



NEW MEXICO
LEGISLATIVE
FINANCE
COMMITTEE

Medicaid and Behavioral Health Overview

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June 27, 2025

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
- Key Concepts
- Cost Drivers and Trends
- Major Costs
- Behavioral Health Services and Spending



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.

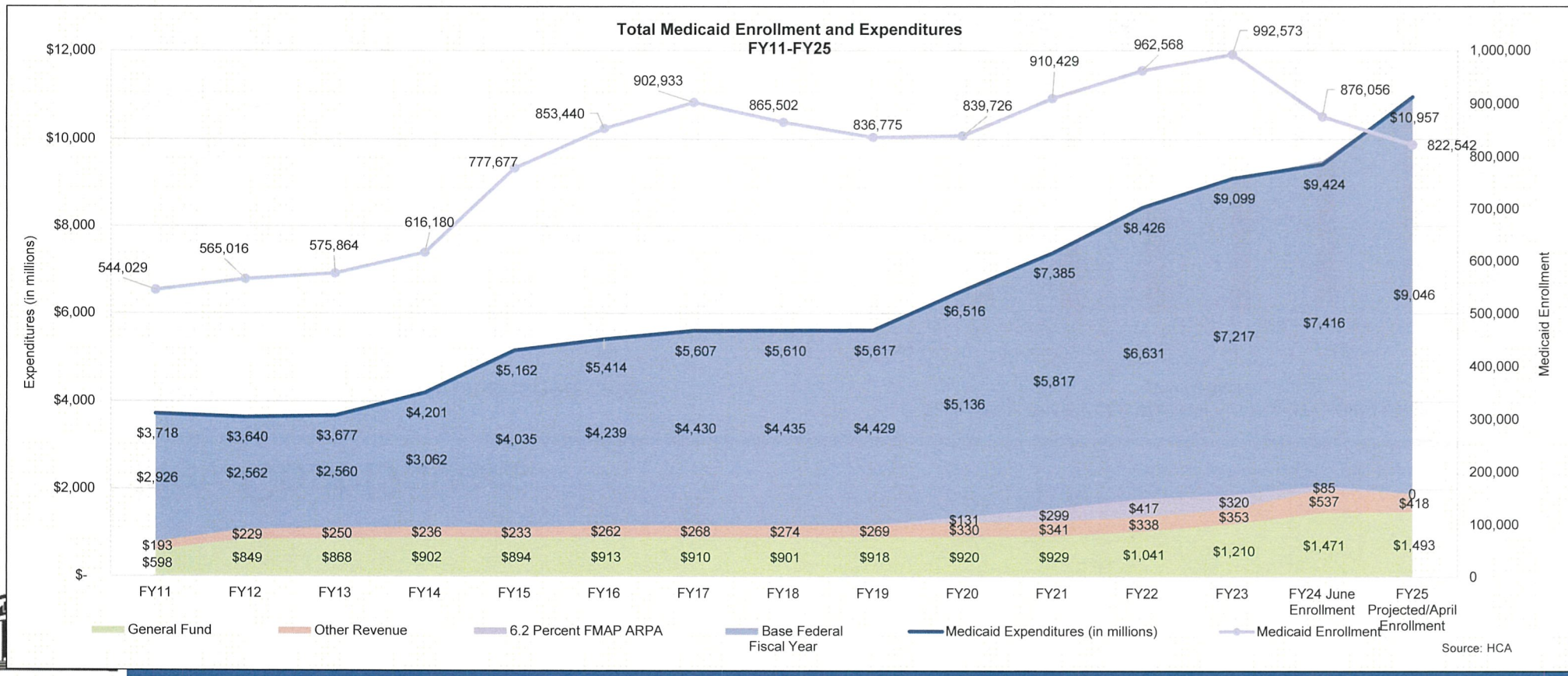


Turquoise Care Vs. Centennial Care

- Turquoise Care is the name of the Medicaid Managed Care Program replacing 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



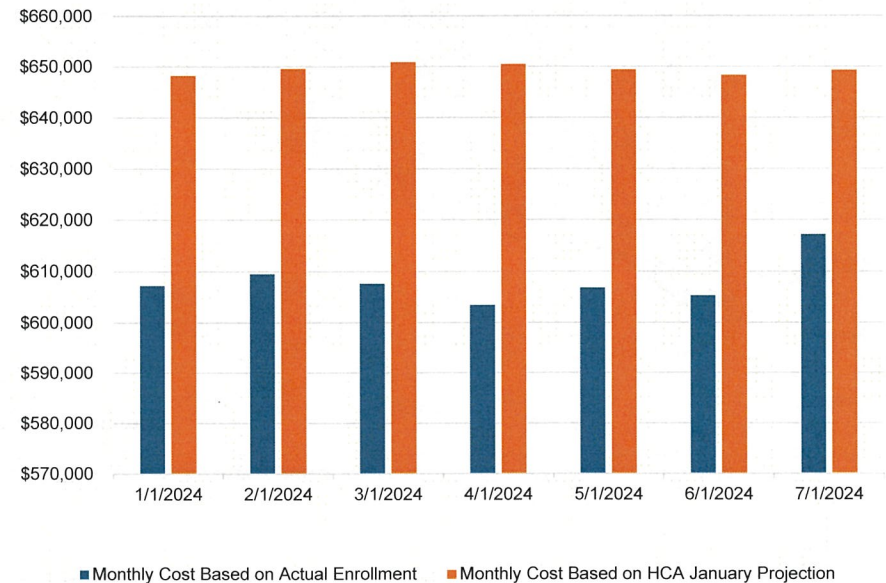
Medicaid Enrollment Revenue and Expenditures— Approximately 38% of NM population is covered by Medicaid



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%

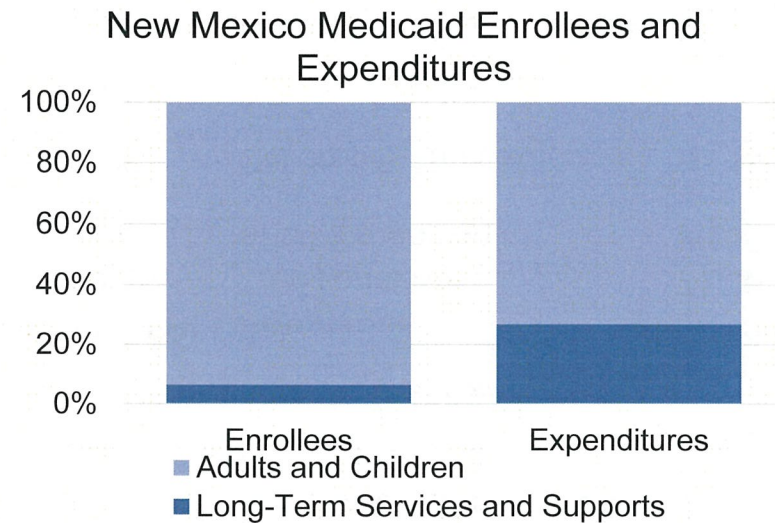


Medicaid Enrollment

MAJOR ENROLLMENT CATEGORIES

- May 2025 enrollment - 814,548.
- 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 HDAA

Spending Categories

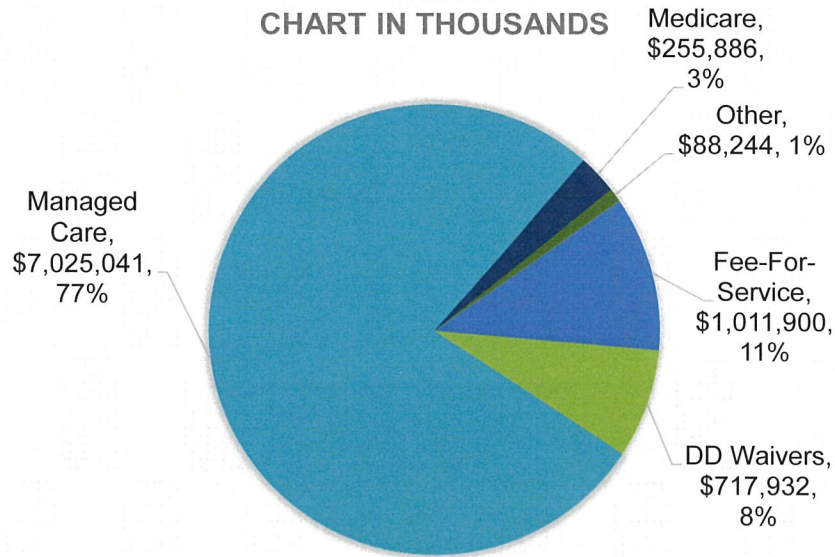
- Fee-For-Service
- Managed Care with a Per Member (Client) Per Month Payment to Managed Care Organizations (MCOs)
- Administration



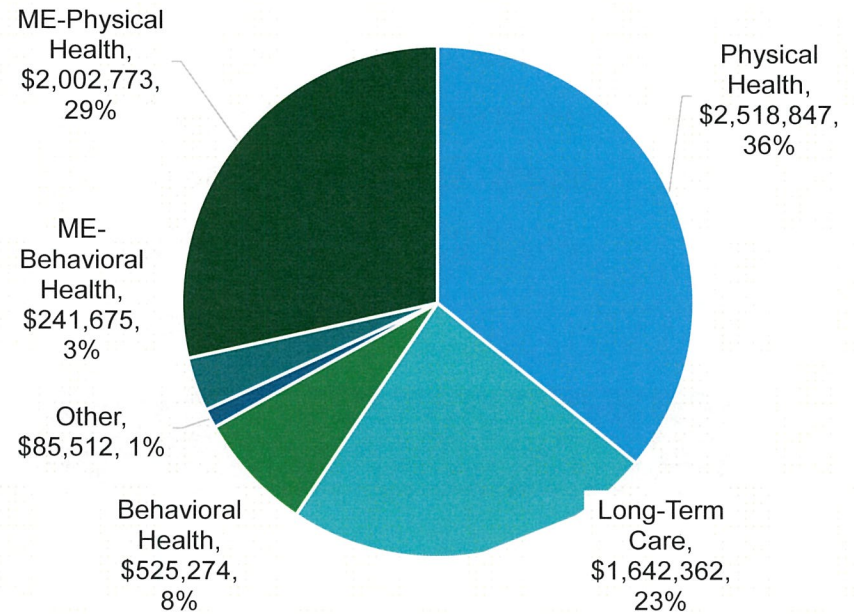
Medicaid Spending has grown from just over \$5.6 billion in FY17

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	\$590,903.5	Hospital Services	\$133,946.4
Supplies/Pharmacy/Dental	\$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	
Birthing Doulas 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 Rebasing			\$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



Behavioral Health

- Behavioral Health Needs
- Behavioral Health Funding



What is “Behavioral Health”

- The term “behavioral health” is a broad term covering both mental illness and substance use disorder, including treatments. According to the federal Substance Abuse and Mental Health Agency (SAMHSA):
 - Serious mental illness is defined by someone over 18 having (within the past year) a diagnosable mental, behavior, or emotional disorder that causes serious functional impairment that substantially interferes with or limits one or more major life activities.
 - For people under the age of 18, the term “Serious Emotional Disturbance” refers to a diagnosable mental, behavioral, or emotional disorder in the past year, which resulted in functional impairment that substantially interferes with or limits the child’s role or functioning in family, school, or community activities.
 - Substance use disorders occur when the recurrent use of alcohol and/or drugs causes clinically significant impairment, including health problems, disability, and failure to meet major responsibilities at work, school, or home.

The coexistence of both a mental health and a substance use disorder is referred to as co-occurring disorders.



Key Behavioral Health Services

■ Behavioral Health

- Counseling
- Crisis Intervention
- Homeless Outreach
- Supportive Housing
- Certified Community Behavioral Health Clinics

■ Children's Behavioral Health

- Multisystemic Therapy
- Functional Family Therapy
- Wraparound Services

■ Substance Use Disorder

- Medication-Assisted Treatment
- Screening Brief Intervention and Referral to Treatment
- Intensive Out-Patient Services
- Supportive Housing
- Certified Community Behavioral Health Clinics
- Crisis Teams
- Homeless Outreach
- Inpatient Treatment (should be rare and used for stabilization)
- MAT in carceral settings 90 days prior to release



Behavioral Health Reform and Investment Act (BHRIA)

- Repealed the Behavioral Health Purchasing Collaborative
- Requires the Administrative Office of the Courts to:
 - Conduct sequential intercept mapping (SIM)
 - Convene regional meetings to create behavioral health plans
 - Report progress to the Legislature
- Creates an executive committee to oversee implementation of SIM and regional planning
- The Legislature appropriated \$292 million in nonrecurring funding, including:
 - \$1.7 million to AOC for SIM
 - \$7 million to AOC for grants for treatment courts
 - \$110 million to the Department of Finance and Administration for the expansion of housing services
 - \$28 million to the authority for regional transitional behavioral health facilities and certified community behavioral health clinics
 - \$50 million to the authority for behavioral health funding priorities in regional plans



What Are the Needs and Gaps?

- New Mexico ranks poorly on key behavioral health metrics.
- The number of behavioral providers is slowly growing.
- A focus on providing more high-quality evidence-based services is needed.
- Improved data and analysis will tell us where to focus our efforts.

2023 and 2024 New Mexico Behavioral Health Rankings (Lower Rank is Better)

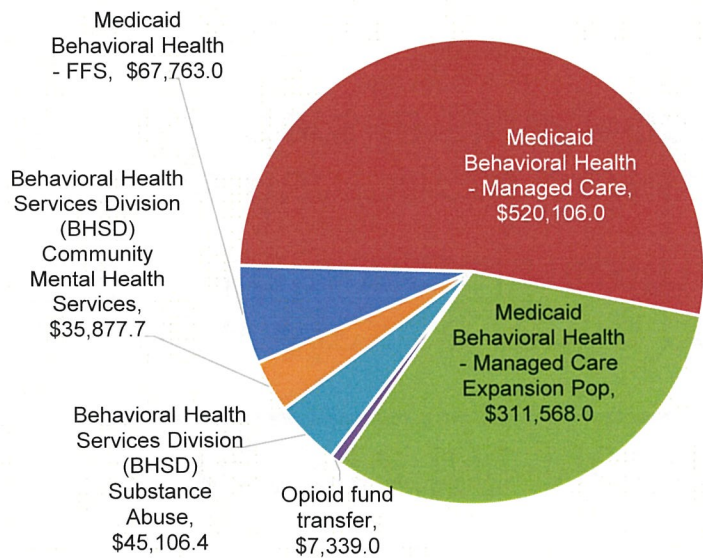
	Behavioral Health 2023		Behavioral Health 2024	
	Rank	2023 Rate	Rank	Rate
Overall Mental Illness Prevalence, Adults and Children	36		44	
Adult Substance Use Disorder	32	17%	49	23%
Youth with Major Depressive Episode	42	19%	46	23%
Youth Substance Use Disorder	47	8%	51	16%

Sources: State of Mental Health in America 2023 and America's Health Rankings



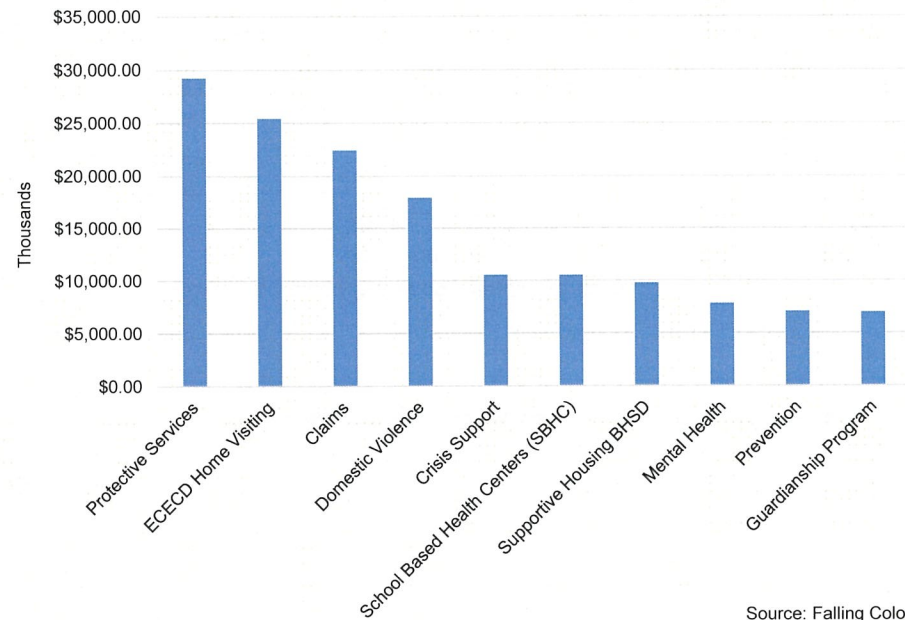
Collaborative Agencies are Budgeted to Spend Nearly \$1.1 billion in FY25, a 25 Percent Increase since FY22

FY25 Medicaid and Behavioral Health Services Division Budget (thousands)
Total = \$987 million



Source: BH Collaborative Budget and HCA Budget Projections

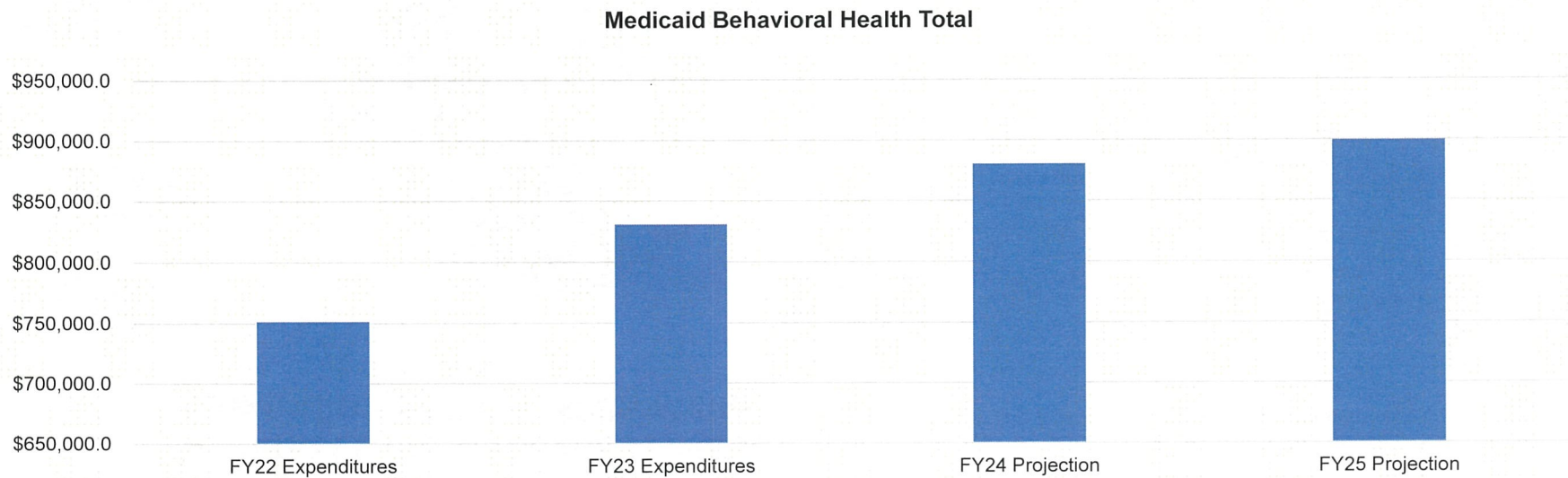
Top Ten Spending Items in the Behavioral Health Collaborative 2023 (Excluding Medicaid)



Source: Falling Colors



Medicaid Behavioral Health Spending Growth



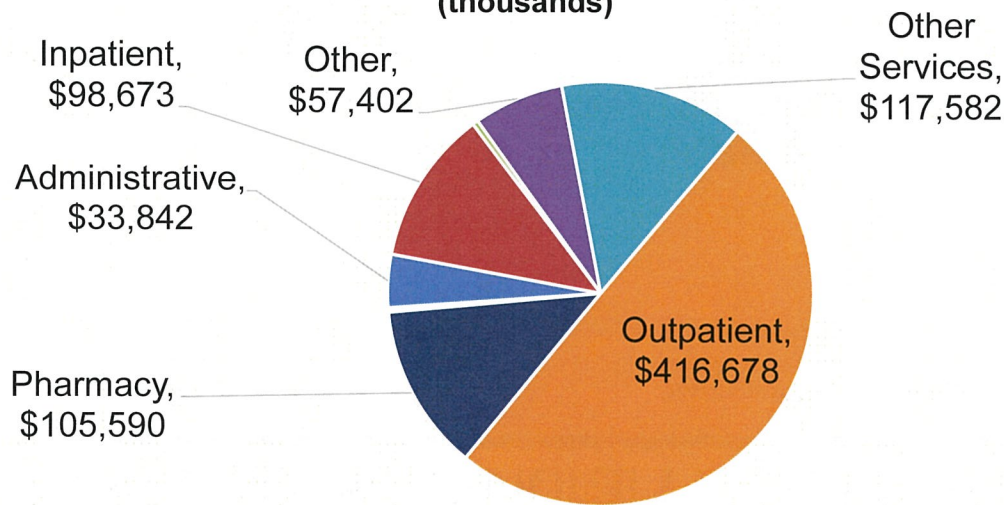
Source: Medicaid Projections

Between FY22 and FY25, projected spending for the behavioral health program will grow by 25%, increases in recent years are mostly related to increased provider rates.



Medicaid Behavioral Health Spending

Managed Care Behavioral Health Expenditures 2023, \$836 Million (thousands)



Source: MCO Financial Reports

Outpatient Services Includes

Evaluations and Therapies	\$168,263.4
Applied Behavior Analysis	\$59,609.7
Federally Qualified Health Centers (FQHC's)	\$36,577.3
Comprehensive Community Support Services (CCSS)	\$33,304.2
Intensive Outpatient Program (IOP)	\$30,417.1
Outpatient Facility Treatment	\$27,254.5
Foster Care Therapeutic	\$19,012.9
Telehealth	\$12,520.8
Assertive Community Treatment (ACT)	\$11,362.7
Multi-Systemic Therapy (MST)	\$8,825.7
Psychosocial Rehab Services	\$3,225.1

Other Includes

Other Professional BH Services	\$55,673.8
Care Coordination - Medical	\$25,555.6
Indian Health Service	\$24,653.3

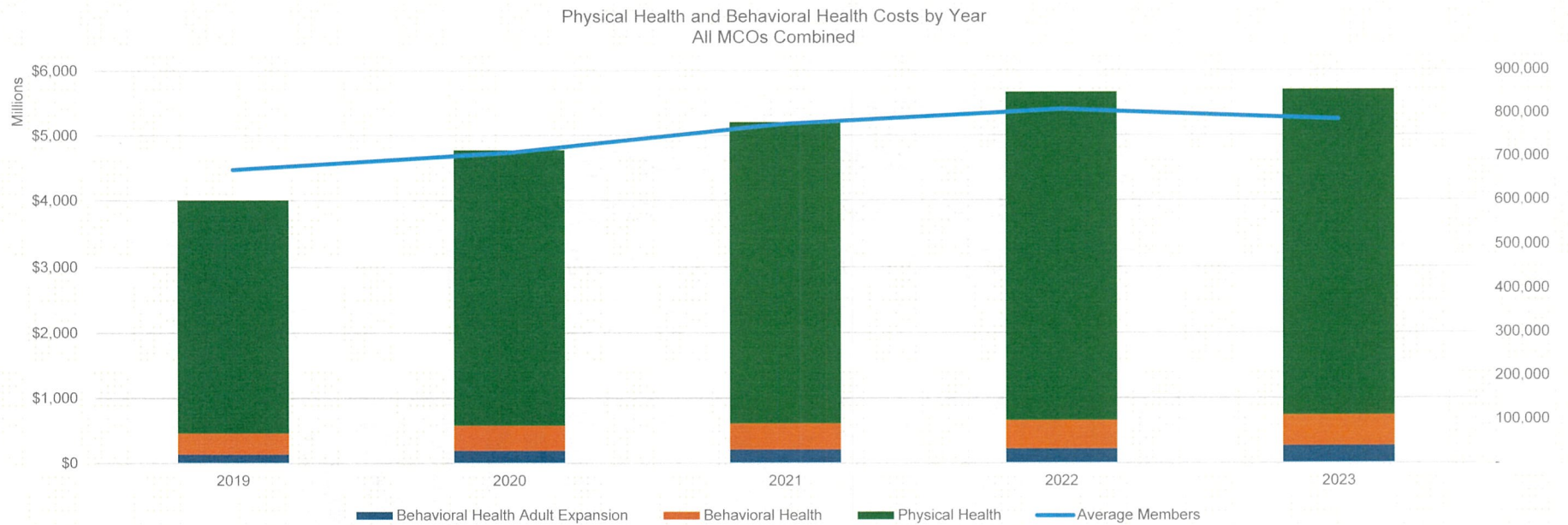
Inpatient includes

Other Residential	\$45,001.9
Hospital Inpatient Facility	\$24,791.2
Residential Treatment Center, ARTC and Group Homes	\$14,019.9
Inpatient and Residential Professional Charges	\$9,537.6
Partial Hospitalization Program	\$5,322.5

Outpatient services is the largest spending category in both the Behavioral Health Program (41%) and the Expansion Adults BH Program (42%)

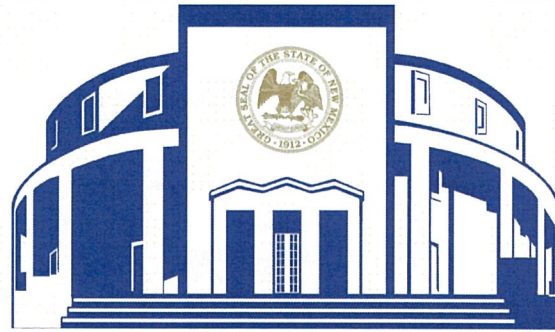


Medicaid Managed Care: Behavioral Health v. Other Programs Reported Spending



Behavioral Health spending reflects 13% of all managed care spending and has grown from \$460 million in 2019 to \$735 million in 2023.





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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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