



NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

Medicaid Overview

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Overview

➤ Medicaid

- Joint federal-state health care program with certain national standards and wide latitude for state policy differences through Medicaid waivers
- In NM, Medicaid covers low-income individuals, including elderly, disabled, families and children, pregnant women, and very low-income adults without children
- Statewide

➤ Key Concepts

➤ Cost Drivers and Trends

➤ Major Costs



Medicaid 101

- Managed Care Organization (MCO) – A commercial insurance company that state governments contract with to manage Medicaid programs for cost, utilization, and quality.
 - In New Mexico, the Managed Care program is known as Turquoise Care, which recently replaced Centennial Care
- Fee For Service (FFS) – The state directly pays providers for services.
- State Plan – Each state develops its own Medicaid program within federal guidelines, outlining services covered, eligibility criteria, and administrative processes.
- Waiver – Special permissions granted by the federal government to states to deviate from standard Medicaid rules for experimental or innovative programs.

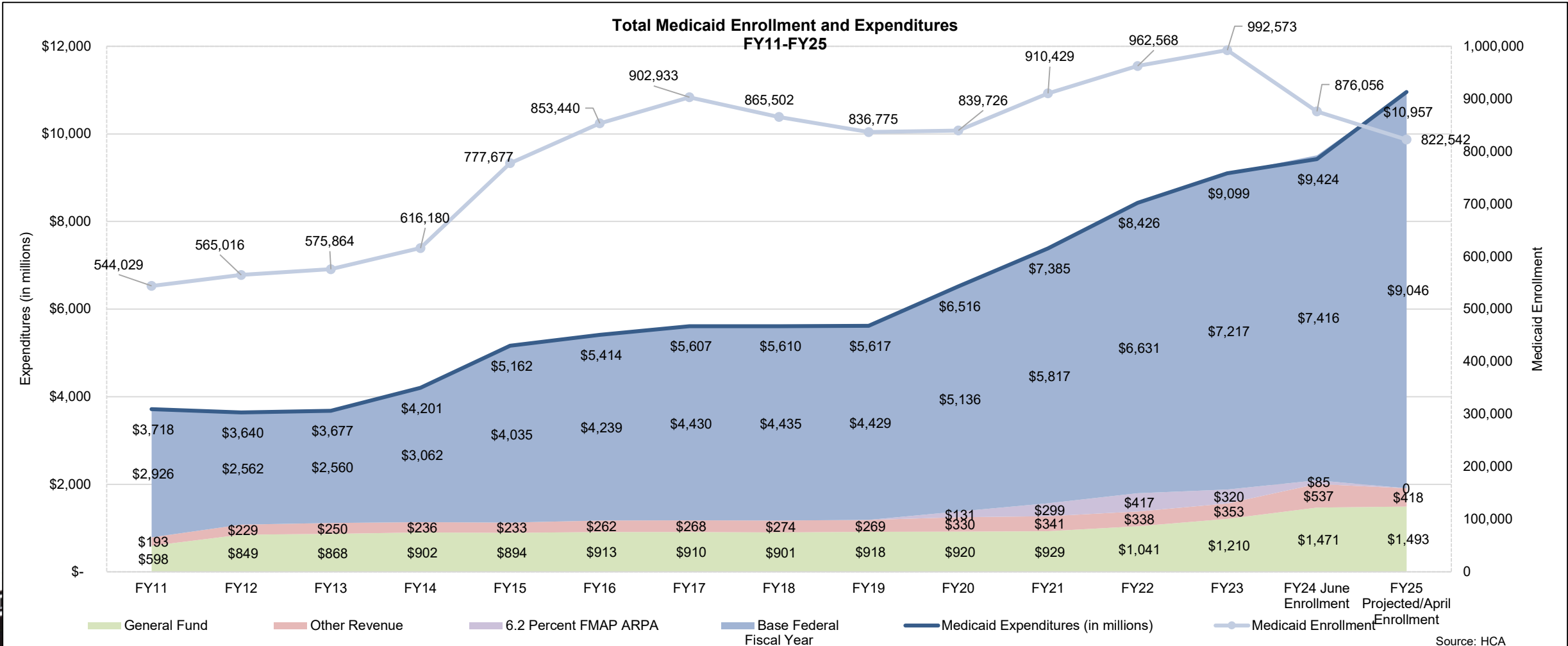


Turquoise Care Vs. Centennial Care

- Turquoise Care is the name of the Medicaid Managed Care Program that replaced Centennial Care
- Increase from 3 Managed Care Organizations (MCO) to 4, with Molina and United Health Care added and Western Sky Community Care Dropped
- Adding Benefits such as:
 - Supportive Housing
 - Continuous Eligibility for children under six years old
 - Expansion of Home Visiting
 - Evidence-Based Behavioral Health services treatment modalities
- Presbyterian is the MCO for Children in State Custody

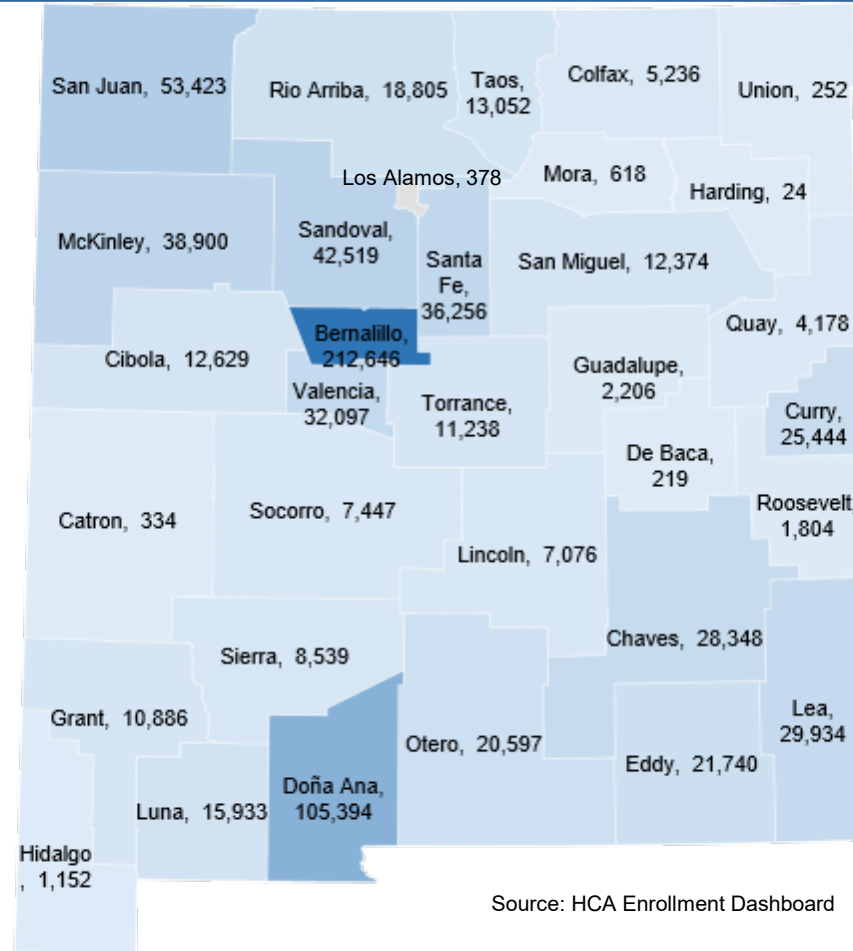


Medicaid Enrollment Revenue and Expenditures— Approximately 38% of NM population is covered by Medicaid



Source: HCA

Medicaid Enrollment by County



Source: HCA Enrollment Dashboard

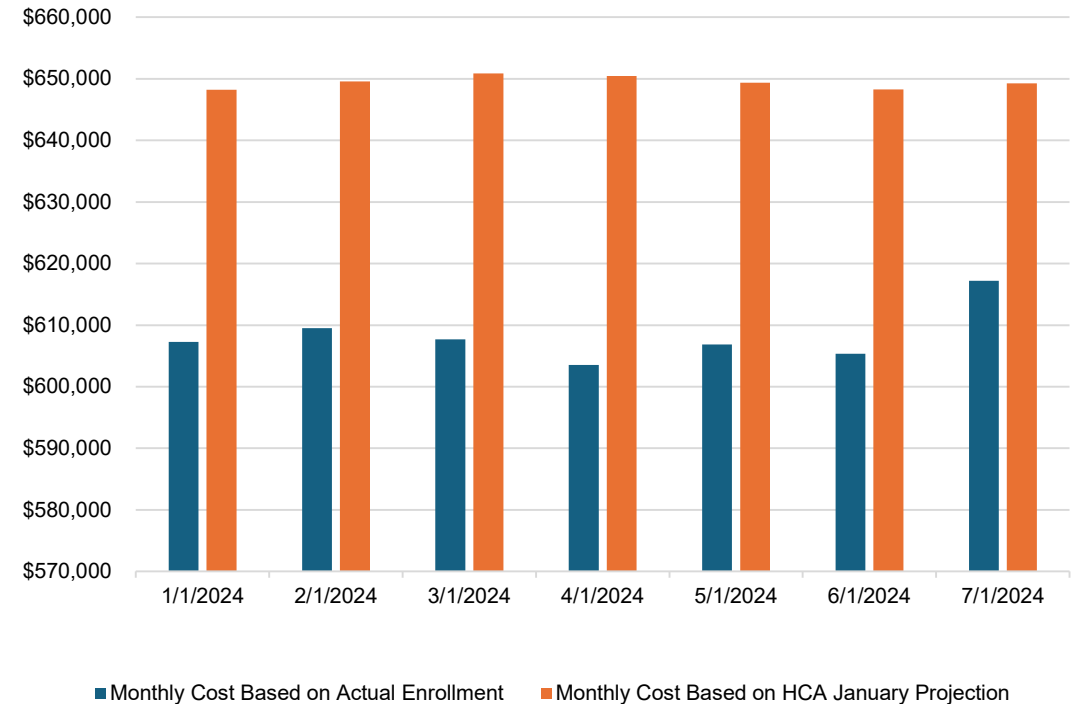
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Key Cost Drivers

- Enrollment, particularly in managed care
- State pays a per member (client) per month (capitation) payment for each enrollee regardless of services used
- MCO Rates – intended to cover all medical services, administration, profit, taxes
- Healthcare Prices and inflation
- Rates MCOs pay to healthcare providers
- Fee-for-Service HSD rates paid to providers
- Members' Use of Services (Utilization)
- Acuity of members
- FMAP

Difference in Monthly Cost Based on Actual and Projected Enrollment (thousands)



*Estimated cost is based on PMPM rates and do not take into account fee for service

Source: HCA January Budget Projection and LFC Analysis



Federal Medical Assistance Percentage

- Federal Medical Assistance Percentage (FMAP) – The federal government’s reimbursement rate to the state for state expenditures on Medicaid. The rate is dependent on the population served with differing rates for children, income levels, adult expansion, and other groups.
- Base and enhanced rates – Changes each year based on a state’s economic performance on per capita personal income. For federal FY25 New Mexico’s rate decreased 0.91 percent, costing about \$68.9 million in state general funds, this rate is projected to be less in the coming years.
- Blended Rate – Accounts for the different FMAP rates for different populations by weighting the number in each group. For FY25 the blended rate is 77.71 percent. With every state dollar spent the federal government reimburses \$3.45.

Medicaid Eligibility Groups		
Threshold (FPL)	Population	FMAP 2025
100%	Traditional Base	71.68%
138%	Adult Expansion	90.00%
190%	Children 6-19 (Medicaid)	80.18%
240%	Children 0-6 (Medicaid)	80.18%
240%	Children 6 to 19 (CHIP)	80.18%
250%	Pregnancy Services	71.68
300%	Children 0-6 (CHIP)	80.18%
	Native Americans	100%

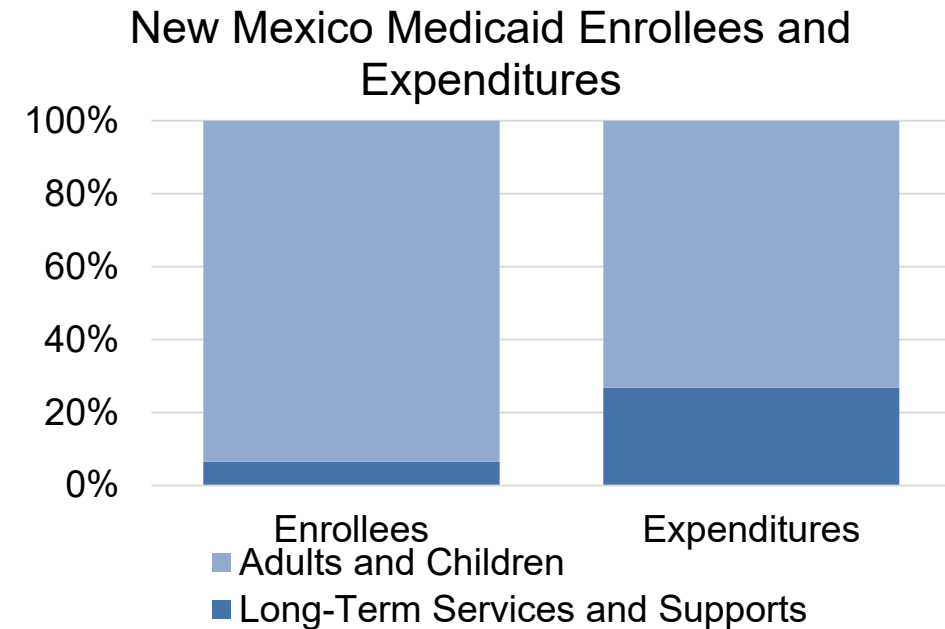


Medicaid Enrollment

MAJOR ENROLLMENT CATEGORIES

- June 2025 enrollment - 809,976.
- About 278K enrolled in the expansion/other adult group
- 475K Medicaid Base Population
- 369K children (children overlap with above groups)
- Others with partial benefit

COST DIFFERENCES



Source: HSD



Key Financing Components

Revenue Sources

- General Fund
- Federal Funds
- County Supported Medicaid Fund
- Tobacco Settlement Fund
- UNM and other Hospital Transfers
- Other Agencies (e.g. DOH)
- Various Matching Rates
- Now Hospitals through Healthcare Delivery and Access Act

Spending Categories

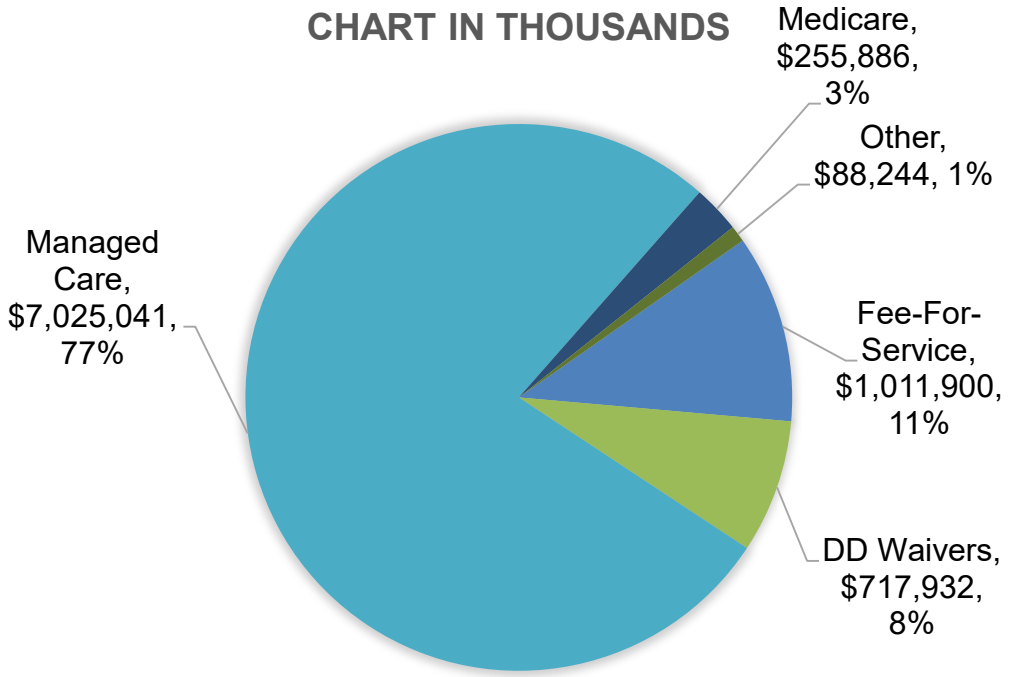
- Fee-For-Service
- Managed Care with a Per Member (Client) Per Month Payment to Managed Care Organizations (MCOs)
- Administration



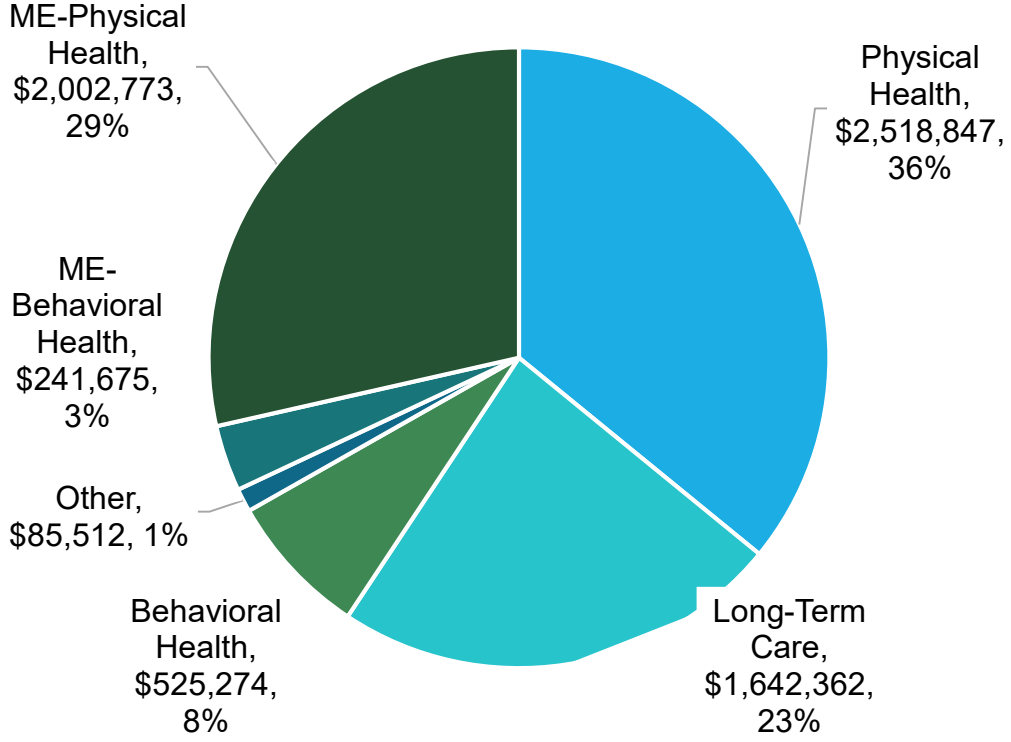
Medicaid Spending has grown from just over \$5.6 billion in FY17

MEDICAID - FY23 TOTAL SPENDING \$9.1 BILLION

CHART IN THOUSANDS



Medicaid MCO Programs \$7 Billion



Source: HSD January 2024 Projection



Medicaid Managed Care Spending on Services

Physical Health CY23 (thousands)		Long-Term Services and Supports CY23 (thousands)	
Hospital Services	\$1,344,353.3	Nursing Facility	\$299,188.5
Transportation	\$134,655.4	Community Benefit/Hospice/Personal Care	\$529,860.0
Primary Care/Home Health/FQHCs/ Medical Supplies/Pharmacy/Dental	\$590,903.5	Hospital Services	\$133,946.4
	\$685,660.8	Primary Care	\$44,651.0

Source: LFC analysis of MCO reports to HSD



Recent Rate Increases

- Significant rate increases were allocated in the last three years
- Rural health delivery grants: \$80 million in 2023 session and \$46 million in 2024 session
- Hospital one-time funding
 - \$45 million for subsidies for 11 struggling hospitals (SB161)
 - \$44 million for various other hospitals

Recent and Upcoming Provider Rate Adjustments (Millions)*

Provider Type	FY24	FY25	FY26
**Maternal and Child Health and Primary Care	\$222.5	\$210.3	
***Hospital Rates	\$105.9	\$39.2	\$1,361.4
Maternal Health Services	\$29.6		
Phase III Providers		\$42.6	
Prior Year Rate Maintenance		\$116.6	
Rural Primary Care Clinics and FQHCs		\$9.0	
Medicaid Home Visiting		\$6.7	
Birth Doula and Lactation Counselors [^]		\$26.0	
Behavioral Health	\$31.8	\$31.8	\$25.9
Program for All Inclusive Care			\$23.7
Assisted Living Facilities			\$11.2
Nursing Facility Rebased			\$40.2
Total	\$389.8	\$482.2	\$1,462.4

* Includes both state funds and federal match funds

** includes \$5 million EC trust for maternal and child health

*** FY26 based on FIR for Health Care Delivery and Access Act

[^]\$10.8 million from EC trust





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For More Information

- <https://www.nmlegis.gov/Entity/LFC/Default>
 - Session Publications – Budgets
 - Performance Report Cards
 - Program Evaluations

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