



EVALUATION BRIEF

Legislative Finance Committee Evaluation Unit

DATE: April 27, 2026

PURPOSE OF HEARING:
Behavioral Health Update

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EXPECTED OUTCOME:
Informational



Link to interactive
report

Medicaid Managed Care Behavioral Health: Spending and Use

In an attempt to improve access to high-quality behavioral healthcare, the legislature has passed legislation and appropriations to ensure to make behavioral health services available and accessible to New Mexico Medicaid members. Efforts include the appropriation of \$89.5 million, between FY24 and FY26, to guarantee rate increases for behavioral health providers. Because of Medicaid's large role in the New Mexico healthcare system, it represents a potent lever available to the state to reduce the prevalence of mental illness and substance use disorders. The purpose of this brief is to report Medicaid sponsored behavioral health costs and utilization between 2023 and 2025. Overall, there are fewer Medicaid enrollees, using more behavioral health services at a higher cost.

Members enrolled in the Medicaid managed care program may utilize more than one behavioral health service and may use the same service repeatedly. LFC is unable to distinguish unique users with the dataset analyzed for this brief.

Key Points

- MCO spending on behavioral health increased by 47 percent, roughly \$230 million, between 2023 and 2025. Page 2
- The utilization increased increase by 22 percent between 2023 and 2025, from 8.4 million units to 10.2 million units, Page 5
- The cost of applied behavior analysis (ABA) for autism has grown by 88 percent since 2023, from roughly \$40 million dollars to nearly \$76 million dollars. Page 5

The majority of Medicaid clients are enrolled in managed care. The state pays a fixed per member per month (PMPM) rate to Medicaid managed care organizations (MCOs) intended to cover the costs of care, administrative costs, and MCO profit. The Health Care Authority (HCA) sets the PMPM and the MCOs negotiate payment rates with providers. The [2025 Medicaid Accountability Report](#) noted the PMPM rate behavioral healthcare for FY26 is 60 percent higher, on average, than the FY24 rate. Notably, Medicaid reimbursement rates for the 20 most common behavioral healthcare procedure codes are on par or substantially higher than neighboring states. However, the 2025 report finds that network adequacy and access have not meaningfully improved since the [2023 Medicaid Accountability Report](#). For instance, between 2023 and 2024 an increase in the number of of prescribing behavioral health providers was observed in only eight of 33 counties and in only 14 counties for non-prescribing behavioral health providers. Decreases or no change in the number of providers were observed in the other counties.

Despite substantial investments in behavioral health, LFC reports describe persistent problems with access to care. LFC published a progress report on substance use disorders (SUDs) in 2023 that documents the increase in deaths related to alcohol and SUDs through the public health emergency. Between 2019 and 2021 alcohol related deaths

At the time of writing this brief, LFC received complete data for 2023 and 2024, but only had access to 10 months of 25. LFC staff used a prorated formula to estimate 12-month figures for all of the data in the analyses in this brief. For example, to project total 2025 spending, LFC used the following $\$602.04 * (1 + (2/12)) = 714.05$. This same formula was applied to users and units of service.

increased by 31 percent while other substance use deaths increased by 68 percent. A [2024 LFC staff brief](#) reported that almost 25 percent of adults in New Mexico experience a SUD and almost 20 percent experience frequent mental distress. Furthermore, only 53 percent of the nearly \$425 million of nonrecurring appropriations between FY20-FY25 were budgeted and 73 percent had not been spent. For this report, LFC refers to behavioral healthcare as the procedures, prescription drugs, or interventions professionally administered to mitigate mental illness and substance use disorders.

Utilization and Costs of Medicaid-Sponsored Behavioral Healthcare

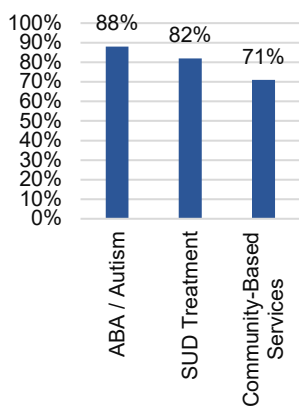
This analysis addresses two questions: How has utilization of behavioral healthcare services by Medicaid members changed between 2023 and 2025? How have costs changed over the same period? To address these questions, LFC analyzed Medicaid managed care data obtained from the Healthcare Authority (HCA). This analysis excludes information on the Medicaid fee-for-service program, roughly 18 percent of enrollees.

Table 1. Cost of Medicaid Sponsored Behavioral Health Service Categories From 2023 as Base Year
(in millions)

Service Category	2023	2024	2025	Percent of 2025 Total	Change Between Projected	Percent Change	Portion of Change
ABA / Autism	\$40.22	\$57.35	\$75.67	11%	\$35.45	88%	15%
Community-Based Services	\$61.67	\$85.52	\$105.36	15%	\$43.69	71%	19%
Medical / Other	\$3.11	\$4.16	\$4.37	1%	\$1.26	41%	1%
MH Diagnostic	\$14.07	\$17.47	\$18.86	3%	\$4.79	34%	2%
MH Treatment	\$302.80	\$360.84	\$396.41	56%	\$93.61	31%	41%
SUD Diagnostic	\$2.40	\$2.36	\$2.47	0%	\$0.07	3%	0%
SUD Treatment	\$61.05	\$83.34	\$110.92	16%	\$49.87	82%	22%
Grand Total	\$485.31	\$611.04	\$714.05	100%	\$228.74	47%	100%

Source: HCA provided source files for LFC Analysis

Chart 1. Top Three Highest Growth in Spending



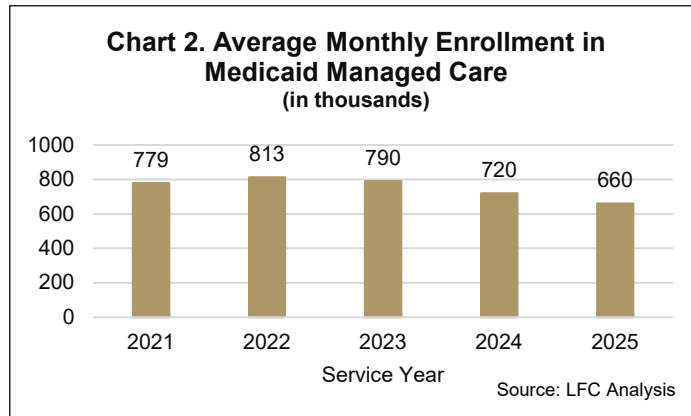
Source: LFC Analysis

Projected Medicaid spending on behavioral health services increased by nearly 50 percent, or \$230 million, between 2023 and 2025. The data above reflect what the MCOs spent on behavioral health services. Driving this growth is increased spending on mental health treatments, which accounts for 47 percent or \$94 million of the \$230 million. Growth in spending on treatments for substance use disorders accounts for 22 percent or \$50 million. Community-based services accounts for 19 percent or \$44 million, and growth in spending on applied behavioral analysis for Medicaid members diagnosed with symptoms of autism accounts for 15 percent or \$35 million, of the overall increases in spending for Medicaid behavioral health spending, as displayed in the last column of the table above.

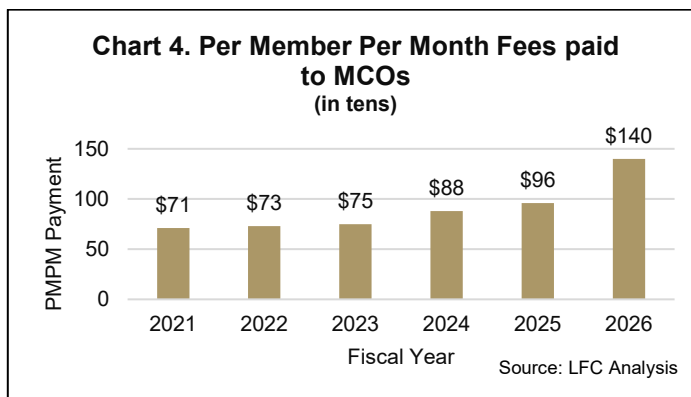
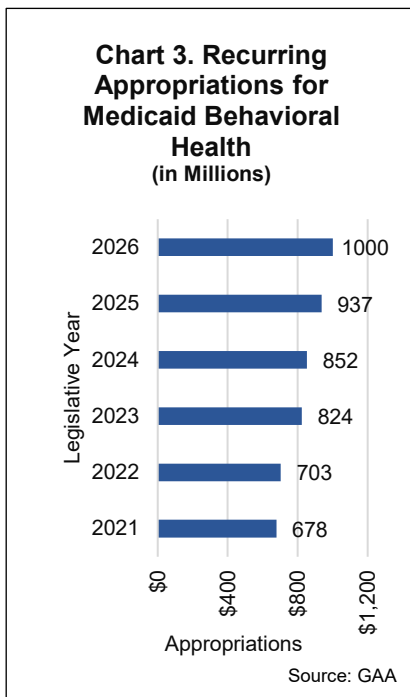
Fiscal year PMPM payments to MCOs were roughly \$785 million, costs were reported as \$611 million, and appropriations were about \$824 million to the Medicaid Behavioral Health program alone. For FY25, estimates put PMPM at \$795 million, costs to MCOs at \$714 million, and at \$852 million for appropriations.

Mental health is defined by the World Health Organization as “a state of well-being in which the individual realizes their potential, can cope with the normal stresses of life can work productively and fruitfully, and is able to contribute to their community”. Mental illness refers to suffering, disability or morbidity due to mental, neurological and SUDs, which can arise due to the biological and psychological make-up of individuals as well as adverse social conditions and environmental factors.

Recurring legislative appropriations to Medicaid behavioral health are up by 47.5 percent, as are per member per month rates while the average monthly enrollment in Medicaid managed care program has declined by roughly 65 thousand members per year since the pandemic unwinding.



Enrollment in the Medicaid managed care program peaked in calendar year 2022 with an average monthly enrollment of nearly 815 thousand members. Since 2023, the average monthly enrollment has declined by about 65 thousand members per year. Recurring legislative appropriations for the Medicaid behavioral health program have increased by roughly \$67 million per year on average from legislative session 2021 through 2026.



Between 2023 and 2024 behavioral health managed care service encounters grew by 5 percent, from roughly 1.4 million encounters to 1.5 million encounters, even as enrollment declined. Growth in the number of user encounters was observed across all categories of service. In 2025, the number of behavioral health users was 12,565 less than 2023. However, relative to the number of enrolled members in the managed care program, projected utilization by the end of 2025 was on par, if not slightly higher than what was observed in 2024. For example, in 2023 there are 1.8 users per enrollee monthly; in 2024 there were 2.1 users per the number of average enrolled members. In 2025 there were 2.2 user encounters per the number of average enrolled members. Overall, this indicates that utilization is up.

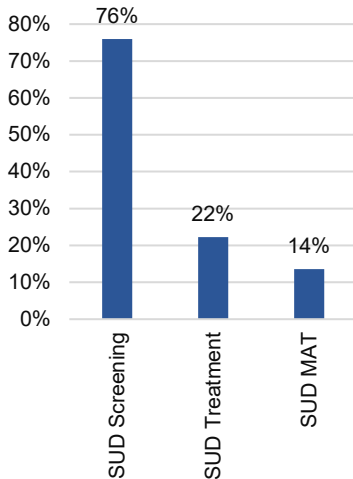
In 2023 total units of service to average enrolled members was roughly 10.6 units per member; in 2024, the ratio was 14.3 units of service per members, and in 2025 the projected ratio is 15.5 units of service per members.

Table 2. Frequency of Medicaid User Instances and Cost per User

Service Category	2023	2024	2025	2023 Cost Per User	2024 Cost Per User	2025 Cost Per User	2023 Units Per User	2024 Units Per User	2025 Units Per User
ABA / Autism	4,975	6,380	7,905	\$8,085	\$8,990	\$9,571	362	389	345
Community-Based Services	22,520	26,105	28,349	\$2,738	\$3,276	\$3,716	74	96	89
Medical / Other	188,346	196,190	184,216	\$16	\$21	\$24	2	2	2
MH Diagnostic	113,170	123,819	119,019	\$124	\$141	\$158	1	1	1
MH Treatment	1,094,384	1,137,906	1,059,112	\$277	\$317	\$374	2	3	3
SUD Diagnostic	11,206	13,448	19,034	\$215	\$175	\$130	4	3	2
SUD Treatment	14,518	17,489	18,920	\$4,205	\$4,765	\$5,863	120	106	90
Grand Total	1,449,119	1,521,337	1,436,554	\$335	\$402	\$497	6	7	7

Source: HCA provided source files for LFC Analysis

Chart 5. Percent Change in User Encounters of SUD Services



Source: LFC Analysis of HCA Data

The average cost per user grew by 27 percent between 2023 and 2025 from an average of \$2,237 thousand per user encounter to an average of \$2,834 thousand per user. The cost per user grew by 39 percent for SUD treatments, 35 percent for mental health treatments and community-based services, and 18 percent for ABA treatments. The cost per user of SUD diagnostics declined by 39 percent. The average cost per unit increased by 31 percent, from an average of \$53 per unit to an average of \$70 per unit of service. Units of behavioral health service are generally time-based, per diem-based units, or by weight (mg) or count (number of pills) for prescription drugs. Relative to the average number of enrolled Medicaid managed care members, overall utilization has increased between 2023 and 2025. For example, in 2023 total units to average enrolled members is roughly 10.6 units per member, in 2024, the ratio is 14.3 units per the number of average enrolled members, and in 2025 the ratio is 15.5 units of service per the number of average enrolled members. The cost per unit of SUD treatment grew by 86 percent from \$35 to \$65.

User encounters with SUD diagnosis and treatments grew by nearly 48 percent, from roughly 26 thousand users in 2023 to roughly 38 thousand users in 2025. Screening is driving 75 percent of this change, while treatments are driving roughly 22 percent of the growth. Growth in user encounters with medication assisted treatments for SUDs accounts for about 14 percent of the increases. Encounters for SUD assessments are projected to decrease by 27 percent.

The average cost per user is up by 27 percent, while the average cost per unit is up 31 percent.

Table 3. Behavioral Health Service Utilized by Service Category
(\$, in dollars)

Service Category	2023	2024	2025	2023 Cost Per Unit	2024 Cost Per Unit	2025 Cost Per Unit
ABA / Autism	1,801,762	2,481,055	2,728,607	\$22	\$23	\$28
Community-Based Services	1,656,932	2,495,988	2,515,092	\$37	\$34	\$42
Medical / Other	365,291	420,155	370,703	\$9	\$10	\$12
MH Diagnostic	156,556	169,240	162,007	\$90	\$103	\$116
MH Treatment	2,650,344	2,868,011	2,722,237	\$114	\$126	\$146
SUD Diagnostic	41,378	33,702	32,957	\$58	\$70	\$75
SUD Treatment	1,736,779	1,848,292	1,695,791	\$35	\$45	\$65
Grand Total	8,409,042	10,316,443	10,227,393	\$58	\$59	\$69

Source: LFC Analysis of HCA Data File

Spending for telehealth declined by 40 percent from 2023 to 2025, from \$8.6 million to \$6 million. Telehealth is a subcategory of mental health treatments, which is the largest share of Medicaid behavioral health spending and accounts for 56 percent of MCO spending on behavioral health. Telehealth user encounters are projected to drop by about 10 percent from roughly 26 thousand encounters in 2023 to about 18 thousand encounters in 2025.

Table 4. Cost of Mental Health Treatment and Service Subcategories From 2023 as Base Year
(\$, in millions)

Service Subcategory	2023	2024	2025	Percent of 2025 Total	Change Between 2025 and 2023	Percent Change	Portion of Change
Crisis Intervention	\$0.39	\$0.50	\$0.46	0%	\$0.07	1%	0.07%
Medication Management	\$0.64	\$0.70	\$0.82	0%	\$0.18	9%	0.19%
Office Visits (E/M)	\$208.22	\$253.70	\$264.23	67%	\$56.01	9%	59.83%
Partial Hospitalization / Intensive Outpatient	\$11.88	\$13.60	\$16.23	4%	\$4.35	17%	4.65%
Psychotherapy – Family/Group	\$8.21	\$8.98	\$9.23	2%	\$1.02	-4%	1.09%
Psychotherapy – Individual	\$64.85	\$77.17	\$99.40	25%	\$34.55	31%	36.91%
Telehealth	\$8.59	\$6.19	\$6.05	2%	-\$2.54	-40%	-2.71%
Grand Total	\$302.80	\$360.84	\$396.41	100%	\$93.61	12%	100.00%

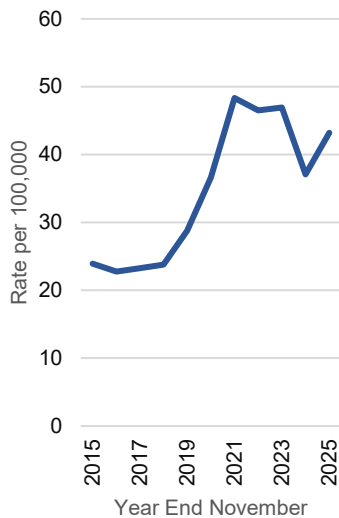
Source: LFC Analysis of HCA Data File

The cost of ABA for autism is grew by 88 percent from 2023 to 2025, from roughly \$40 million to \$76 million. ABA is a therapeutic approach to supporting New Mexicans diagnosed with symptoms of autism. ABA therapy consists of three service subcategories, evaluation, assessment and treatment. ABA treatments represent 90 percent of the overall spending in the ABA/autism service category. The cost of ABA treatments increased by roughly 86 percent, from about \$35 million dollars to roughly \$66 million dollars. While ABA remains a relatively small share of overall behavioral health spending, it should be monitored given the growth in spending.

Table 5. Cost of ABA Therapy for Autism and Service Subcategories From 2023 as Base Year

Service Subcategory	2023	2024	2025	Projected 2025	Percent of 2025 Total	Change Between 2025 and 2023	Percent Change	Portion of Change
ABA Assessment	\$3.32	\$4.97	\$5.96	\$6.96	9%	\$2.64	110%	11%
ABA Evaluation	\$1.55	\$1.93	\$2.52	\$2.94	4%	\$0.98	90%	4%
ABA Treatment	\$35.35	\$50.45	\$56.37	\$65.77	87%	\$21.02	86%	85%
Grand Total	\$40.22	\$57.35	\$64.86	\$75.67	100%	\$24.63	88%	100%

Source: LFC Analysis of HCA Data File

Chart 6. New Mexico Overdose Death by Substance March 2015-March 2025 (Preliminary)

Source: Centers for Disease Control

The most utilized service is defined as adaptive behavior treatment administered by a technician under the direction of a physician or other qualified healthcare professional, face-to-face with one patient, for 15 minutes. The total cost of this service increased by 79 percent from \$33 million to a projected \$59 million. The cost per user grew by roughly 17 percent, from about \$25 thousand per user to nearly \$29 thousand per user. The units per user have decreased by 2.5 percent.

Conclusion

Past LFC reports have documented the scope of behavioral health issues prevalent in New Mexico. Additionally, the *2025 Medicaid Accountability Report* showed that behavioral health outcome measures did not improve between 2023 and 2025. Furthermore, deaths related to drug overdose rose dramatically during the pandemic and remain high. Previous LFC analysis has found mixed outcomes for clients following increased Medicaid rate adjustments. Tying performance to Medicaid provider adjustments may lead to increased performance and better outcomes. The purpose of this brief was to describe how Medicaid-sponsored behavioral healthcare expenditures and utilization has evolved since 2023. The 2025 data analyzed represents the first 10 months of the year, so LFC staff projected 12-month estimates. The projected costs of Medicaid-sponsored behavioral healthcare grew by 47 percent. Driving this growth in expenditures were increased costs associated with mental health treatments (41 percent), SUD treatment (22 percent), community-based services (19 percent), and growth in expenses for ABA therapies for persons diagnosed with symptoms of autism (18 percent). While overall enrollment has decreased, the remaining enrollees are using more services and the cost per service has increased.