F I S C A L I M P A C T R E P O R T

SPONSOR Papen **ORIGINAL DATE** 1-31-06 **LAST UPDATED** **HB**

SHORT TITLE Assertive Community Treatment Programs **SB** 14

ANALYST Collard

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	**FY07**		
	$3,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB 15, SB 137

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY06	FY07	FY08	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	$500.0	$500.0	$500.0	$1,500.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Department of Health (DOH)
Human Services Department (HSD)
Health Policy Commission (HPC)
Children, Youth and Families Department (CYFD)
New Mexico Corrections Department (NMCD)
Developmental Disabilities Planning Council (DDPC)

SUMMARY

Synopsis of Bill

Senate Bill 14 appropriates $3 million from the general fund to DOH for the purpose of developing and implementing assertive community treatment teams to provide comprehensive, community-based psychiatric treatment, rehabilitation and support to persons with mental illness in southern New Mexico.

FISCAL IMPLICATIONS

The appropriation of $3 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the general fund.

DOH indicates the Assertive Community Treatment (ACT) model represents a significant change from usual outpatient treatment practices. Thus, costs to support the startup of an ACT team are significant ($500 thousand - $800 thousand per team) depending on the reimbursement schedule. It is necessary to support the team during the 1-1.5 years that is needed to become fully functioning. This is primarily due to the fact that no more than six of these challenging clients can be accepted into the team in any month. (See *Assertive Community Treatment of Persons with Severe Mental Illness* by Stein and Santos' (1998) and *The PACT Model* by Allness and Knoedler (1998)). Startup costs also include intensive staff training and support during the first year of operation.

HSD indicates there is currently one ACT program in Albuquerque, implemented by University of New Mexico Hospital staff, overseen by the DOH Behavioral Health Services Division (BHSD) and, as of November 1, 2005, billable to the HSD Medicaid program when the recipient is Medicaid eligible. Medicaid, as a partner in the creation of ACT services, can note the following, as taken from a rate analysis of ACT in April 2005:

- The City of Albuquerque encumbered $1 million of begin this ACT program.
- The City of Albuquerque estimates 80 percent of their caseload being Medicaid eligible, but this may be closer to 50 percent.
- Calculated in the start-up costs were salaries and benefits for ACT staff, the number of ACT staff, costs of overhead, training and administration, productivity of each staff member, avg. length of billable time per ACT recipient per week, and caseload size
- The ACT model design was based upon a one-year start-up, with year 2 and 3 as 'maintenance' years of the ACT program. Year 1 has a projected 40 individuals being served by the ACT team. Year 2 projects 72 members and Year 3 projects 96 individuals, 24 of which would be transitioned to a step-down ACT.
- For the Albuquerque program, staffing for Year 1 is to be based on caseload, with 5.7 FTE. Year 2 would add two more FTE with Year 3 bringing 2 more FTE.

Based upon the projections of the current ACT program in Albuquerque, the ACT program must develop gradually and for the first year with the City of Albuquerque is looking at approximately $900 thousand in total expenses. While southern New Mexico may have fewer costs due to lessened costs of living and lessened salary levels, there may be an increase in costs of supplying the ACT service to a rural area (as opposed to Albuquerque's urban area) generated mostly by transportation needs and increased time spent by ACT staff to get to the recipient's environment.

It is possible that 50 percent to 80 percent of the ACT clients may qualify for Medicaid. In the event that ACT claims are billed to the Medicaid program it is essential that a portion of the amount of money appropriated to DOH by this bill be used to fund the state's share of the Medicaid payment. Otherwise, there will be an increase in Medicaid expenditures that is not funded.

SIGNIFICANT ISSUES

BHSD provides comprehensive, community-based psychiatric treatment, rehabilitation and support services for residents in southern New Mexico. The department indicates this bill would enhance current programs and expand the system by utilizing the community-based planning mechanism, the local collaboratives. These community-member organizations are charged with inventorying the local continuum of behavioral health services, identifying gaps and making service recommendations to the Interagency Behavioral Health Purchasing Collaborative, DOH, the Behavioral Health Planning Council and ValueOptions New Mexico (VONM).

HSD notes, beginning in July 2005, all public behavioral health services in the state are being coordinated through a contracted statewide entity, VONM. Presumably, VONM would also coordinate this appropriation.

Local Behavioral Health Collaboratives should be part of the decision-making process regarding the need for specific behavioral health services in their geographic area. It is not known whether any local collaborative in southern New Mexico has been consulted regarding this appropriation.

ADMINISTRATIVE IMPLICATIONS

DOH notes the ACT model is currently being piloted in Albuquerque under a contractual arrangement, with considerable administrative involvement by BHSD and HSD. The same administrative time would be required to implement the services under this bill.

RELATIONSHIP

Senate Bill 14 relates to Senate Bill 15, Southern New Mexico Behavioral Health Funds which would appropriate $3.3 million to DOH for behavioral health services in southern New Mexico for inpatient assessment and treatment for individuals under protective custody or under a 30-day involuntary civil commitment, mobile crisis teams and for residential and non-residential treatment/temporary beds for court ordered jail diversion. Additionally, the bill relates to Senate Bill 137, which appropriates $2 million from the General fund to the Department of Health for expenditure in FY07 to leverage resources and provide mobile crisis, assertive community and residential treatment services under a plan developed by the local Behavioral Health Collaborative and approved by the interagency Behavioral Health Purchasing Collaborative.

TECHNICAL ISSUES

HPC indicates the bill does not define “southern” New Mexico or what areas of southern New Mexico would benefit from the bill. “Southern” New Mexico could be defined to add clarity.

OTHER SUBSTANTIVE ISSUES

NMCD indicates having greater resources for dealing with issues of mental illness may reduce the number of crimes and probation/ parole revocations. An increase in the number of treatment options might also reduce recidivism.

A small number of prisoners, three in 2005, were involuntarily committed upon release. This procedure is used when the prisoner being released has a particularly high probability of injuring

themselves or others, as a result of their mental illness. These commitments are for a short period of time, thirty days or less, and are used to transition the inmate with serious mental illness back into society. More facilities would allow more options when releasing this type of inmate.

DDPC indicates when persons with developmental disabilities have co-occurring behavioral health disorders, they are more likely than persons without developmental disabilities to be incarcerated, placed under protective custody or involuntarily committed. DDPC hears reports on a regular basis about persons with mental retardation or developmental disabilities who have been housed in county jails or under inpatient psych settings for extended periods of time without appropriate assessment, treatment and diversion to more appropriate, less restrictive settings.

KBC/nt