HEALTH CARE AUTHORITY

HEALTH CARE AUTHORITY UPDATES ON FUNDING FOR MEDICAID AND HEALTH CARE AFFORDABILITY FUND

AUGUST 19, 2026

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DEANNA STOCK , HEALTH CARE INNOVATIONS DIRECTOR

INVESTING FOR TOMORROW, DELIVERING TODAY.

HEALTH CARE AUTHORITY

MISSION

We ensure New Mexicans attain their highest level of health by providing whole-person, cost-effective, accessible, and high-quality health care and safety-net services.

VISION

Every New Mexican has access to affordable health care coverage through a coordinated and seamless health care system.

GOALS

IMPROVE Leverage purchasing power and partnerships to create innovative policies and models of comprehensive health care coverage that improve the health and well-being of New Mexicans and the workforce.

SUPPORT Build the best team in state government by supporting employees' continuous growth and wellness.

ADDRESS Achieve health equity by addressing poverty, discrimination, and lack of resources, building a New Mexico where everyone thrives.

PROVIDE Implement innovative technology and data-driven decision-making to provide unparalleled, convenient access to services and information.

AGENDA

- HR1 Status
- Health Care Affordability Fund
- Rural Health Transformation Program

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HR1 STATUS

TIMELINE OF HR1 CHANGES

MEDICAID HR1 IMPACTS

More uninsured New Mexicans. Higher uncompensated care.

~89,000 New Mexicans expected to lose coverage due to work requirements

5,648 New Mexicans expected to lose at least one month of coverage due to new limits on retroactive Medicaid

~101,760 New Mexicans expected to lose coverage for at least 2 months due to more frequent reverification rules

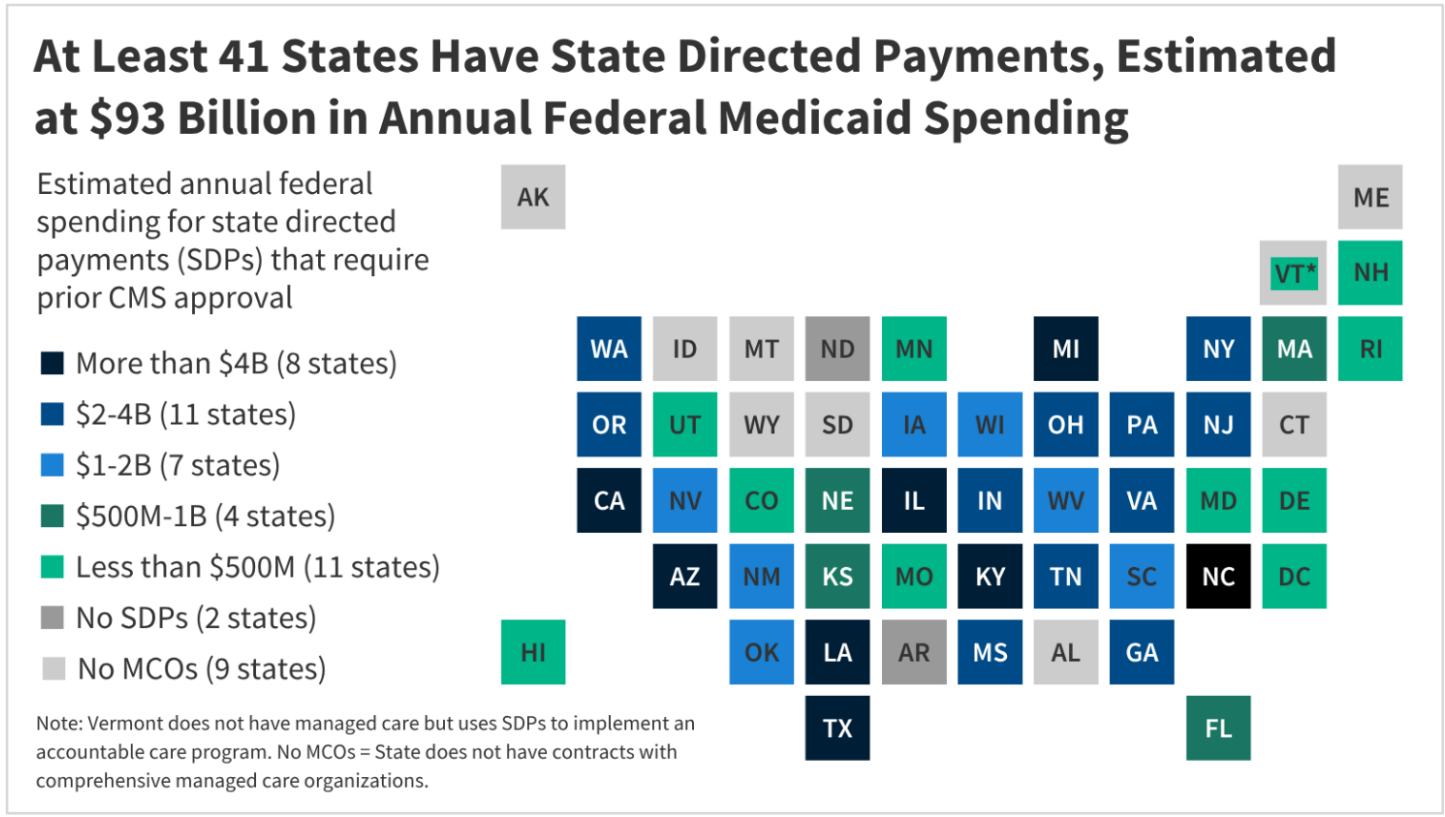
$8.5B loss in federal funding to providers from 2028 to 2037

~2,350 New Mexicans will lose federal Medicaid eligibility due to immigration status

Proposed rules put more caps on provider payments that will impact **all rates** set above 100% of Medicare

STATE DIRECTED PAYMENTS AND PROVIDER TAXES

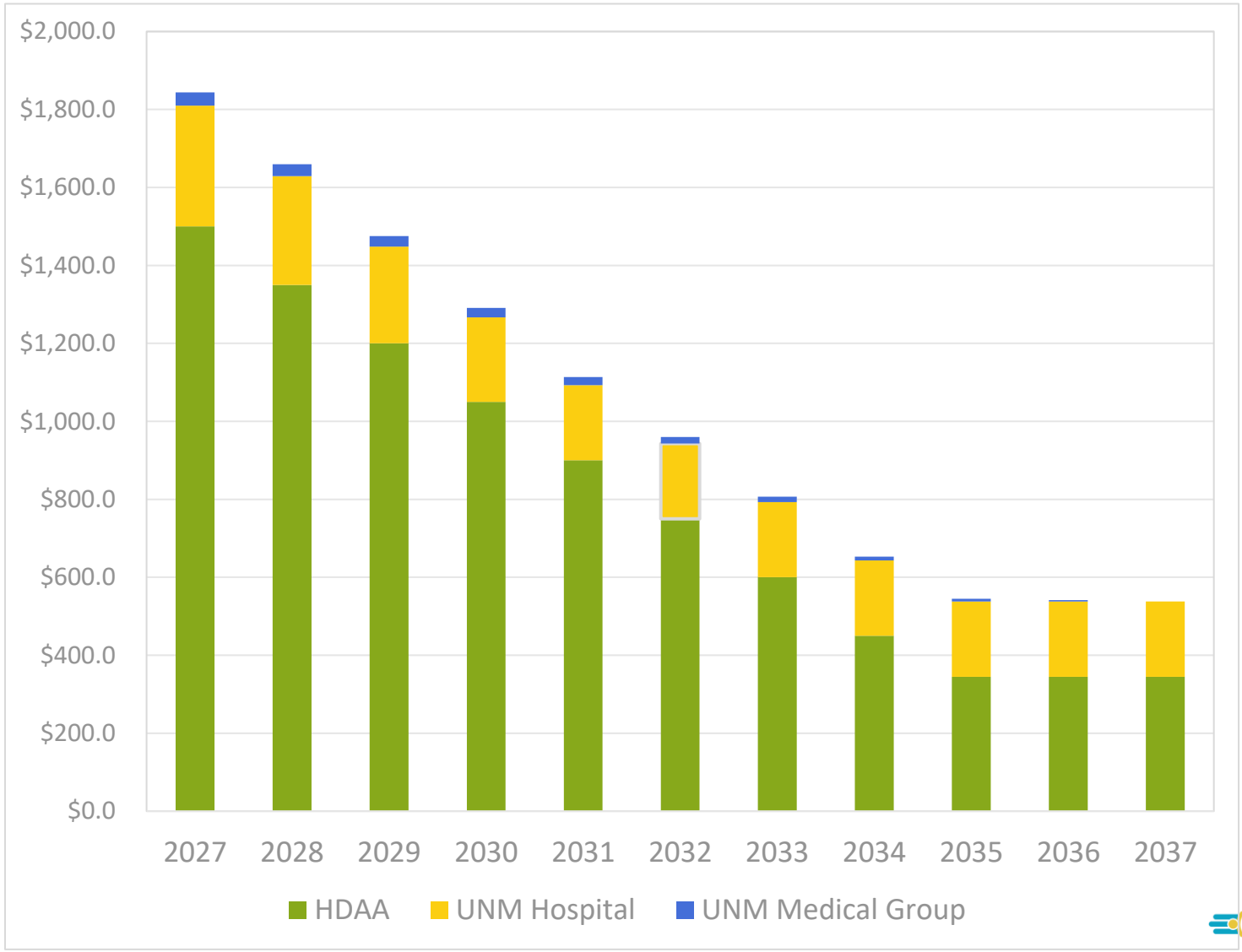
- State directed payments allow states to leverage provider taxes for the state share of Medicaid, draw down federal funds, and then direct that funding back to the providers.
- Currently states are permitted to ensure provider taxes up to 6% are “hold harmless” meaning the provider is ensured they will get at least that funding returned.
- Medicaid has state directed payments with many types of providers including for tribal entities, hospitals, primary care providers, ambulances and nursing facilities.



Source: KFF [Federal Medicaid Spending Through Stat Directed Payments Nears 100 Billion Annually Across 41 States with new Limits Set to Reduce Funding to States](), June 15, 2026

HR1 STATE DIRECTED PAYMENT (SDP) REDUCTIONS

- Requires provider taxes “hold harmless” threshold **to be reduced** from 6% to 3.5%
- Requires that state directed payments to hospitals and several other provider types do not exceed 100% of Medicare.
- The HHS proposed final rule goes further than the statute. It adds additional providers subject to the 100% of Medicare limit to state directed payments. **If enacted, the rule will impact the 150% of Medicare professional provider rates.**
- Some state directed payments cannot continue after 2029 because their base payments already exceed Medicare (ambulance, primary care).



Source: Mercer analysis of State Directed Payment Phase Down

STATE DIRECTED PAYMENT PHASEDOWN IMPACTS

- New Mexico's current Medicaid budget of **$12.0** billion Total Funds includes three SDPs that provide **$1.8** billion Total Funds (**15%**) of the overall Medicaid budget using ***non-GF state match fund sources***
- Beginning 2028, HR1 mandates reductions to each of these programs to bring them down to 100% of Medicare
  - Once fully implemented, HCA anticipates the SDP reductions will reduce annual funding by from **$1.8** billion to approx. **$600** million, reflecting a **66.7%** reduction to the SDPs and an overall **10%** reduction to the current Medicaid budget.
- If the current proposed rule becomes final and NM must remove the minimum fee schedule for MCOs, bringing professional services from 150% of Medicare to 100% of Medicare would be a **$300** million Total Fund reduction to practitioner rates.
- HCA anticipated 6-8 hospital closures as NM scales down SDPs.
- Hospitals drive the economy in many small communities. Loss of economic activity and job losses are anticipated associated with the scale down of SDPs.
- Reductions in payments flowing through Medicaid Managed Care Organizations (MCOs) also reduce health care premium tax collected, an important source of revenue for NM.

MITIGATING HR1 IMPACTS WITH POLICY

Implementing state and CMS options

4 Short-Term Hardship Exemptions

- ❑ Receiving inpatient or certain institutional medical services
- ❑ Traveling for specialized medical care
- ❑ Living in a high-unemployment county
- ❑ Living in an area affected by a declared disaster or emergency

Longest timeframe before starting 6-month recertification period

Least restrictive state option for meeting work requirements

At application (one month) and renewal (any one of six months) as opposed to adding additional months.

State-funded program for non-citizens losing coverage Oct. 1

Broadest definition of medical frailty permitted by CMS

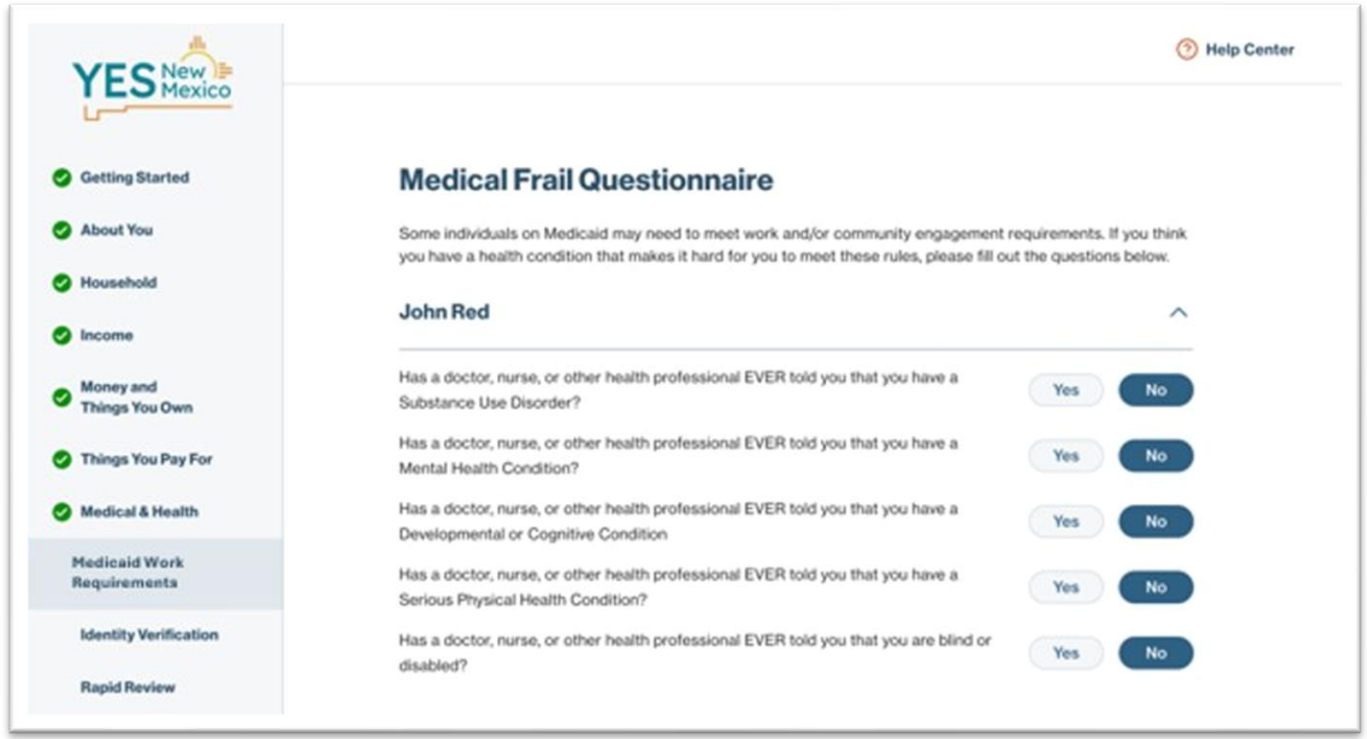
SELF-ATTESTATION PROCESS: MEDICAL FRAILTY SCREENER

HCA will use available data sources to verify if member is medically frail.

If HCA is unable to find confirmation of medically frailty in the data (Medicaid claims), the member will be asked if they are medically frail during enrollment or redetermination.

If the applicant answers YES, a follow-up question will ask whether their condition limits their ability to meet Medicaid Community Engagement requirements.

For calendar year 2027, self attestation during enrollment or redetermination is sufficient and no further confirmation is needed from the member.



MEDICALLY FRAIL EXCLUSIONS

Keep New Mexicans covered

New Applicants

ASPEN screener helps applicant self-attest to a condition that excludes them from work or activity requirements.

Renewing Members

HCA will attempt ex parte process to determination exclusion. If ex parte process cannot automatically determine exclusion, renewal packet will include Medical Frailty screener so member may self-attest.

If cannot determine exclusion…

Year 1 – Accept self attestation

Jan. – Dec. 2027

Year 2 – Pending guidance from CMS

MITIGATING HR1 IMPACTS WITH COMMUNICATION

Keep New Mexicans covered

Keep Your Benefits NM!

Marketing & media campaign
through June 2027

6 **media channels**
TV, radio, newspaper, billboard, bus wraps, digital ads

11+ **text/email campaigns**
awareness, renewal prep, education, countdown

6+ **print/mail assets**
SNAP, Medicaid non-citizen, Exapansion adult

30+ **field touchpoints**
press briefing, stakeholder meetings

In-person & virtual member and stakeholder meetings in 18 locations
Oct. 2026 through March 2027

Training state staff and stakeholders
Toolkits, 15 in-person instructor-led training sessions

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

#KeepYourBenefitsNM Metric Overview

57
Social Media Messengers

200
Posts and **1,005** Shares

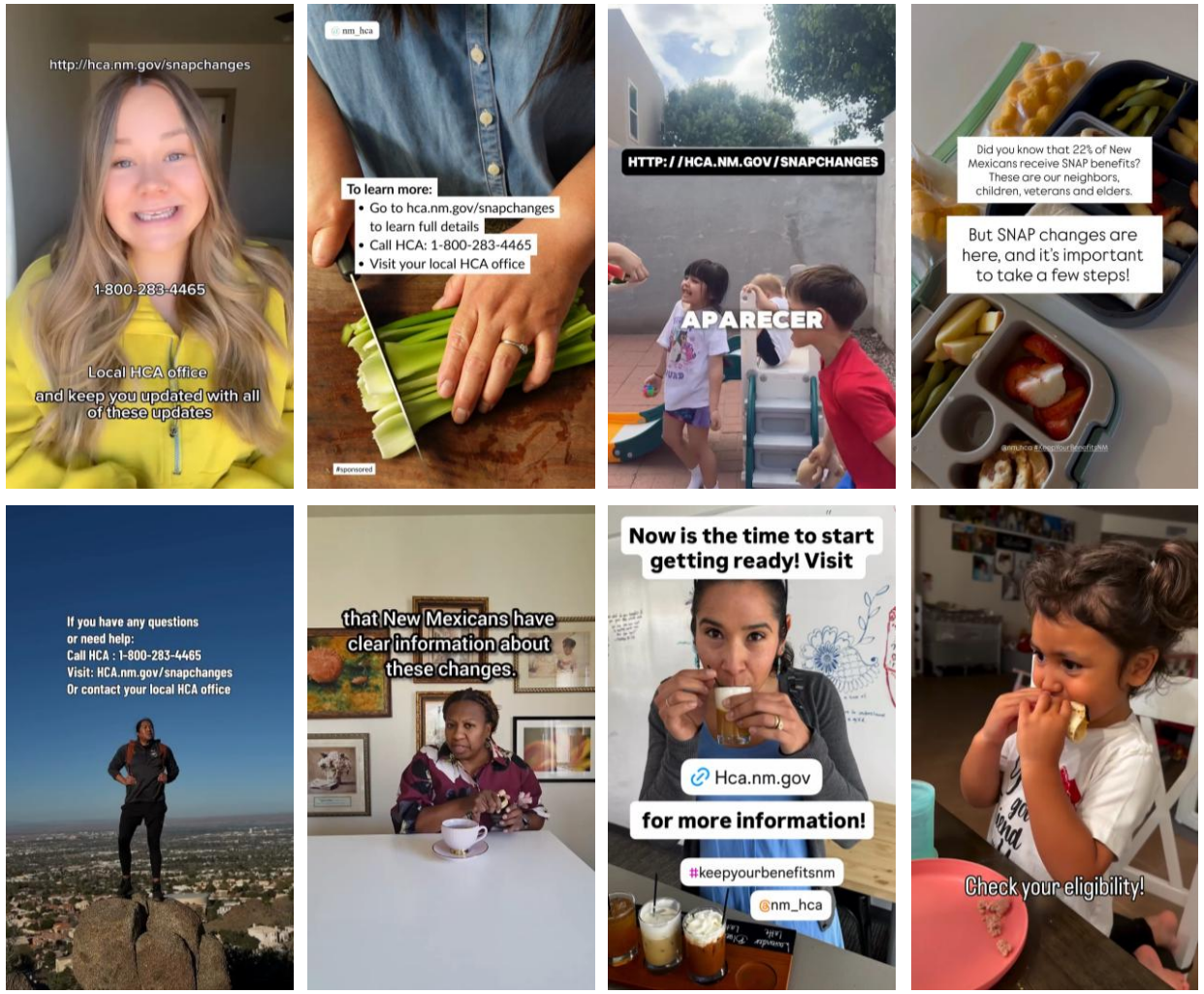
10.5M+
Impressions with an average view frequency of **5.9x**

51.7K+
Total engagements including **27.4K+** known clicks to hca.nm.gov/Keepyourbenefitsnm

1.5M New Mexico residents, 18+, reached, including:

223K Spanish speaking New Mexico residents, 18+

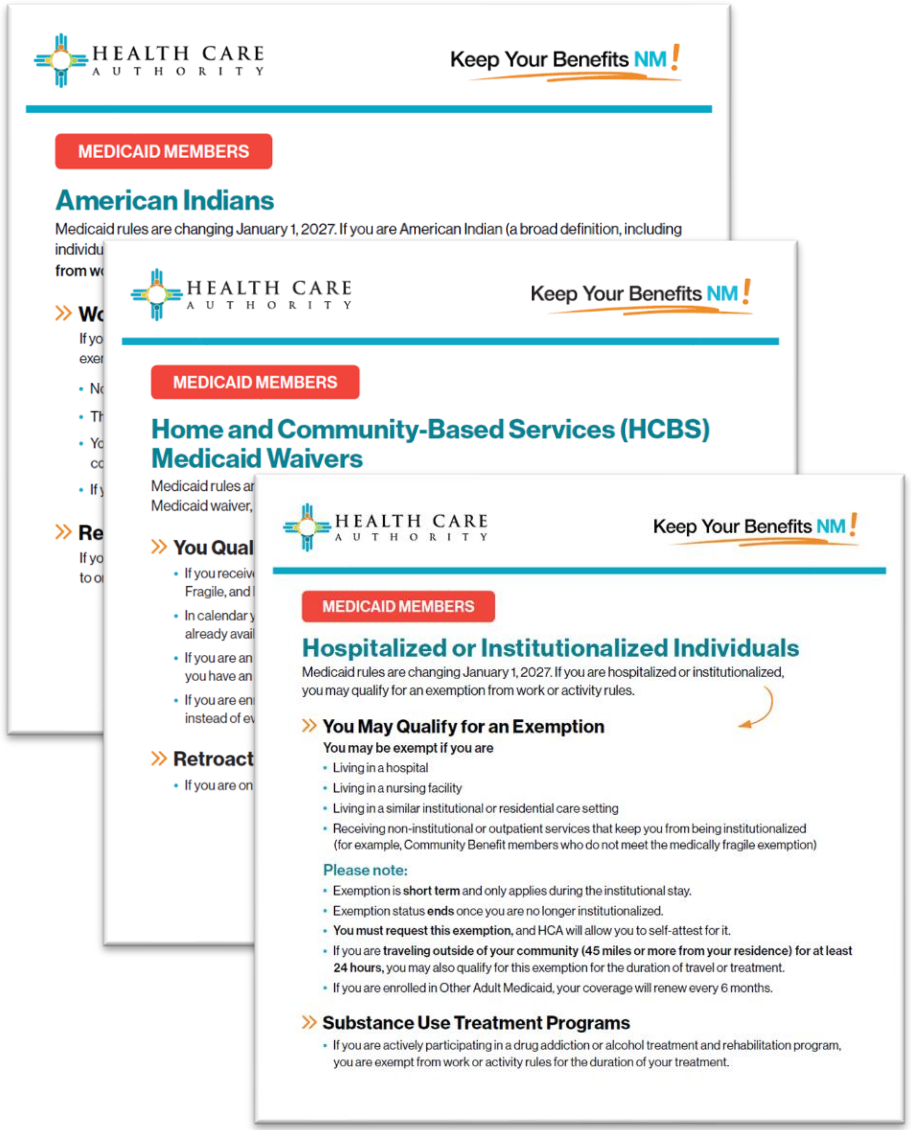
153K Est. Native American New Mexico residents, 18+



STAKEHOLDER OUTREACH TOOLS

Find these and more materials on the www.hca.nm.gov/MedicaidChanges web page under "Resource Library."

1-Page Flyers for Populations



How to Keep Your Medicaid Benefits Guide

Training Video

Youtube Video – New Mexico Medicaid Changes: What HR1 Means For You

HEALTH CARE AUTHORITY

Investing for tomorrow, delivering today.

HEALTH CARE AFFORDABILITY FUND: PROTECTING COVERAGE FOR NEW MEXICANS

Investing for tomorrow, delivering today.

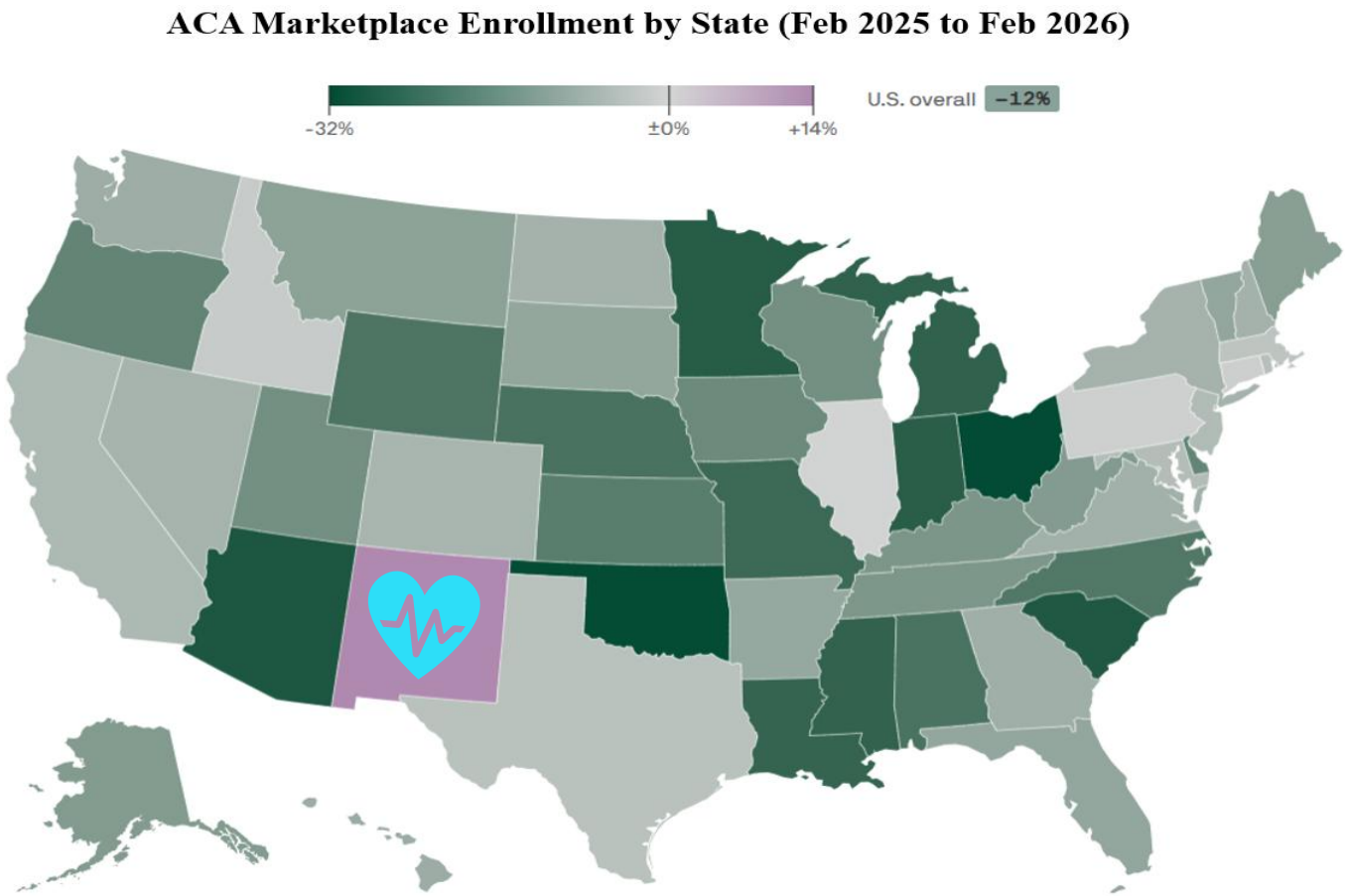
CUSTOMER STORY BEFORE…

- Talisa, 58, is a refugee who receives Medicaid.
- Talisa is currently working a minimum wage job performing light manual labor for 20 hours a week.
- Medicaid helps her manage her Type 2 diabetes through access to care and necessary medication.
- Talisa received an HCA notice that she is no longer eligible for Medicaid.
- By losing this critical safety net, she will no longer have access to medications or care needed to manage her Type 2 diabetes.

NEW MEXICO'S OPEN ENROLLMENT SUCCESS- KEEPING COVERAGE AFFORDABLE

New Mexico is nationally recognized for its innovative policymaking that strengthens affordability.

New Mexico is the only state to have a double-digit increase in marketplace enrollment in 2026.



Source: Doing More and Defying Labels in New Mexico | KFF & Axios 2026

KEEPING SMALL BUSINESS COVERAGE AFFORDABLE

Supporting New Mexico's Small Businesses

More than 3,500 small businesses enrolled in 2026

Increased discounts for Gold & Platinum Plans

Average savings of $110.66 per enrollee per month, up from $72.62 in 2025

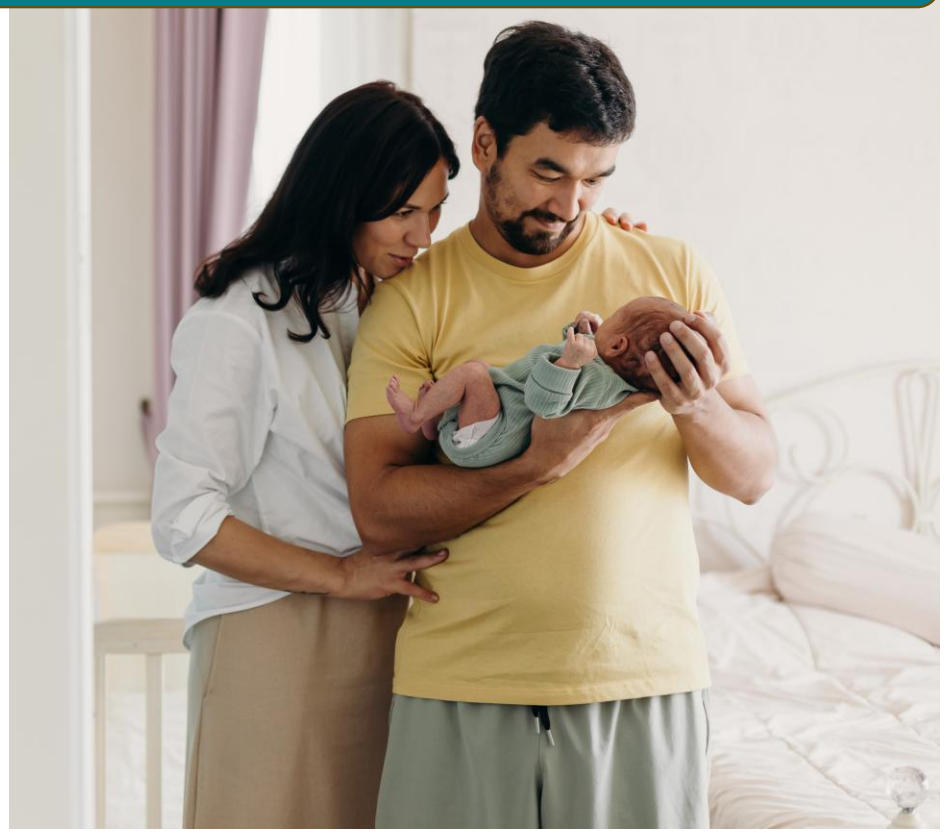
Source: HCA Data as of May 2026

HR1 IMPACT

PROTECTING COVERAGE FOR NEW MEXICANS

Thousands of New Mexicans will lose federal Medicaid eligibility due to immigration status as a result of restrictions under HR 1.

HCA is safeguarding coverage by implementing programs designed to prevent significant financial hardship and avoid the loss of health coverage for individuals and families.



CUSTOMER STORY AFTER . . .

- Talisa was guided to BeWell, New Mexico's Health Insurance Marketplace to explore health care options.
- HCA proactively worked with BeWell to help people losing Medicaid transition to Marketplace coverage.
- Based on her refugee status, Talisa will be able to enroll in a Marketplace health plan with low- to zero- costs with state-funded subsidies.
- Talisa will maintain access to health care and medications needed to manage her Type 2 Diabetes
- For people like Talisa, the Affordability Fund provides a new safety net to prevent a gap in coverage and maintain access to affordable health care.

RURAL HEALTH TRANSFORMATION PROGRAM

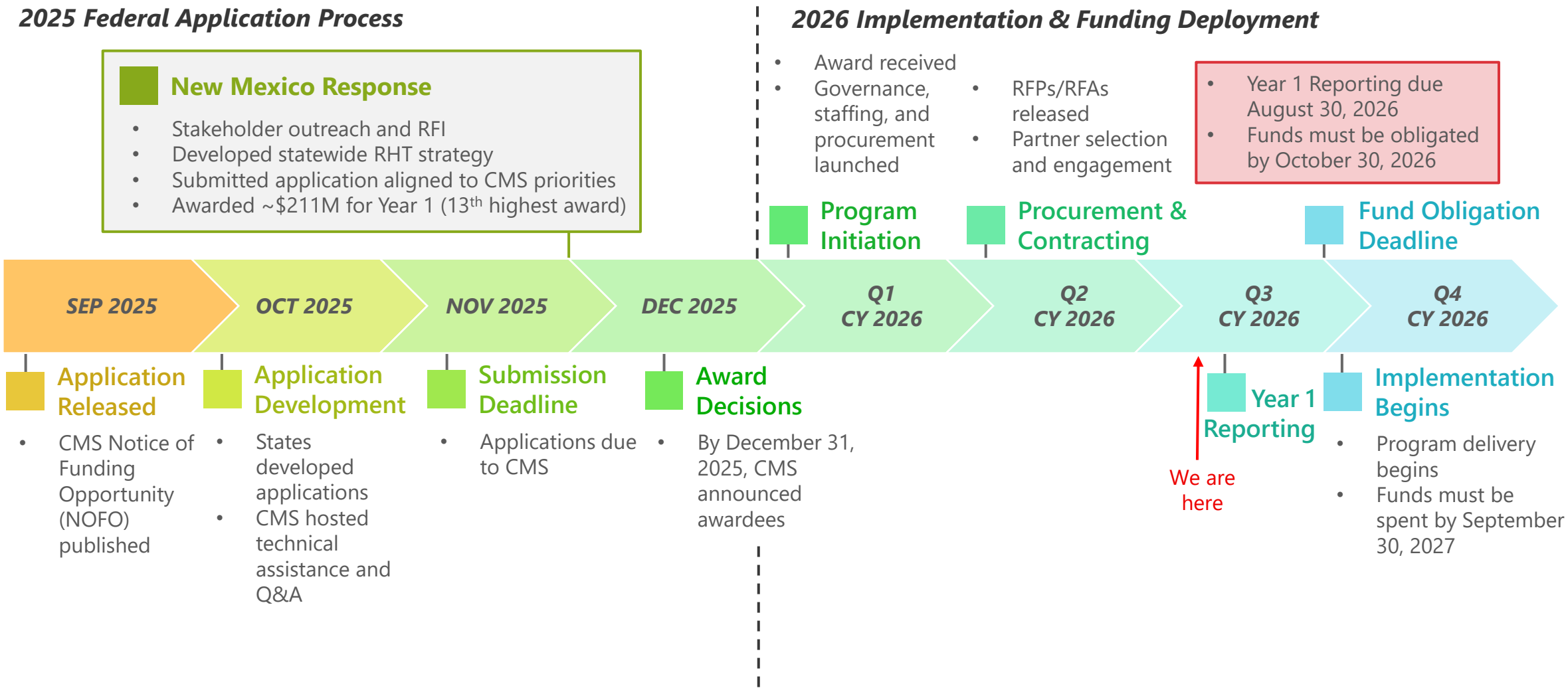
Investing for tomorrow, delivering today.

Overview of the New Mexico RHT Program

- The New Mexico Rural Health Transformation (RHT) Program is a **five-year federal initiative** designed to strengthen rural health delivery across the state
- New Mexico was awarded **$211,484,740.89 for Year 1** (13th highest award nationally)
- Led by the New Mexico Health Care Authority (HCA)
- Focused on access to care, workforce, sustainability, and data to improve health outcomes across rural, frontier, and tribal communities
- Delivered through **five RHT Program initiatives**

This project is supported by the Centers for Medicare & Medicaid Services (CMS) of the U.S. Department of Health and Human Services (HHS) as part of a financial assistance award totaling $211,484,740.89 with 100 percent funded by CMS/HHS. The contents are those of the author(s) and do not necessarily represent the official views of, nor an endorsement, by CMS/HHS, or the U.S. Government.

From Federal Opportunity to Funding Deployment



RHT Program At A Glance

More than 140 stakeholders submitted over 300 ideas, identifying:

- access to care,
- workforce,
- infrastructure and data,
- telehealth,
- behavioral health

as New Mexico's top rural health priorities. Their input directly shaped the state's Rural Health Transformation Program Application.


State of New Mexico
Rural Health Transformation Program Application

November 4, 2025

Desired Community Impact

- Communities access specialty, maternal, and chronic care closer to home, reducing travel and wait times
- More locally trained and retained health care workers support consistent, culturally responsive care
- Communities design and implement programs that address their most pressing health needs
- Clinics and hospitals receive support to remain financially stable and open
- Shared data helps communities target investments, plan ahead, and improve care coordination

Five Strategic Initiatives

1. **Healthy Horizons** – Expand specialty care, maternal health, chronic disease management, and digital health access
2. **Rooted in New Mexico** – Build and retain a rural health workforce pipeline
3. **Rural Health Innovation Fund** – Fund community-driven rural health solutions
4. **Bridge to Resilience** – Provide technical assistance services and sustainability support to rural providers
5. **Rural Health Data Hub** – Strengthen analytics, transparency, and predictive planning

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RURAL HEALTH TRANSFORMATION PROGRAM TIMELINE

Year 1 Reporting and Non-Competing Continuation Application Due (8/30) ★

FFY26 Budget Obligation Deadline (10/31) ★

	May	June	July	August	September	October
RHT Procurement Activities						
RFP Round 1 (ASO, CRHSI)						
Administrative Service Organization *RFP & Evaluation*						
Administrative Service Organization *Award & Contracting*					Contract Start & Implementation	
Center for Rural Health Strategy & Innovation *RFP & Evaluation*						
Center for Rual Health Strategy & Innovation *Award & Contracting*				Contract Start & Implantation		
RFA (HH, RHIF)						
Healthy Horizons *RFA & Evaluation*						
Healthy Horizons Award & Contracting				Contract Start & Implementation		
Rural Health Innovation Fund *RFP & Evaluation*						
Rural Health Innovation Fund *Award & Contracting*					Contract Start & Implementation	
RFP Round 2 (RiNM, RHDH)						
Rooted in New Mexico *RFA & Evaluation*						
Rooted in New Mexico *Award & Contracting*					Contract Start & Implementation	
Rural Health Data Hub *RFP & Evaluation*						
Rural Health Data Hub *Award & Contracting*					Contract Start & Implementation	
Direct Contracting (NM State Agency Partners, UNM, Project ECHO, others)				Contract Start & Implementation		
Rural Health Transformation Advisory Committee		Committee Formation			Kick-off Meeting	
RHT Program Staff Hiring and Training						

Stakeholder Advisory Committee

A quarterly advisory body providing input to guide RHT Program implementation

Purpose

- Provide structured input on Program implementation and priorities
- Bring perspectives from rural, frontier, and tribal communities
- Support transparency and alignment across stakeholders

Membership Snapshot

- 13 government and legislative designees
- 10–12 members selected through a public application process: association, Tribal health, health system, rural/frontier provider, health plan, community-based organization, small-provider, and community representatives.

Structure & Eligibility

- Meets quarterly in an advisory capacity.
- Members selected through the application process must live in New Mexico.
- Vendors are not eligible to serve.
- Selection will consider geographic and stakeholder representation, relevant experience, and ability to support program implementation.

Application Details

- Applications open Thursday, August 13.
- Applications due by Thursday, September 10, at 5PM MDT

Apply at https://www.hca.nm.gov/rht/

How to Get Involved

Stay Connected

Visit the RHT Program webpage at https://www.hca.nm.gov/rht/

Join Engagement Opportunities

Participate in updates, webinars, and stakeholder sessions. Join the RHT Program mailing list by visiting https://www.hca.nm.gov/rht/

Or go directly to our distribution list sign up page here:

Apply for Funding

Access funding opportunities as they become available by visiting https://nmhca-rhtp.submittable.com/submit

Apply for the Stakeholder Advisory Committee

The application for the Stakeholder Advisory Committee is now open!

Apply using the link at

https://www.hca.nm.gov/rht/

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THANK YOU & QUESTIONS

INVESTING FOR TOMORROW, DELIVERING TODAY.