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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/31/19

SPONSOR Papen LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Local Gov't Behavioral Health Clinic Funding SB 128

ANALYST Kehoe

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$150.0	\$150.0	\$300.0	Recurring	General Fund (See Fiscal Implications)

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files  
 New Mexico Finance Authority (NMFA)  
 Department of Health (DOH)  
 Human Services Department (HSD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 128, endorsed by the New Mexico Finance Authority Oversight Committee, amends the Behavioral Health Capital Funding Act to allow a behavioral health care clinic operating in a rural or other health care underserved area of the state and owned by a county or municipality to be eligible for funding from the behavioral health capital fund (BHCF). The bill removes the current \$10 million asset limit on non-profit entities thereby making them eligible for funding from the BHCF. The bill further allows the New Mexico Finance Authority (NMFA) to recover administrative and originating loan costs from the fund.

### FISCAL IMPLICATIONS

Senate Bill 128 does not have a fiscal impact on the state general fund. The BHCF was created as a revolving fund within the NMFA consisting of appropriations, loan repayments, gifts, grants, donations and interest earned on investment of the fund. Money in the fund does not revert at the end of a fiscal year. The BHCF was initially capitalized with \$2.5 million from the state general fund for the purpose of making low-cost loans to behavioral health providers statewide for acquisition, construction and renovation of facilities.

Under a Joint Powers Agreement, the fund is jointly operated by the NMFA and the Human Services Department (HSD). NMFA is responsible for originating, servicing, and monitoring loans recommended by HSD. The Act does not currently allow NMFA to recover costs associated with administering and making loans from the fund. To date, the NMFA reports it has made four loans totaling \$2.8 million with unreimbursed administrative expenses totaling \$358,929. The bill allows the NMFA to recover the costs of administering the fund and originating loans for up to an amount equal to 10 percent of original loan amounts from the fund. Under rules promulgated by HSD, borrowers from the BHCF may qualify for annual forgiveness of principal and interest on a loan if they provide services at free or reduced costs to sick and medically indigent patients.

The DOH states, “The development of new behavioral health facilities or the remodeling of existing health facilities could have a significant impact on the workload for the NMDOH Division of Health Improvement (DHI), increasing the workload to complete building plan reviews, life safety code inspections and new behavioral health program surveys. Additional full-time DHI employees, training, computer equipment, supplies and IT services will be needed to license and regulate these behavioral health facilities and programs. The DOH reports it is not possible to determine the full operational costs because the impact would be dependent on the number of entities accessing loans from the BHCF to make improvements to current facilities or to construct new buildings.”

### **SIGNIFICANT ISSUES**

The purpose of the Behavioral Health Capital Funding Act created in 2004 was to provide funding for capital projects to eligible entities in order to increase behavioral health care services to sick and indigent patients.

Both the HSD and DOH report providing additional health care clinics owned by counties or municipalities could help improve behavioral health care access in rural and underserved areas and is consistent with HSD policy and Medicaid reimbursement. The HSD further states, “Removing the asset ceiling for nonprofit behavior health facilities may remove a barrier that affects development of the clinics.” The DOH reports, 32 of 33 counties in New Mexico have health professional shortages in the area of mental health

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