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Income Support, Program Support, and Division of Health Improvement Budget Preview

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Income Support

- For Income Support in FY28, the Health Care Authority requested $146.8 million or a 10.6 percent increase in revenue from the general fund. The request includes $5 million to move prior year non-recurring funding for food banks to the recurring budget and $6.7 million in Supplemental Nutrition Assistance Program (SNAP) administration matching funds related to recent federal reforms of the program.
- Additionally, across the Income Support and Medical Assistance programs and Program Support, the authority requested a total of $4.2 million for Deloitte contracts for maintenance and operations of the authority's Aspen income and eligibility system. The program also requested smaller amounts for rent and health care rate increases.
- For FY27, following federal reforms to SNAP that increased the SNAP administration matching rate from 50 percent state 50 percent federal to 75 percent state 25 percent federal, the state appropriation increased general fund revenue for SNAP administration by a total of $37 million across Income Support and Program Support. That year's appropriation provided for a full year of the increased administrative cost because of concerns related to new requirements in the social safety net overhaul bill and the need for more case workers to process claims in both Income Support and Medicaid.
- SNAP is the largest food assistance program in New Mexico, providing about $1 billion in benefits to 21 percent of the state's population. Congress recently made major changes to SNAP, including requirements for states with high payment error rates to cover a share of SNAP benefit costs. New Mexico's SNAP payment error rate is currently the third worst in the country. SNAP payment errors are primarily overpayments caused by inaccurate income or household information, administrative mistakes, and weaknesses in case management, training, and oversight.
- A recent LFC SNAP program evaluation found that the program needs to significantly reduce its payment error rate to prevent the state from losing up to $173 million in federal funding annually. Enhanced performance management of its field offices, checking self-

reported information from SNAP recipients, and other actions could help reduce the error rate and federal funding losses.

- The evaluation also found that, although SNAP has relatively low levels of confirmed fraud, HCA is under-investigating and under identifying fraudulent activity. The lack of federal or state data collection on what specific food items are purchased with SNAP creates challenges for compliance monitoring and risks to program integrity.
- Because New Mexico's payment error rate is so high, the state will not have to start paying the cost share until FFY30 thanks to a provision in last year's bill that delayed implementation for states with error rates above 13.32 percent.

Program Support

- From the general fund, the FY28 request for program support is $66.1 million, or a 23 percent increase over the FY27 operating budget. Like Income Support, Program Support requested $4.2 million to replace SNAP administration funding it says would cover the full cost of FY28 and $1.4 million for Deloitte Aspen maintenance and operations. In addition, Program Support requested $1.3 million for system integration interfaces, $1.4 million for a next generation verification hub, and $1.6 million for intelligent document processing. Additionally for Deloitte, the program requested $748 thousand for maintenance and operations of child support information IT system. Lastly, the program would move 5 FTE from program support to the Medical Assistance Division for Office of Inspector General operations.
- Much of the requested increase for IT sprints or for further developing IT projects do not belong in the department's recurring budget, and the agency does not separate the recurring costs from one-time costs. Additionally, during the first special session of 2025, the authority received an appropriation of $10 million from the general fund for IT upgrades related to federal changes. However, the authority has only spent about $1.5 million of this appropriation.

Division of Health Improvement

- For FY28, the Division of Health Improvement requested $15.3 million in revenue from the general fund, a 0.8 percent increase. The increase covers the program's personnel cost rate increases.