

- Is this proposal related to the NMDOH Strategic Plan? Yes No
 - Goal 1:** We expand equitable access to services for all New Mexicans
 - Goal 2:** We ensure safety in New Mexico healthcare environments
 - Goal 3:** We improve health status for all New Mexicans
 - Goal 4:** We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?
 Yes No N/A
- If there is an appropriation, is it included in the LFC Budget Request?
 Yes No N/A
- Does this bill have a fiscal impact on NMDOH? Yes No

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? Yes No

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

SB432 is related to HB417 which seeks to increase the amount of funding available for the prevention of alcohol-related harms, focusing funding available to counties on reducing alcohol-related harms as opposed to DWIs, and creating a dedicated fund for alleviating alcohol-related harms in Tribal communities supported by net receipts from the alcohol excise tax. HB417 proposes to distribute 94% of the alcohol excise tax net receipts to fund the Local Alcohol Harms Alleviation Fund and proposes to distribute 100% of the net receipts of a proposed alcohol excise surtax to fund the Tribal Alcohol Harms Alleviation Fund.

SB432 relates to SB431 which is a companion of HB417.

SB432 is related to several other bills include proposals that would address how behavioral health is funded in New Mexico including:

HB70 (Behavioral Health Medicaid Waiver Act) – This bill would give the Health Care Authority funding to explore expanding federal Medicaid funding specifically for a Behavioral Health Waiver program.

HB196 (Behavioral Health and Child Care Funding) – This bill would appropriate funds pursuant to the Behavioral Health Capital Funding Act

SB1 (Behavioral Health Trust Fund) – This bill would invest \$1 billion into a trust fund that would make annual funds available for behavioral health appropriations

SB3 (Behavioral Health Reform and Investment Act) – This bill would create standards and priorities for behavioral health spending. It would also adjust rules around credentialing and prohibitions on caps for insurance providers.

SB120 (No Behavioral Health Cost Sharing) – This bill would make the elimination of Behavioral Health Cost Sharing permanent.

SB2S (Public Health & Safety Initiatives) -- This bill outlines a two-step approach to funding expansion of behavioral health activities in New Mexico.

HB329 (Behavioral Health Purchasing Collaborative) which would make changes to existing law (24A-3-1 “Interagency Behavioral Health Purchasing Collaborative”) adjusting the composition of the Behavioral Health Purchasing Collaborative to attach it to the Office of the Governor and creates a nominating committee for the position of director of the collaborative.

HB58 which would appropriate three hundred thousand dollars (\$300,000) to the Public Education Department (NMPED) to partner with an organization that provides trauma-informed and culture-centered suicide prevention training to school staff, students and community members; and one million seven hundred fifty thousand dollars (\$1,750,000) to support the operation of fourteen mental health rooms in schools across the state.

SB238 which would appropriate \$1,450,000 to the NMPED for FY26 for a youth behavioral health prevention project through a multi-component digital platform.

SB432 conflicts with HB460 (Repeal Liquor Taxes) which would repeal the liquor excise tax and eliminate the Local DWI Program.

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? Yes No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? Yes No
- Does this bill conflict with federal grant requirements or associated regulations?
 Yes No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? Yes No

The Department of Finance and Administration will need to implement administrative rules for distributing the Behavioral Health Grant Program fund.

8. DISPARITIES ISSUES

Behavioral health issues are common and impact all populations. Careful planning for New Mexico's behavioral health service funding should consider health disparities. Significant disparities do exist including:

In 2023, New Mexico males were nearly six times as likely to die of suicide than females and two and half times as likely to die of drug overdose ([CDC WONDER](#)).

In 2023, New Mexico adult females were significantly more likely to have symptoms of an anxiety disorder than males (Source: 2023 Behavioral Risk Factor Surveillance System, data analyzed by NMDOH-Center for Health Protection for this Analysis).

In 2023, New Mexico non-White adults with depression or anxiety disorder symptoms were significantly less likely to have received treatment than White adults (Source: 2023 Behavioral Risk Factor Surveillance System, data analyzed by NMDOH-Center for Health Protection for this Analysis).

In 2023, New Mexico adults living in households with an annual income less than \$15,000 were significantly more likely to have anxiety or depressive disorder symptoms (Source: 2023 Behavioral Risk Factor Surveillance System, data analyzed by NMDOH-Center for Health Protection for this Analysis).

In 2023, New Mexico high school girls were significantly more likely to have anxiety, depression symptoms, or report a past year suicide attempt than high school boys (Source: 2023 Youth Risk and Resiliency Survey, data analyzed by NMDOH-Center for Health Protection for this Analysis).

In 2023, the age-adjusted rate of alcohol-related death was two and a half times higher among males compared to the age-adjusted rate among females (Source: 2023 NMDOH Bureau of Vital Records death files, data analyzed by NMDOH-Center for health Protection for this analysis).

In 2023, most overdose deaths (84%) occurred among New Mexicans aged 25-64 years (working age population), with 26% of overdose deaths occurring in the 35-44 years age group (Source: 2023 NMDOH Bureau of Vital Records death files, data analyzed by NMDOH-Center for health Protection for this analysis).

Mental health concerns, suicide, and substance use outcomes are related to biological, psychological, interpersonal, environmental, and social influences. Disparities in poverty, historical trauma, and exposure to Adverse Childhood Experiences (ACEs) are closely associated with adverse substance use and mental health outcomes ([Co-morbid Substance Use and Mental Health Issues in New Mexico](#))

9. HEALTH IMPACT(S)

Evidence has shown that mental health disorders, most often depression, are strongly associated with the risk, occurrence, management, progression, and outcome of serious chronic diseases and health conditions, including diabetes, hypertension, stroke, heart disease, and

cancer. The association is a complex self-propagating interrelationship between chronic disease and mental illness. ([NM-IBIS - Mental Health](#))

Suicide accounted for 15,048 Years of Potential Life Lost (YPLL), fourth after unintentional injuries, cancer, and heart disease deaths. The YPLL is a measure of premature mortality in a population that describes the impact of injury-related deaths on a society compared to other causes of death ([NM-IBIS - Summary Health Indicator Report - Suicide Death](#)).

Comprehensively addressing the behavioral health needs of New Mexicans is an important public health topic requiring careful planning and budgeting. Suicide, drug overdose, and alcohol have been leading causes of death in New Mexico. In 2023, the CDC estimated suicide was the ninth leading cause of death in New Mexico. That same year, unintentional injuries were the third leading cause of death, including 955 drug overdose deaths ([CDC WONDER](#)). Counties that had both a high number of overdose deaths (>20 deaths) and an overdose death rate greater than the statewide age-adjusted rate (46.3 deaths per 100,000 persons) in 2023 include Bernalillo, Santa Fe, Rio Arriba, and San Miguel ([NMDOH – Overdose deaths Declined in New Mexico Again](#)). In addition, 1,896 New Mexicans died from alcohol-related causes in 2023, and New Mexico has historically led the nation in alcohol-related deaths (Source: 2023 NMDOH Bureau of Vital Records death files, data analyzed by NMDOH-Center for health Protection for this analysis).

In 2023, among New Mexico high school students, 28% had anxiety symptoms and 25% had depression symptoms. Students with either anxiety or depression symptoms were about five times as likely to have attempted suicide as those students without these symptoms (Source: 2023 Youth Risk and Resiliency Survey, data analyzed by NMDOH-Center for Health Protection for this Analysis). In 2023, among New Mexico adults, 14% had anxiety symptoms, 12% had depression symptoms, and 5% of New Mexico adults seriously considered a suicide attempt (Source: 2023 NM Behavioral Risk Factor Surveillance System – Data Analyzed by NMDOH – Center for Health Protection).

Increases in substance use disorder prevention and treatment services could] provide positive economic benefits, decreased criminal justice costs, and decreased criminal activity ([Economic Benefits of Substance Use Disorder Treatment: A Systemic Literature Review](#)). In general, the number of individuals in New Mexico that would need or seek treatment stayed relatively the same between 2020 to 2021. In 2021, approximately one in fourteen individuals in New Mexico would need treatment services, of these individuals, one in seven would seek treatment based on an analysis on data from the National Survey on Drug Use and Health (NSDUH) conducted by Substance Abuse and Mental Health Services Administration (SAMHSA). Individuals who need treatment may not seek treatment due to stigma, access, eligibility to programs, and other potential barriers.

Patient costs can be a major barrier in accessing health. In 2023, 11% of New Mexico adults did not see a doctor when they needed it because they could not afford it. Adults with mental health symptoms were more likely to report healthcare access issues due to cost than other adults. In 2023, 22% of New Mexico adults with symptoms of a major depressive disorder or symptoms of a general anxiety disorder reported they could not afford to see a doctor when they needed it. Additionally, two thirds of New Mexico adults with symptoms of anxiety or depression did not receive treatment or medication for a mental health condition (Source: 2023 NM Behavioral Risk Factor Surveillance System – Data Analyzed by NMDOH – Center for Health Protection).

10. ALTERNATIVES

None.

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If SB432 is not enacted, the proposed Behavioral Health Grant Program and the Behavioral Health Grant Program Fund will not be created, and portions of the net receipts from the liquor excise tax and cannabis excise tax will neither support this program and associated fund nor increases in Medicaid reimbursement for community-based programs for prevention, treatment, and screening of behavioral health issues.

12. AMENDMENTS