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FISCAL IMPACT REPORT

SPONSOR: Harden DATE TYPED: 3/5/03 HB _____

SHORT TITLE: 8 County Regional Alcohol Treatment Center SB 876

ANALYST: Dunbar

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|-----------|-----------------------------|------|----------------------|---------------|
| FY03 | FY04 | FY03 | FY04 | | |
| | \$3,611.3 | | | Recurring | General Fund |
| | | | | | |

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

| Estimated Revenue | | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|-------------------|-----------|-------------------------|----------------------|------------------|
| FY03 | FY04 | | | |
| | \$3,611.3 | | Recurring | DWI Program Fund |
| | | | | |

(Parenthesis () Indicate Revenue Decreases)

Relates to: SB 638, HB 930 and HB 719

SOURCES OF INFORMATION

Responses Received From
 Department of Health (DOH)
 Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

Senate Bill 876 appropriates \$3,611,336 from the general fund to the DWI Grant Fund and then to the Department of Health (DOH) for FY04.

SB 876 would require the following expenditures:

- \$2,419,000 to operate a regional alcohol treatment and inpatient alcohol treatment facility in Fort Sumner. It would provide alcohol treatment services to residents of the eight counties identified. Allowable expenditures include use of the facility, utilities, supplies, office equipment, salaries of treatment providers and support staff, quality assurance and evaluation services to monitor alcohol-related statistics.
- \$1,192,336 for intensive after-care and transitional living programs for eight counties (Curry, De Baca, Guadalupe, Harding, Quay, Roosevelt, San Miguel and Union counties). Required services/activities include; comprehensive alcohol treatment after-care and follow-up program, a youth treatment and after-care and follow-up program, a transportation system to and from the regional alcohol treatment center, coordination, planning and evaluation programs to be administered by no fewer than two representatives from the health and wellness councils of each county, a board of advisors representing each county that will participate in alcohol prevention and treatment related training, mileage and per diem for the board of advisors, a quality assurance and evaluation services program to monitor alcohol related statistics.

The legislation also addresses coordination, planning and evaluation programs to be administered by no fewer than two representatives from the county health and wellness councils of each county. The bill provides for a board of advisors and representing each county that will participate in alcohol prevention and treatment related training.

Significant Issues

DOH questions specific intent of SB 876, which was derived from the Eight-County Alcohol Initiative group. The department references the Center on Alcoholism, Substance Abuse and Addictions at UNM, most studies have shown no significant difference in the effectiveness between inpatient and outpatient treatment in reducing recidivism of substance abusers. However, the cost of inpatient treatment is significantly higher than that of outpatient treatment services. The DWI Grant Program currently provides outpatient treatment services for DWI offenders in the eight county area.

Currently there is shortage of inpatient treatment beds in the 8-County area. The closest inpatient treatment beds are in Roswell or in Albuquerque. According to the Office of Epidemiology of DOH, which maintains the state repository and database for DWI offenders screened for alcohol/drugs, a total of 1747 DWI offenders were screened from the eight county area during the period of July 1, 1999 to June 30, 2002. Of that total screened, 104 or 6% were recommended for inpatient treatment services.

The Behavioral Health Needs and Gaps in New Mexico analysis released July 2002 stated that approximately 12% of all the people served in Region 4 (the southeast quadrant) utilized 67% of the available substance abuse funding to pay for inpatient and residential services. Although the example covers both children and adults residing in the entire region it is clear that the most expensive services went to the fewest number of people.

FISCAL IMPLICATIONS

The appropriation of \$3,611.3 contained in this bill is a recurring expense to the DWI Program Fund. Any unexpended or unencumbered balance remaining at the end of FY 04 shall revert to the general fund.

The critical fiscal implication relates to the origin of this funding. The language used to identify the source of these funds in HB 719 is the "DWI Program Fund". This fund usually refers to a limited amount of money used to fund the DFA Local Government Division's DWI initiative. That budget is derived from a set formula and would appear to be in conflict with this appropriation. Funds have been allocated based on the formula. In order to receive the funds that are necessary to operate the facility, a change is required to the formula. Further, the balances in the fund do not revert to the general fund.

The Local DWI Grant Fund receives approximately \$12,000.0 per year to distribute to the local county DWI programs statewide. This amount is distributed as follows:

- \$9,000.0 to the counties to run evaluation, prevention and treatment programs,
- \$1,000.0 to detoxification programs, and
- \$2,000.0 in grants to counties.

It is not clear in SB 876 how the proposed treatment facility and transitional programs would be funded after 2004 when the proposed appropriation would terminate.

ADMINISTRATIVE IMPLICATIONS

The administrative burden to DOH would be minimal. However, in order to coordinate the other statewide treatment services, the Regional Care Coordinators that coordinate care in De Baca and the counties of eastern New Mexico would be responsible for administering these funds under the oversight of BHSD.

DUPLICATION AND RELATIONSHIP

SB 876 relates to SB 638, HB 719 and HB 930 all of which seek appropriation for the 8 county area for alcohol treatment services. SB 876 duplicates the facility and scope of services identified in SB 638 and HB719 but conflicts with the funding mechanism in which \$22.5 million from the Local Grant Fund would be appropriated over five years, from 2004 through 2008.

OTHER SUBSTANTIVE ISSUES

According to the Office of Epidemiology, which maintains the statewide DWI screening and tracking database, of the 1747 DWI offenders screened from the eight county area; 824 (47%) were not recommended for any type of treatment services and 819 (46%) were recommended for outpatient treatment services.

As of July 2002, there were seven inpatient detoxification and eighteen inpatient psychiatric facilities in NM (*DOH, Behavioral Health Needs and Gaps in New Mexico, July 2002*).

Lack of treatment for substance abuse in New Mexico also has costs beyond the delivery of treatment services. Unrelated mental health and substance abuse disorders in New Mexico are estimated to cost the state's businesses, taxpayers and families more than \$3 billion annually. For every dollar spent on alcohol and other drug treatment, \$7.14 is saved by reductions in other social, governmental and economic costs (*DOH, Behavioral Health Needs and Gaps in New Mexico, July 2002*).

QUESTIONS

Would a request to develop a state planning process to assess the location and financial feasibility of inpatient treatment facilities throughout the state be considered before specific solutions are adopted?

WD/sb