

LFC Requester: _____

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: _____ *Check all that apply:*
Bill Number: HB065cs Original Correction
 Amendment Substitute

Sponsor: R Dow, HHHC **Agency Name and Code** CYFD - 690
Short Title: CYFD SHORT-TERM STABILIZATION PILOT PGM **Number:** _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
	2,500.0	Recurring	General

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		484.0	484.0	1452.0	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: This committee substitute appropriates \$2,500.0 from the state general fund to the Children Youth and Families Department for expenditure in FY2027 through FY2029 to collaborate with the Health Care Authority to contract with appropriate clinical experts to develop, implement and administer the Foster Care Plus pilot project in Dona Ana, Chaves, San Juan, McKinley, Bernalillo, Santa Fe and Eddy counties.

The committee substitute adds a new section to NMSA 1978 §9A-2 to create the Foster Care Plus pilot project, a three-year pilot project for children in state custody and their families within a limited geographical area which is intended to provide children with in-home or home-like placements along with short-term stabilization support and services and crisis response and bridge placement if appropriate.

The committee substitute requires CYFD to collaborate with HCA to contract with appropriate clinical experts with demonstrated experience in evidence-based treatment models and stabilizing placements for children with acute behavioral health or mental health needs; and requires those contractors to provide an itemized list of evidence-based treatment and enhanced foster care support and services.

CYFD is also required to collaborate with HCA to develop financial and pilot project incentives to expand placement options, suggestions for which are provided in the committee substitute.

Eligibility for the project is based on geographical location and the child's clinical assessment at the time of entry, with priority given to those with a history of frequent placements, a risk of placement disruption, or a clinical diagnosis requiring higher levels of therapeutic support. The project is required to include specialized incentive tracks for specific criteria.

CYFD is required to submit annual reports concerning performance and outcomes to legislative committees no later than November 1 of each calendar year.

The original bill appropriates \$2,500.0 from the state general fund to CYFD for expenditure in fiscal years 2027 through 2029 for development, implementation, and administration of a short-term stabilization pilot program in Dona Ana, Chaves, San Juan, McKinley, Bernalillo, Santa Fe, and Eddy counties. This program will be administered by the Children, Youth, and Families Department with ongoing support from the Health Care Authority. CYFD is directed to contract with child welfare experts who possess demonstrated experience in evidence-based treatment models and stabilizing placements for children with acute behavioral health needs; to collaborate with HCA; and to administer the program with assistance from HCA.

FISCAL IMPLICATIONS

This committee substitute appropriates \$2,500.0 from the state general fund to the Children Youth and Families Department for expenditure in FY2027 through FY2029 with any unexpended amount reverting.

The FTE required for this project (minimum five (5)) will account for \$484.0 annually of the

appropriation (total \$1,452.0 over the life of the pilot).

The original bill appropriates \$2,500.0 from the state general fund to CYFD for expenditure in fiscal years 2027 through 2029 for development, implementation, and administration of a short-term stabilization pilot program in Dona Ana, Chaves, San Juan, McKinley, Bernalillo, Santa Fe, and Eddy counties, with any balance remaining reverting to the general fund. There is no provision in the original bill for funding past FY2029 in the named counties, or for expansion to additional counties. There is no provision in the original bill for the additional FTEs necessary to accommodate the administrative burden of this project, minimum five (5). CYFD cannot absorb the anticipated \$484.0 additional annual expense necessary for these hires (total \$1,452.0 over the life of the pilot). CYFD cannot absorb the cost of continuing any expansion of programs accomplished through the original bill with existing resources.

SIGNIFICANT ISSUES

The Foster Care Plus program is an enhanced foster care program already in existence.

Although this committee substitute uses the term “therapeutic foster parents”, it fails to define the term, and does not distinguish them from Treatment Foster Care (TFC), an established Medicaid service currently provided in New Mexico. Clarification will be necessary, as TFC is funded through Medicaid as a behavioral health level of care service. TFC providers are licensed through the CYFD PSD Child Placement Agency (CPA) and the TFC service is certified by the CYFD Licensing and Certification Authority (LCA).

There are no provisions in this committee substitute for either continuing or expanding the program if the pilot is successful.

The committee substitute requires weekly in-home child therapy and monthly in-home family therapy for all participants. These requirements do not take into account the needs, recommendations, and best interests of the child based upon clinical assessments and recommendations. In addition, the requirement may not meet privacy and confidentiality standards.

The committee substitute does not address licensing of the contractors or certification of the contracted services. TFC providers are licensed through the CYFD PSD Child Placement Agency (CPA) and the TFC service is certified by the CYFD Licensing and Certification Authority (LCA). Also, congregate care facilities, including Residential Treatment Centers, Group Homes, Facility-Based Shelters, and Multi-Service Homes, must be licensed and/or certified through CYFD LCA.

The original bill targets seven of the state’s 33 counties, excluding a large portion of the state; and raises concerns of both equity and sustainability of service provision, as some of these rural counties targeted do not have providers that serve the area with these types of services. Establishing the required programs in the target counties where such programs do not yet exist in the form required by the bill within a three-year time frame may not be feasible. The CYFD protective services division currently manages an enhanced foster care program (Foster Care+) to meet the needs of children and youth experiencing significant behavioral health needs. This funding could support further expansion of this program in the identified counties and provide additional home-based placements for children in state custody. However, although the original bill addresses both enhanced foster care and treatment foster care (TFC) programs, these are separate and distinct services. TFC currently exists in New Mexico as a behavioral health level of care placement and is funded through Medicaid. TFC homes are licensed through the HCA Child Placement Agency

and funded by Medicaid. Additionally, while CYFD is currently working to increase treatment and specialized foster care capacity with GRO Funding, the original bill is in some ways duplicative of that work, and in others conflicts with that work. CYFD has already contracted with child welfare experts from Oklahoma to develop the Foster Care Plus program to provide crisis intervention, increased in-home visits by caseworkers, parent training focused on therapeutic communication and trauma-informed crisis management through the Pressley Ridge evidence-based foster parent training model, treatment team meetings through the use of the Individualized Planning Meetings (IPM), and an increase in monthly reimbursement for families participating in the program. The restrictive requirements in the original bill concerning timing and location of service delivery have the potential to clash with evidence-based recommendations already in place for eligible clients. Contractors selected to provide services under the original bill are required to provide twenty-four-hour crisis intervention; monthly in-home caseworker visits and family therapy, weekly in-home child therapy, parent training focused on therapeutic communication and trauma-informed crisis management, and treatment team meetings collaborating on a child's individualized service and support plan. These service requirements do not take into account child-specific treatment needs based on the child or youth's individual diagnostic assessment and behavioral health level of care determination; and their specificity of location and frequency of treatment may not align with the therapeutic recommendations for the child or youth and may not meet confidentiality standards. Evidence-Based Practices must be balanced with the recognition that effective, culturally grounded approaches often exist outside traditional research models, and that imposing interventions not designed for or tested with specific communities can perpetuate harm. CYFD is required under the original bill to establish financial and program incentives for expansion of placement options, such as enhanced contract rates, start-up financial support, and bonus payments. While the bill requires that participation in this pilot program must be based on the child's standardized child and adolescent needs and strengths (CANS) assessment, with priority given to children with a history of frequent placements, risk of placement disruption, or clinical diagnosis requiring higher levels of therapeutic support, the CANS screening tool is a *decision support and communication tool* to allow for the rapid and consistent communication of the needs and strengths of children, youth, and their caregivers. *The CANS tool does not substitute for or provide clinical assessments.*

PERFORMANCE IMPLICATIONS

While the committee substitute requires annual reports on performance and outcome, it does not establish specific performance measures. CYFD has performance measures concerning placement stability which may be affected by this committee substitute.

Original bill: CYFD has performance measures related to the stability of placements which may be affected by the original bill.

ADMINISTRATIVE IMPLICATIONS

See fiscal implications.

Original bill: CYFD cannot absorb the administrative implications of administering this pilot program with existing resources.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None identified.

TECHNICAL ISSUES

None identified.

OTHER SUBSTANTIVE ISSUES

None identified.

ALTERNATIVES

None proposed.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

None proposed.