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FISCAL IMPACT REPORT

SPONSOR Ferrary LAST UPDATED 2/10/2025
ORIGINAL DATE 1/31/2025
BILL House Bill
SHORT TITLE Residential Treatment Services Funding NUMBER 115/aHHHC
ANALYST Chenier

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$2,700.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From

Department of Health (DOH)

Health Care Authority (HCA)

SUMMARY

Synopsis of HHC Amendment

The House Health and Human Services Committee amendment to House Bill 115 increases the appropriation from \$859 thousand to \$2.7 million.

Synopsis of House Bill 115

House Bill 115 appropriates \$859 thousand from the general fund to the Health Care Authority (HCA) to provide funding to an organization located in Doña Ana County that uses a Soteria model to provide long-term residential treatment services for people diagnosed with serious mental illness and psychosis.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriation of \$2.7 million contained in this bill as amended is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund.

SIGNIFICANT ISSUES

The Department of Health (DOH) provides the following:

The “Soteria model,” implemented in Soteria Houses, is based on a recovery model. The common elements of the Soteria approach include the use of primarily nonmedical staff, who do not prescribe or administer antipsychotic medication to patients, and the preservation of residents’ personal power, social networks, and communal responsibilities.

There is a need for residential level of care for people with behavioral health diagnoses in the state, but without knowing specifics about this program such as its capacity, revenue, average census, admission and discharge criteria, it is difficult to determine the broad impact of the model.

The Health Care Authority (HCA) states:

It is unclear what the appropriation allowances are (e.g., capital improvements, rent, staff salaries, fringe benefits, food, etc.)

This model does not align with HCA/[Behavioral Health Services Division’s] current approach to identifying and selecting behavioral health interventions. Criteria is as follows:

- Assessment of whether interventions are evidence based. This assessment involves a review of the scientific literature, study design, replicability, and whether studies included participants who are representative of New Mexico’s population.
- Epidemiological review of the health priorities of our state including information from the Department of Health regarding mortality outcomes and prevalence of various conditions.
- Making efforts to ensure a “system of care” to address behavioral health conditions appropriately with various levels of care that address different levels of acuity. These levels of care include recovery-oriented services, outpatient counseling, medication, intensive structured outpatient services, residential treatment, hospitalization and crisis care.
- Using a co-occurring approach to address any mental health and substance use conditions simultaneously.
- Using a collaborative, interdisciplinary approach incorporating best practices from social work, counseling, medicine, psychology, nursing and individuals with lived experience of behavioral health.

It is important to use caution in interpreting findings as they do not meet the methodological standards that are currently used to identify evidence-based practices. The main concern is that these studies were conducted in the 1970s and 1980s and all diagnoses were made retrospectively based on clinical records from the 1950s. At that time, there was much less agreement about the diagnosis of schizophrenia and wide variation in practice. Patients who were included in these samples likely would not be diagnosed with schizophrenia or other psychotic illnesses today.

Evidence-based recovery approaches that address housing, education and natural supports are supported by HCA/BHSD. New Mexico prioritizes Comprehensive Community Support Services (CCSS), peer support and other community-based recovery services and are included in the Medicaid state plan and are Medicaid funded.

The Soteria model is a costly pilot that would serve a very limited number of individuals per year. Outcomes have not consistently demonstrated the effectiveness of Soteria Model and there is a wide variability in how this approach is delivered. Because this model includes the cost of housing and staff, the cost per person is much higher than most other interventions used in mental health. There are no long-term studies examining the cost effectiveness of this model.

EC/hj/SR/rl