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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/1/2018

SPONSOR Gentry LAST UPDATED \_\_\_\_\_ HB 20

SHORT TITLE Prison Recidivism Reduction Program SB \_\_\_\_\_

ANALYST Edwards

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

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$0	At least \$78.9-\$395.0	At least \$78.9- \$395.0	At least \$158.0- \$790.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB 217.

### SOURCES OF INFORMATION

LFC Files

#### Responses Not Received From

Human Services Department (HSD)  
 Children, Youth and Families Department (CYFD)  
 New Mexico Corrections Department (NMCD)  
 Association of Counties  
 Municipal League

### SUMMARY

#### Synopsis of Bill

House Bill 20, which does not contain an appropriation, requires correctional facilities to implement a recidivism reduction program to assist inmates who are transitioning from correctional facilities to more easily access needed supports and services.

The bill defines correctional facilities as state-operated correctional facilities, privately operated correctional facilities, county jails, privately operated jails, and juvenile detention centers operated by CYFD holding both pre-trial and post-trial youth.

The bill requires facilities to ensure that inmates held 100 days or longer receive a mental illness and substance abuse disorder screening within the first 30 days of their incarceration. HB 20 also requires that facilities aid inmates' enrollment in Medicaid and ensure that qualifying inmates,

meaning inmates diagnosed with a mental illness or substance abuse disorder, participate in recidivism reduction transition programs.

Facilities' recidivism reduction transition programs shall refer qualifying inmates to case management, evidence-based behavioral health services, employment services, and housing. Facilities shall also assess options for payment for the services and assist the inmate in procuring appropriate payment options for services as much as is possible. HSD shall assist facilities in seeking Medicaid reimbursement for program services.

## **FISCAL IMPLICATIONS**

Without feedback, it is difficult to estimate the cost for facilities to manage recidivism reduction transition programs, including whether additional staff would be needed or the cost for the Human Services Department (HSD) to manage the increased workload. For example, should HSD need one to five additional employees to handle an increased workload with county and city jails throughout the state it could cost between \$78.9 thousand and \$395 thousand per year, using the State Personnel Office's average employee total salary and benefits calculation.

The potential cost increase within the Medicaid program is also difficult to estimate without agency feedback. However, cost savings could be realized if more inmates statewide are being pre-enrolled in Medicaid potentially increasing continuity of and access to care. Cost savings could also be realized if the increased access to care resulted in a lowered recidivism rate.

The required screenings could also be a cost driver. Absent responses from NMCD, it is uncertain whether mental health and substance abuse screenings are already being performed as required by the bill. Costs could become significant if the tests are time and resource intensive or if they must be performed by a licensed psychiatrist or psychologist. CYFD already screens its clients for mental and substance abuse issues. Many other facilities around the state may have to purchase screening tools to comply with the bill's mandates.

## **SIGNIFICANT ISSUES**

See attachment for full LFC report, *Behavioral Health Services for Medicaid Expansion Adults* (January 2018), pages 12 and 19.

Programs similar to what is proposed in HB 20 do exist in some areas. Since summer of 2016, Molina Healthcare has piloted a care coordination project at the Metropolitan Detention Center (MDC) in Bernalillo County, working with incarcerated Molina members to engage them in care coordination and ensure more timely access to health care services after their release. Molina reported a recidivism rate of 14 percent for members who participated in the project while MDC reported 43 percent, explaining that Molina calculated the rate only on a subset of participants. As a comparison point, in FY17, NMCD's overall three-year recidivism rate was 50 percent.

According to a LFC report released January 15, 2018,

“the goal is to engage members in care coordination prior to release so they will have more timely access to health services once they have been released. Molina care coordinators work with MDC staff and directly with inmates at the facility to complete health risk assessments (HRAs) and comprehensive needs assessments (CNAs), and also

educate inmates about the services available to them and assist with coordination of those services. Of the 317 inmates identified to date as Molina members, 296 initially agreed to care coordination when approached by MDC staff; 34 refused when subsequently approached by Molina, leaving 262 active participants.”

Although the LFC report was unable to validate Molina’s decrease in costs and utilization for members who participated in the pilot, the data they did provide pointed to decreased emergency room visits and lower hospitalizations. Based on these early results, Molina has announced plans to expand its efforts to 27 additional detention facilities around the state. However, Molina will lose its Medicaid contract at the end of 2018 which may put the pilot project and the expansion efforts in jeopardy.

It may be beneficial for correctional facilities to work with managed care organizations like Molina to implement similar programs for inmates who are members of MCOs to help save costs overall, although there may be cost increases within the Medicaid program.

The New Mexico Corrections Department (NMCD) has been working with the Human Services Department (HSD) since 2015 to help inmates fill out a YES New Mexico application 30 days before they are released. The YES New Mexico application determines eligibility for programs including Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and Low Income Home Energy Assistance Program (LIHEAP). At the end of FY17, the department reported that 95 percent of eligible inmates had filled out an application at the time of their release. However, some NMCD inmates are hard to place and remain in prison past their release date. These release-eligible inmates (REI) remain in prison due to lack of a home for the offender to parole to or mental illness services in the community. It is difficult for NMCD to expand access to services in a meaningful way without additional funding.

The Children, Youth and Family Department (CYFD) has no control over their clients once they reach their release date. CYFD does have a supervised released plan with recommended services which their clients can volunteer to agree to adhere to. However, there is no penalty for the client not adhering to the plan. Additionally, CYFD can choose not to work with a client.

Potentially the most effective method would be to expand correctional facilities’ relationships with managed care organizations (MCO) to establish care coordination pre-release. Currently, and within the realm of HB 20, nothing would prevent the facility from providing a list of services to an inmate without any additional case management or guidance.

## **PERFORMANCE IMPLICATIONS**

NMCD has a performance measure on the number of inmates eligible to apply for Medicaid pre-release.

## **ADMINISTRATIVE IMPLICATIONS**

Without additional funding, it may be difficult for some facilities to comply with the requirements of the bill.

**OTHER SUBSTANTIVE ISSUES**

Laws of 2015, Chapter 127, (SB 42) established that incarceration shall not be a basis on which to deny or terminate enrollment in Medicaid, and that after release from incarceration, a previously incarcerated person shall remain enrolled in Medicaid unless determined ineligible for reasons other than incarceration.

The bill also provided that a person who was not enrolled in Medicaid when he or she became incarcerated would be permitted to submit an application for Medicaid enrollment while incarcerated. Additionally, HSD was required to create a process for assisting incarcerated individuals with the Medicaid application process in compliance with federal requirements. HSD was not permitted to refuse to process a Medicaid application on the grounds the individual is incarcerated.

**TRE/sb**