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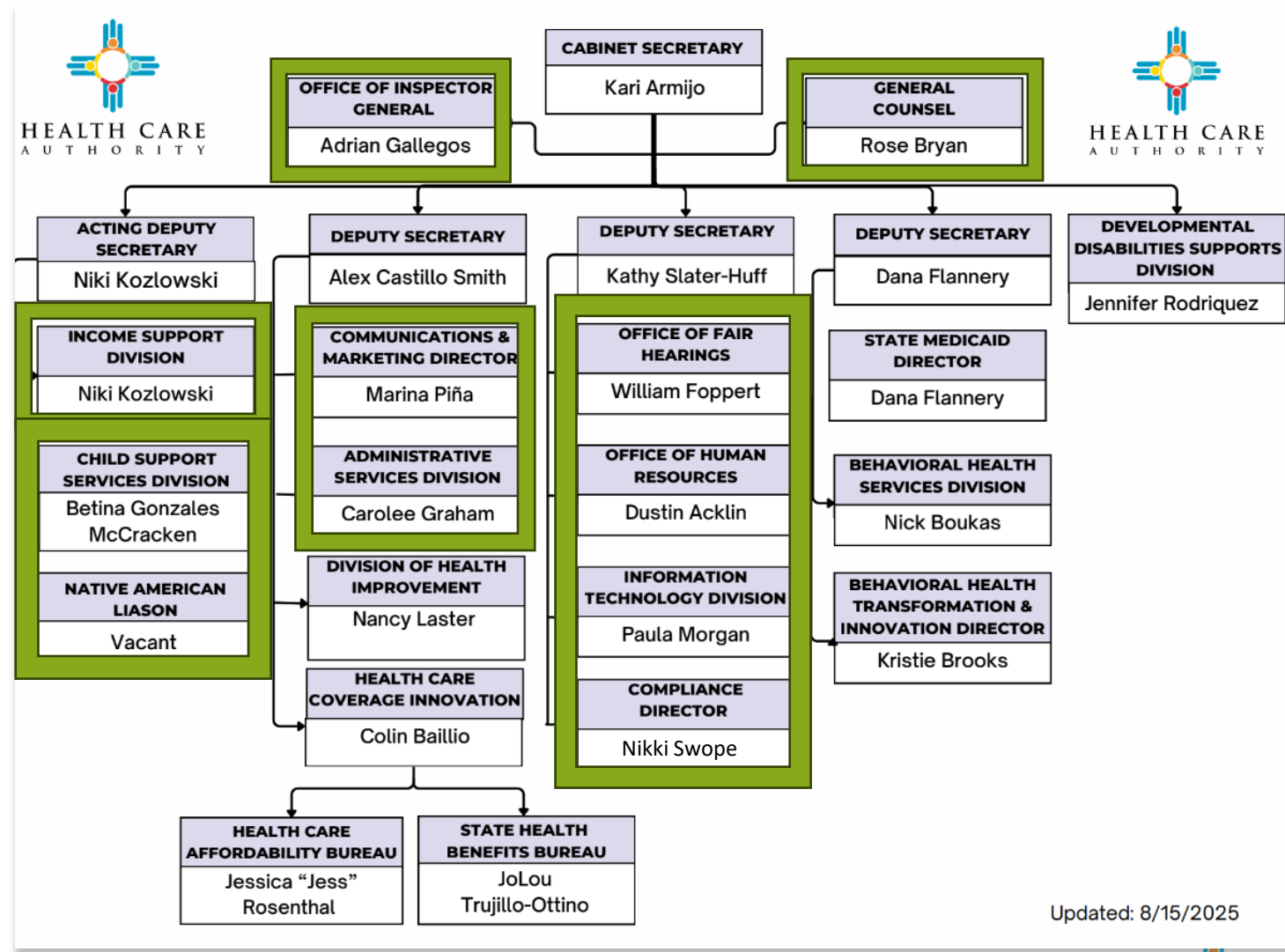
PROGRAM SUPPORT DIVISION, CHILD SUPPORT SERVICES DIVISION, & INCOME
SUPPORT DIVISION FY27 BUDGET REQUEST
NOVEMBER 17, 2025
CABINET SECRETARY KARI ARMIJO
INVESTING FOR TOMORROW, DELIVERING TODAY.

Today's Hearing will focus on HCA's Program Support Division, Child Support Services Division and Income Support Division

- Vacancy Rates
- Accomplishments
- FY27 Requests (Base, Expansion and Nonrecurring)

December Hearing: Medicaid, Developmental Disabilities Support Division, and Behavioral Health Services Division

October 15th Hearing: State Health Benefits, Health Care Affordability Fund, Division of Health Improvement



Updated: 8/15/2025





HEALTH CARE
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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



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.



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




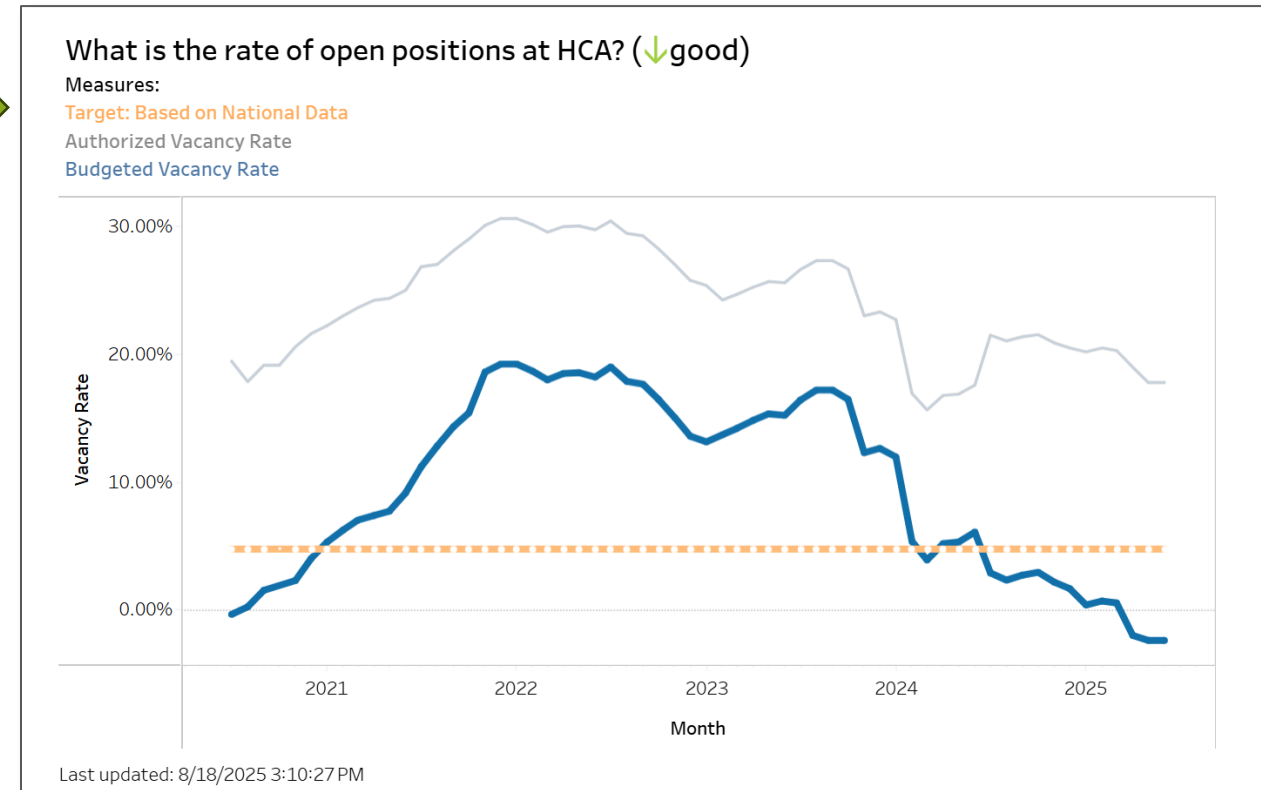
ACHIEVE health equity by addressing poverty, discrimination, and lack of resources, building a New Mexico where everyone thrives.



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

LOWERING VACANCY RATES IS AN HCA PRIORITY

- HCA is focused on maintaining a low vacancy rate.
- HCA FY25 year-end funded vacancy rate: -2.4% 
 - HCA's current funded vacancy rate: 8.2% (This increased due to ISD's funded vacancy rate increasing from the first Special Session).
- Income Support Division (ISD) FY25 year-end funded vacancy rate: -11.0%
 - ISD current funded vacancy rate: 3.6% (Received FY26 funding to increase its vacancy rate by 158 FTE).
- Program Support (PS) FY25 year-end funded vacancy rate: -6.5%
 - PS funded vacancy rate: 6.28%
- Child Support Services Division (CSSD) FY25 year-end funded vacancy rate: 1.3%
 - CSSD funded vacancy rate: 4.3%



Source: <https://sites.google.com/view/nmhsdscorecard/goal-4>



PROGRAM SUPPORT, ISD & CSSD ACCOMPLISHMENTS


Child Support Services Division

- Implemented Child Support Schedule reforms to ensure low-income parents retain enough income to meet basic living needs.
- Eliminated program fees for all child support customers in 2024.
- In 2024, HCA began covering debit and credit card fees for child support payments, making it easier and more affordable for parents to pay timely.

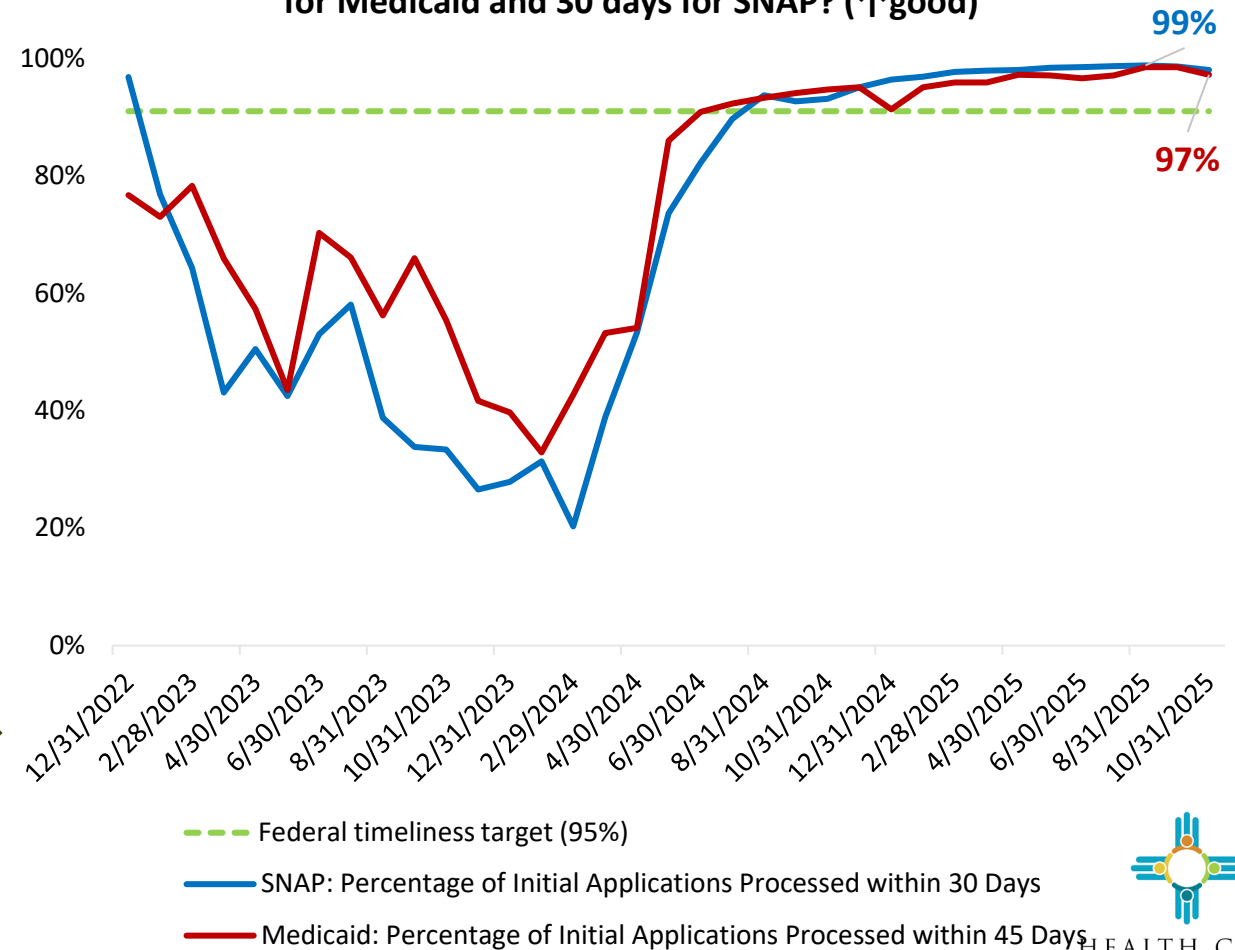
Program Support Division

- Information Technology Division (ITD) upgraded network infrastructure with 253 new wireless access points across 15 offices to improve customer service, enhance security, and reduce costs.
- Administrative Services Division (ASD) managed \$15B OpBud in FY25, across 10 divisions—the largest in SoNM—ensuring clean financial audits and taking pride in a history of no deficiency requests.
- Office of Human Resources new processes improved transparency and cut time-to-hire from 130 to 70 days (FY24–FY25). In FY25, HCA recorded the second most hires (787) and third most recruitments statewide (1,013).

Income Support Services Division

- Hired 80+ employees in FY25, maintaining 1 year of federal timeliness metrics for SNAP and Medicaid application processing.
- ISD highest employee satisfaction rate to date, with **72.51%** of ISD caseworkers reporting that they are Satisfied or Very Satisfied at work 
- Amid a federal shutdown, ISD swiftly executed an unprecedented state led funding solution to issue **\$30 million** to **232,138** SNAP households, ensuring that New Mexicans maintained access to food.

As a **Medicaid** or **SNAP** applicant, what are the chances of having my non-emergency application processed within 45 days for Medicaid and 30 days for SNAP? (↑good)



HCA FY27 BUDGET REQUEST

- FY27 budget request (base and expansions) \$15.0 B, 85.0% FF/OSF.
- FY27 GF base request is \$2.2 B, a \$116 M increase from FY26 – 5.6% GF increase.
 - Total base budget decrease of 1.2% due primarily to anticipated loss of federal Medicaid funds.
- Major Base request cost drivers: \$25 M GF for H. R. 1 FY27 implementation; \$37 M GF backfilling FF revenue (SNAP Admin FMAP reduction from 50% to 25%); \$39.1 M GF DDSD rate increases; \$3.3 M GF backfilling Opioid Settlement revenue.
- \$72.1 M GF in FY27 expansions.
- FY 25 HCA GF Reversion rate: 0.64%

Agency Briefing Sheet		(in the thousands)								
AGENCY	BU									
Health Care Authority	63000	FY26 OPBUD	FY27 REQUEST	Base Inc.	% Base Inc.	Expansion Inc.	% Exp. Inc.	TOTAL FY27 REQUEST	TOTAL \$ Diff. FY26-27	TOTAL % Diff. FY26-27
	General Fund	\$2,066,923.3	\$2,183,044.6	\$116,121.3	5.6%	\$72,141.5	3.5%	\$2,255,186.1	\$188,262.8	9.1%
	Federal/Other Funds	\$13,002,451.6	\$12,711,971.3	(\$290,480.3)	-2.2%	\$38,415.5	0.3%	\$12,750,386.8	(\$252,064.8)	-1.9%
	GRAND TOTAL	\$15,069,374.9	\$14,895,015.9	(\$174,359.0)	-1.2%	\$110,557.0	0.7%	\$15,005,572.9	(\$63,802.0)	-0.4%
	200-PS & EB	\$234,381.7	\$246,345.8	\$11,964.1	5.1%	\$27,635.8	11.5%	\$273,981.6	\$39,599.9	16.9%
	300 - Contracts	\$511,309.8	\$593,839.2	\$82,529.4	16.1%	\$16,643.5	3.3%	\$610,482.7	\$99,172.9	19.4%
	400 - Other	\$14,009,358.6	\$13,731,406.1	(\$277,952.5)	-2.0%	\$19,277.7	0.1%	\$13,750,683.8	(\$258,674.8)	-1.8%
	500 - Other Financing Uses	\$314,324.8	\$323,424.8	\$9,100.0	2.9%	\$47,000.0	15.0%	\$370,424.8	\$56,100.0	17.8%
	GRAND TOTAL	\$15,069,374.9	\$14,895,015.9	(\$174,359.0)	-1.2%	\$110,557.0	0.7%	\$15,005,572.9	(\$63,802.0)	-0.4%

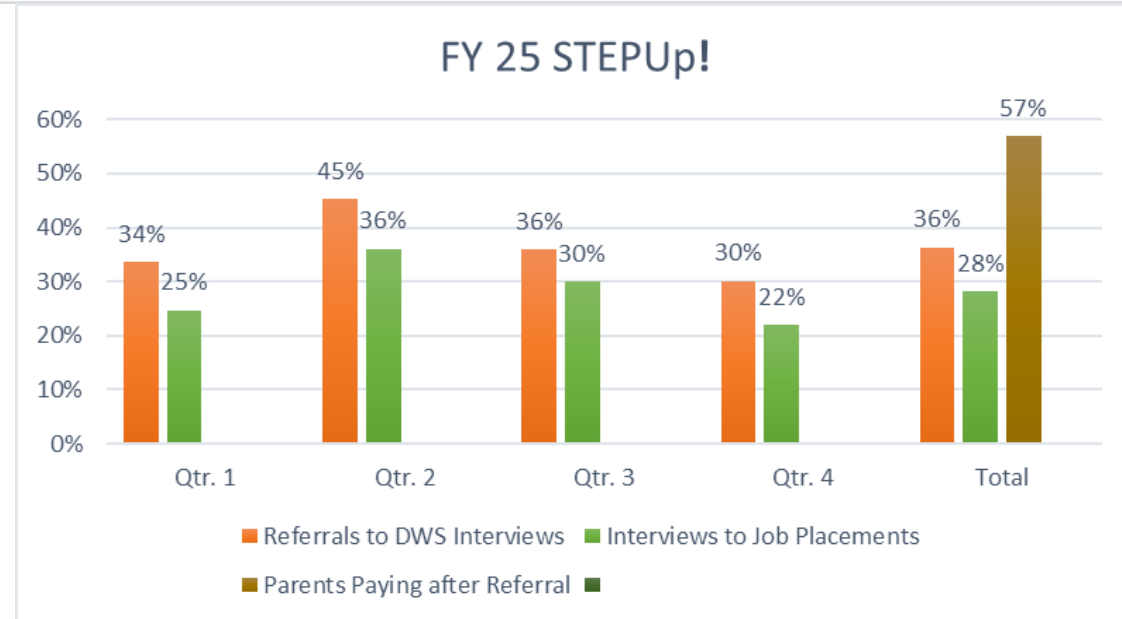
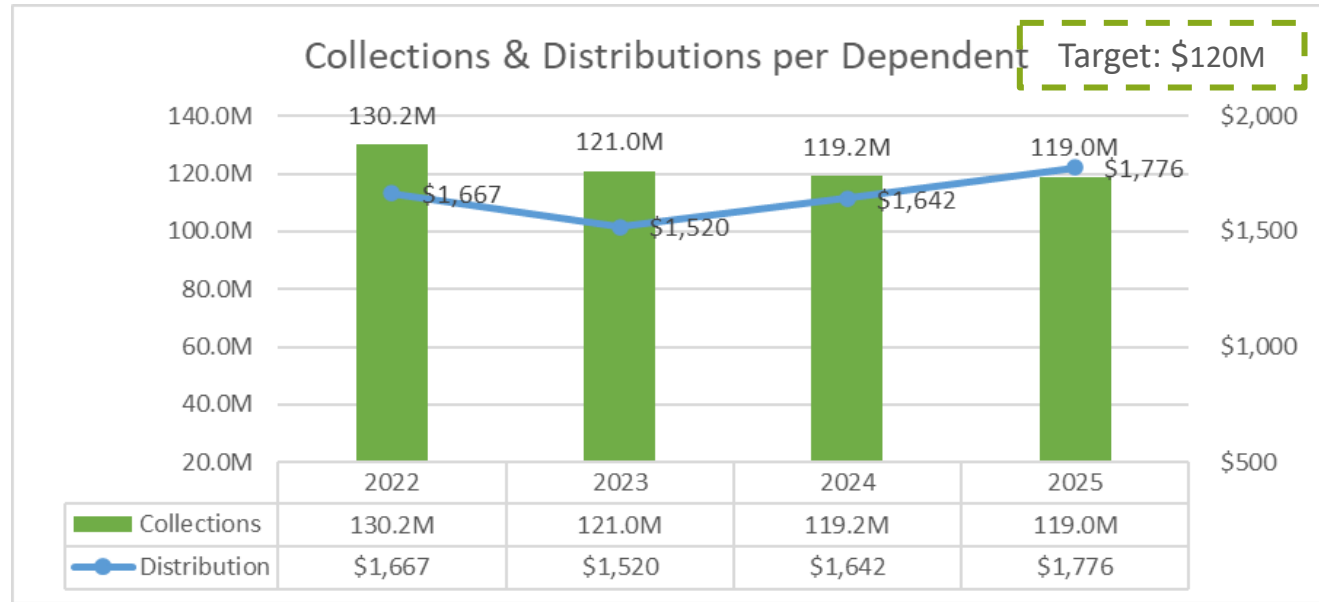


FY27 CHILD SUPPORT SERVICES DIVISION (CSSD) BASE REQUEST

FY27 GF total base request \$15,470.7:
\$1,142.6 (8.0%) increase over FY26.

Major cost drivers:

- \$291.2 GF: to sustain SoNM employer benefits contributions (replacing Health Care Affordability Fund).
- \$851.4 GF: Sustain State Personnel Office attorney classification salary schedule changes.
- Distributions per dependent/child are increasing annually.
- 99% of total collections are going directly to families.
- STEPUp! Referrals to DWS are helping parents get employment and pay.



H.R. 1 WILL AFFECT EVERY NEW MEXICAN

- Medicaid is NM's largest health care payor; reductions will impact access and cost across all providers.
 - Costs will be passed through to individuals with private insurance; limits HCA's ability to leverage purchasing power.
 - Potential closure of **6-8** rural hospital in the next **18-24** months mean reduced access to essential services for rural New Mexicans.
 - Uninsured individuals likely to forego preventive care, resulting in higher acuity and costs, more crowded ERs.
- Nearly **\$1.2B** in SNAP revenue at stake for **1,700** NM grocery stores, farmers markets, gas stations, and convenience stores.
- NM has the highest rate of child food insecurity in the U.S. (**23.3%**), which is likely to worsen. Downstream impacts on school attendance and academic performance.
- Investments in NM's safety net have reduced child poverty from worst in nation (**27.4%**) to **17th** in nation (**8.9%**); federal changes likely to reverse this positive trend.

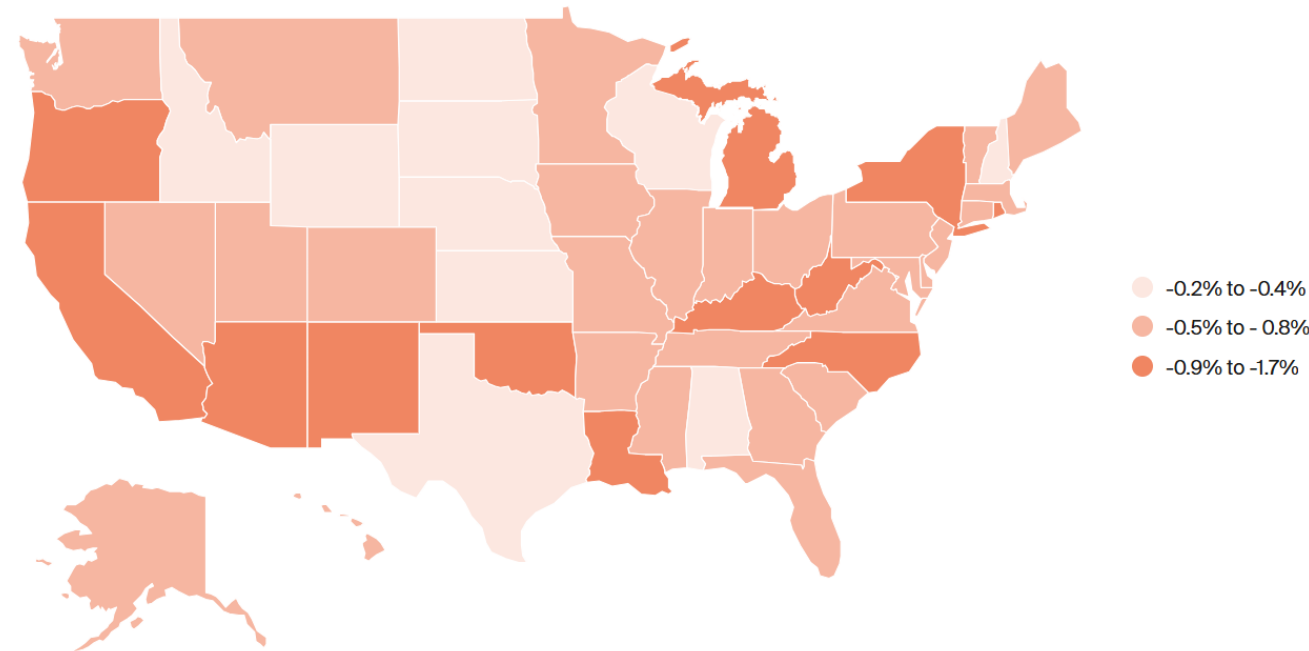
Sources: <https://map.feedingamerica.org/county/2023/child/new-mexico>

Source: 2024 New Mexico KIDS COUNT Data Book – New Mexico Voices for Children

Version: Nov-25

Estimated Job Losses Caused by Medicaid and SNAP Funding Cuts in House Budget Reconciliation Bill, 2029 (%)

NM ranks highest in U.S. with a 1.7% decrease in jobs



Data: George Washington University analyses using IMPLAN, 2025.

Source: Leighton Ku et al., *How Medicaid and SNAP Cutbacks in the "One Big Beautiful Bill" Would Trigger Big and Bigger Job Losses Across States* (Commonwealth Fund, June 2025). <https://doi.org/10.26099/tryd-ht51>

Source: <https://www.commonwealthfund.org/publications/issue-briefs/2025/jun/how-medicaid-snap-cutbacks-one-big-beautiful-bill-trigger-job-losses-states>

H.R. 1 SNAP CHANGES

- **New requirement for states to share a portion of the cost of SNAP** benefits (currently financed with 100% federal funds) based on their Payment Error Rates (PERs)
 - States with especially high PERs get a delay before having to pay the cost-share (FY30 at the latest for NM using FY27 per to determine states cost share portion).
 - NM anticipated impact in federal FY28.
- **Reduced federal funding** to administer SNAP, changing from 50/50 state vs federal funding to 75% state and 25% federal starting FY27 (October 2026).
- **Additional work requirements** for SNAP households and stricter enforcement of existing work requirements (January 2026).
- **Effective November 2025, eligibility reductions** through how benefits are calculated.
- **Narrowing SNAP eligibility** for lawfully present non-citizens in CY 26 (addressed with state funds during first Special Session; federal change begins in January 2026).
- **October 1, 2027:** Maximum benefit amounts may change.

SNAP'S ECONOMIC IMPACT IN NM

2025

Total SNAP Benefit
Spending at
Grocery Stores,
Farmer Markets by
Households
\$1,115,021,462



Industry Impact
\$1,115,021,462

+

Supporting Industries Impact
\$268,952,566

+

Earnings Impact
\$443,376,854

=

Total Impact
\$1,827,350,882

Jobs Created/Supported
17,639



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Investing for tomorrow, delivering today.

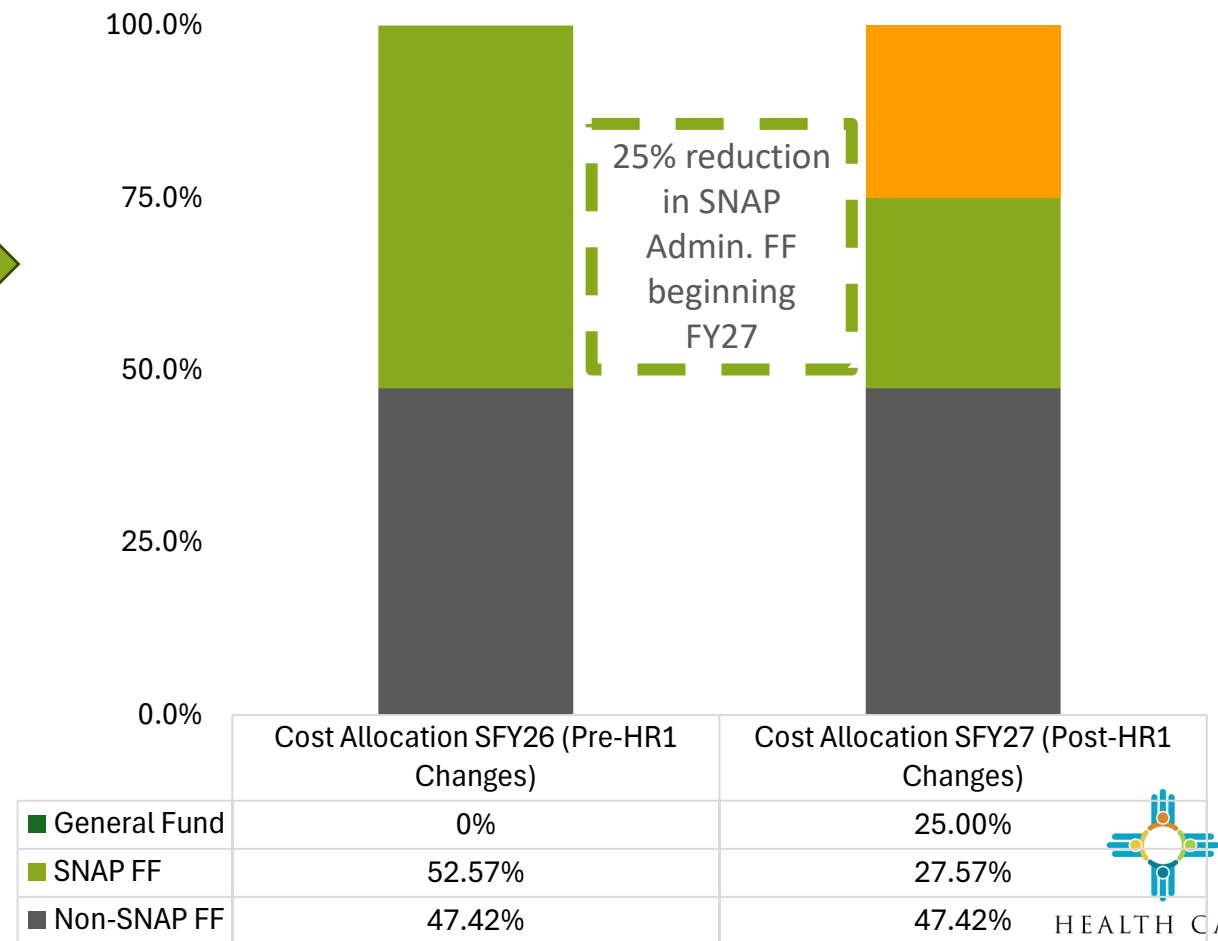
FY27 PROGRAM SUPPORT DIVISION (EXCLUDING IT) BASE BUDGET REQUEST

FY27 GF total base request \$11,601.8: \$3,613.8 (45.2%) increase over FY26. Major cost drivers:

- \$3,000.0 GF: Replace federal SNAP administrative funding that will no longer be available beginning FY27.
 - FY27 changes in SNAP admin. federal formula equates to a loss of \$13 M FF.
 - HCA-wide average federal funding share decreasing from 52.1% to 44.5% in FY27.
- \$283.8 GF: Sustain SoNM employer benefits contributions (replacing Health Care Affordability Funds).
- \$275.0 GF: contractual services (e.g. annual audit, legal supports).



Federal Administrative Cost Allocation for HCA Program Support, SFYs 26 & 27 (%)



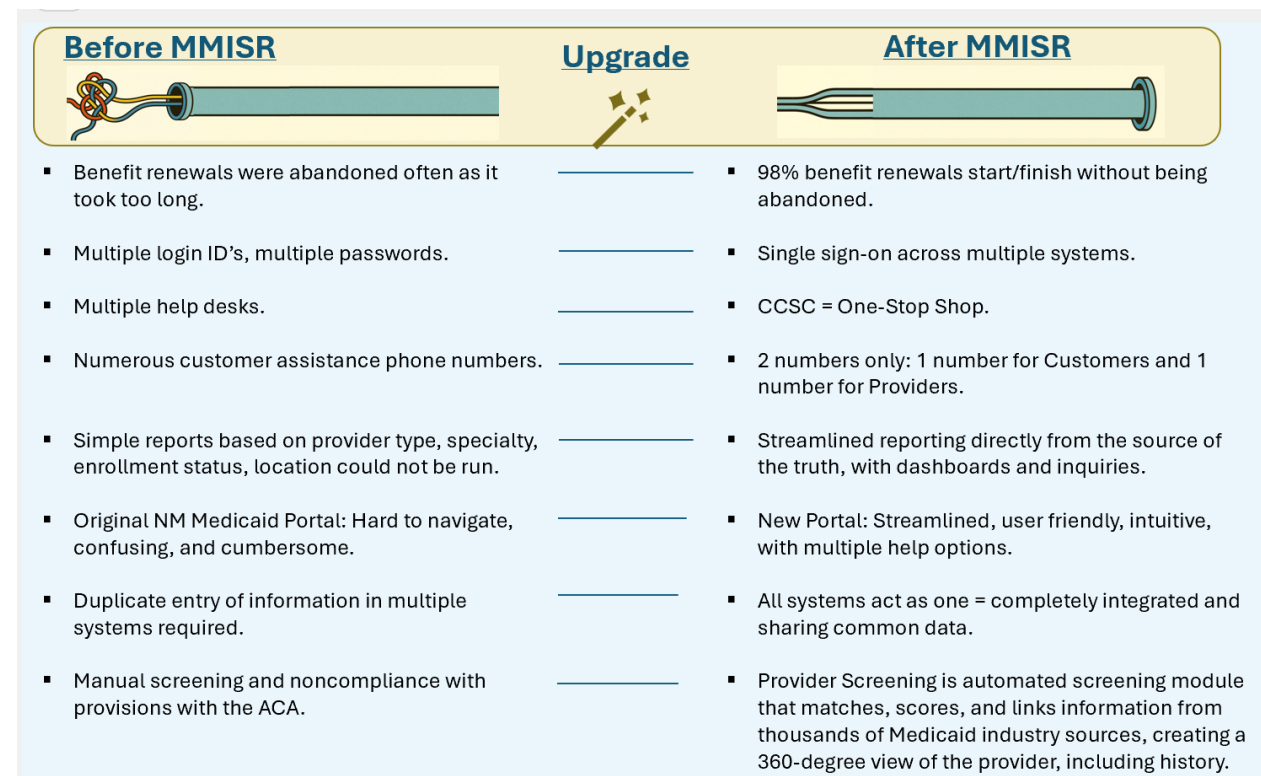
FY27 PROGRAM SUPPORT DIVISION (IT ONLY) (BASE & EXPANSION)

FY27 GF total base request \$43,085.0: \$13,778.0 (47%) increase over FY26. Major cost drivers:

- \$10,000.0 GF: Replace federal SNAP Administration funding that will no longer be available beginning FY27.
- \$2,012.0 GF: MMIS-R Maintenance and Operations costs (e.g. Unified Portal, System Integration Platform, Data Services)
- \$1,766.0 GF: IT equipment and supports for non-ISD HCA staff; building leases.
- 2,042 Yes-NM Mobile App downloads
 - 625 Apple Store (available mid-September 2025)
 - 1417 Google Store (available August 2025)

*FY27 GF total **expansion request** \$1,932.9. Major cost drivers:*

- \$143.1 GF: H. R. 1 equipment and licenses
- \$1,789.8 GF: H. R. 1 Maintenance and Operations



ASPEN AUTOMATIONS METRICS (LAST 12 MONTHS)

Automation Area	Impact to Customers	Impact to Field Staff (Hours of Manual Work Saved)
Realtime Eligibility (RTE) for Medicaid Applications	32,836 Medicaid applications processed in real time	19,702 hours of manual work saved for field staff
Application Registration Automation	61,073 Application registrations were automated	12,215 hours of manual work saved for field staff
Realtime Eligibility (RTE) for SNAP and TANF Interim Reviews	14,932 SNAP and TANF cases had Interim Reviews processed in real time	4,977 hours of manual work saved for field staff
Realtime Eligibility (RTE) for Medicaid Renewals	2,599 customers had Medicaid renewed in real time	1,109 hours of manual work saved for field staff
Automated Exparte Medicaid Renewals	211,593 customers had Medicaid renewed automatically without burden on customer	91,690 hours of manual work saved for field staff
Realtime Eligibility (RTE) for LIHEAP Applications	8,570 LIHEAP applications were processed in real time	4,285 hours of work saved for field staff
Case Comments Automation (May 2026 implementation)	Faster customer service for customers	Anticipated to save 72,000 hours of manual work saved for field staff



INCOME SUPPORT DIVISION (ISD) H. R. 1 CHANGES

With the upcoming H. R. 1 changes, ISD is preparing for 3 major changes:

1. SNAP Payment Error Rate cost sharing plan: Under H.R. 1, if too many SNAP benefits are issued incorrectly, NM will have to pay back a share of those costs. A 3-year review of HCA’s accuracy, with results in 2026, will drive any repayments beginning in FY27.
2. Staffing impacts from increased workloads: Even if total number of cases decreases, each case will require more checks and documentation. More cases will need detailed reviews to meet stricter federal rules,.
3. HCA must upgrade its eligibility and enrollment systems so staff can apply the new federal rules correctly and quickly, protecting benefit accuracy and keeping applications moving.

H. R. 1 SNAP Timeline

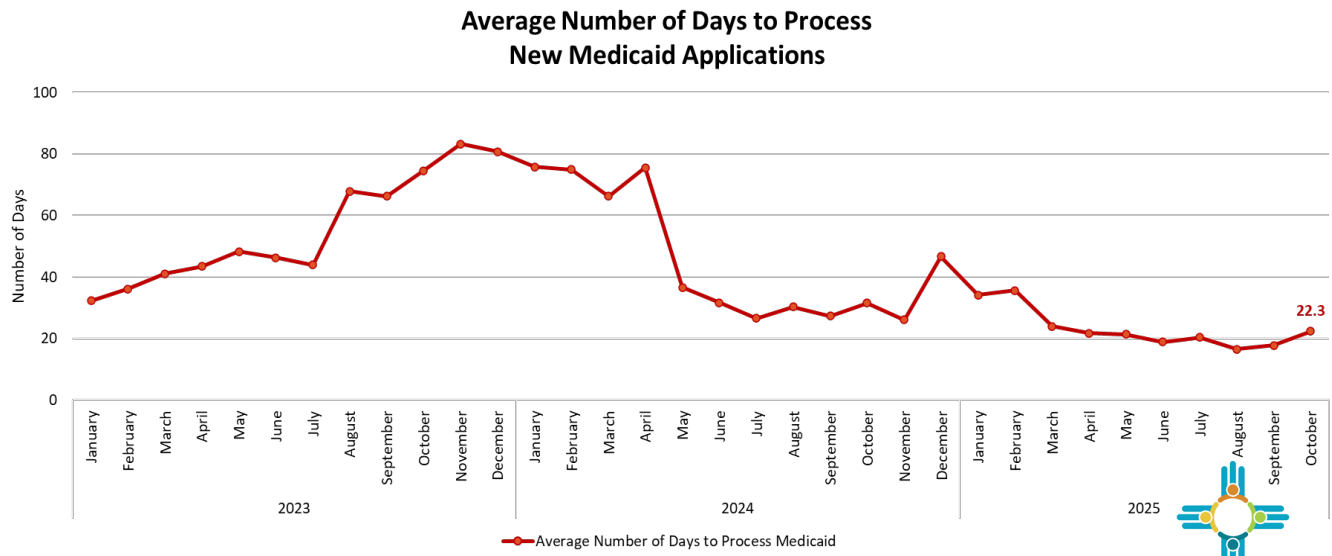
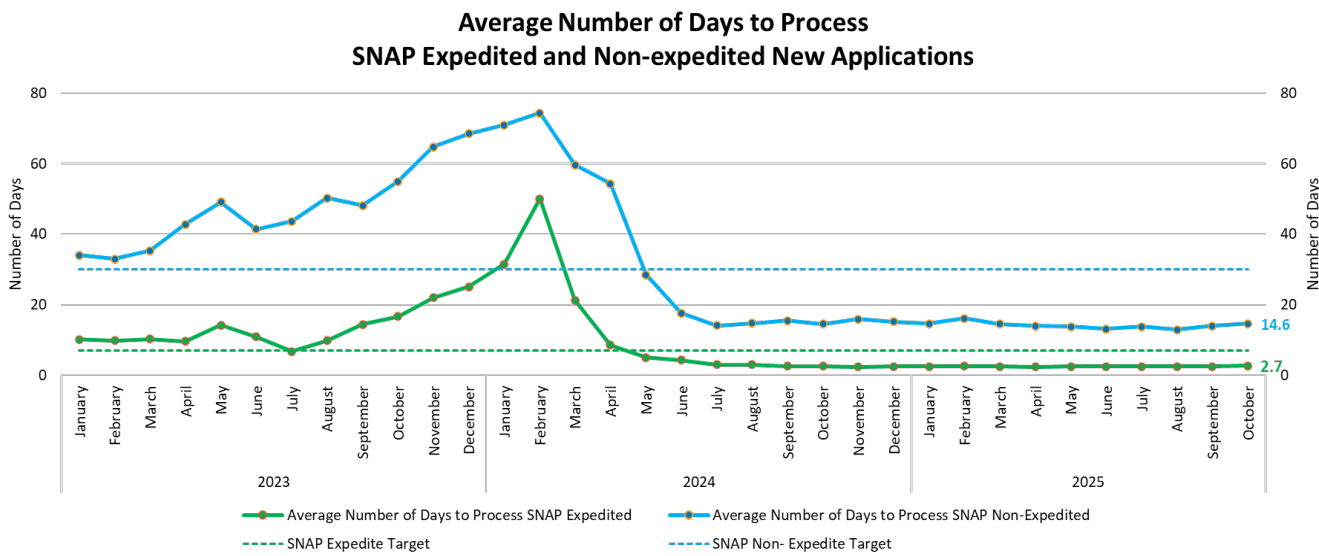
State Fiscal Year	SFY25	SFY26	SFY27	SFY28	SFY29	SFY30	SFY31	SFY32	SFY33	SFY34
Federal Fiscal Year	FFY25	FFY26	FFY27	FFY28	FFY29	FFY30	FFY31	FFY32	FFY33	FFY34
Calendar Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Month	JFMAMJJASOND	JFMAMJJASOND	JFMAMJJASOND	JFMAMJJASOND	JFMAMJJASOND	JFMAMJJASOND	JFMAMJJASOND	JFMAMJJASOND	JFMAMJJASOND	JFMAMJJASOND
State Match Requirement				Begins in October 2027						
State Match Requirement Delayed Implementation	Results count Oct '26				State Match cost determined on 3 – year look back period (i.e., FFY 2029 – payment determined on FFY 2026 PER)					
State Match Requirement Delayed Implementation						If Payment Error is too High, Begins in FFY30				
Administrative Match Reduction			Federal Share for Administrative Expenses Reduces from 50% to 25% in FFY27							
Certain Non-Citizen Lose Eligibility		Begins Upon Enactment but Individuals Roll Off as Redeterminations are Made								



FY27 ISD BASE REQUEST

FY27 GF total base request \$140,080.0: \$47,026.0 (50.5%) increase over FY26. Major cost drivers:

- **\$24,000.0 GF:** Replace Federal SNAP Administration funding that will no longer be available beginning FY27.
- **\$13,829.5 GF:** Infrastructure and Administrative supports.
 - \$7,766.5: Staff augmentation for seasonal impacts and Medicaid Community engagement and semi-annual recertification influx.
 - \$5,000.0: Routing System enhancements as rules change.
 - \$1,063.0: Implementing EBT Chip cards to reduce fraud.
- **\$8,126.7 GF:** Benefits and Outreach
 - \$6,629.1: State SNAP Supplement for older adults and people with disabilities (maintain growth).
 - \$336.8: Due to a waiver ending, Management evaluations will need to resume In-person increasing travel budgets
 - \$750.0: SNAP Employment and Training services increase.
 - \$410.8: Disaster-SNAP benefits and operational costs.
- **\$1,069.8 GF:** Funding to sustain SoNM employer benefits contributions (replacing Health Care Affordability Funds).

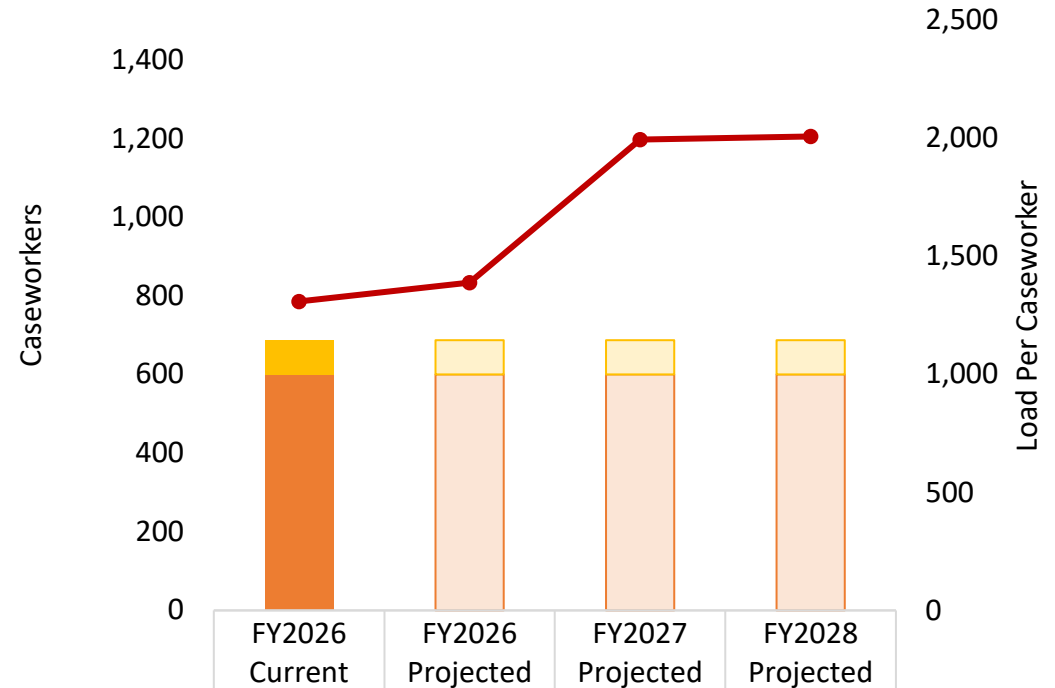


FY27 ISD EXPANSION REQUEST

FY27 GF total expansion request \$17,748.5 (\$24,510.0 FF; \$42,258.5 TC)

- Investing in staffing is a cost-effective way to ensure customer service, prevent backlogs, meet federal timeliness, and reduce error rates.
- H. R. 1 will increase caseworker workloads by requiring more frequent Medicaid eligibility redeterminations, adding work requirements for Medicaid, and emphasizing importance of SNAP Payment Error Rates (PERs)
- \$17,748.5 GF: H. R. 1 implementation
 - \$8,772.3 GF: 260 additional FTE (182 new; 78 funded during October special session)
 - Medicaid 6-month redetermination workload increase
 - Community engagement and work requirements for both SNAP and Medicaid
 - ISD on track to hire 45 new FTE by December 2025 and additional 75 FTE by June 2026.
 - \$4,609.5 GF: Space, security and equipment for new hires.
 - \$4,366.7 GF: Customer contact center contract increase in anticipation of increased volume due to HR1.

ISD Caseworkers and Case Management Load Per Caseworker, FY26-28 Projections




■ Caseworker Supervisors (FAA-Sup)	87	87	87	87
■ Caseworkers (FAA i/ii)	600	600	600	600
Total Caseworkers	687	687	687	687
● CML Per Caseworker (Right Axis)	1,309	1,389	1,996	2,008



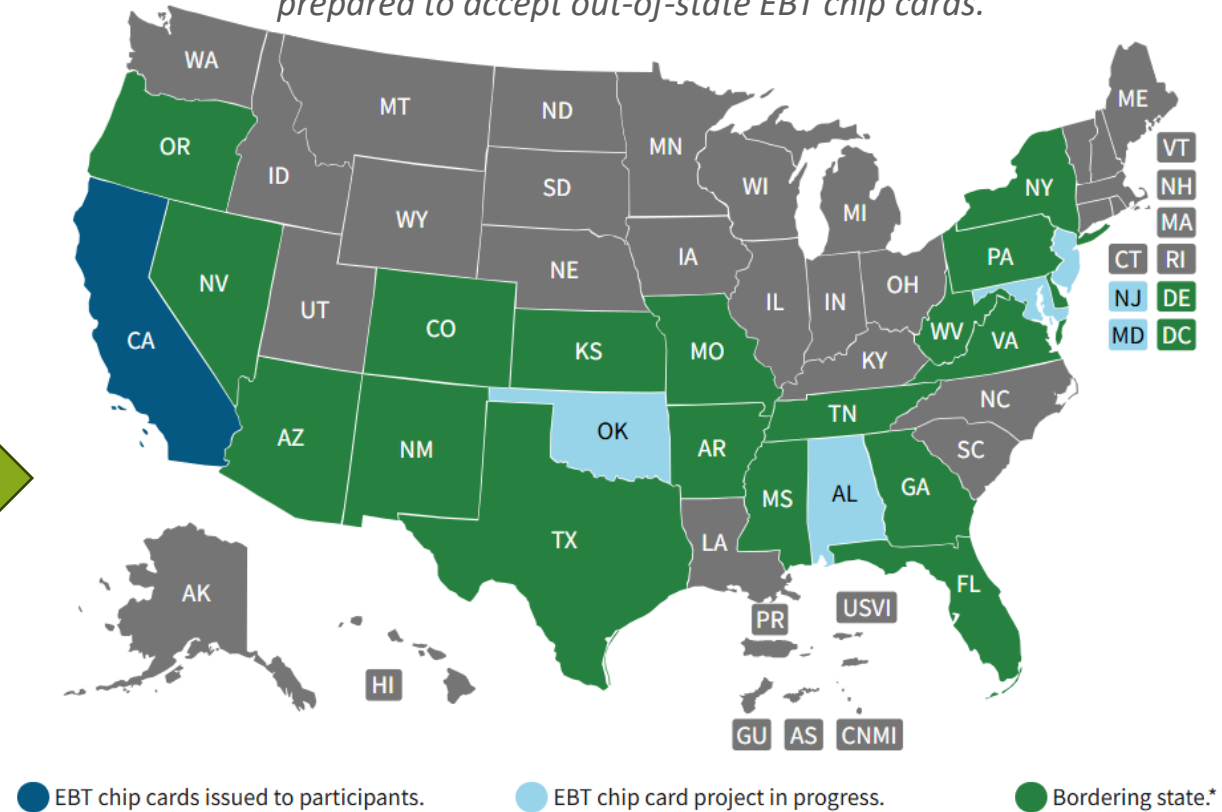
FY27 ISD SPECIAL APPROPRIATIONS

FY27 GF total special appropriations requests \$36,451.0 (\$35,088.0 FF; \$71,539.0 TC)

- **\$9,647.6 GF:** H. R. 1 System Enhancements.
 - \$2,900.0 GF: P.E.R tools and reporting to help HCA identify and reduce SNAP payment errors, avoiding federal penalties.
 - \$5,400.0 GF: H. R. 1 ASPEN system enhancements to improve Productivity of caseworkers.
 - \$1,347.6 GF: H. R. 1 Unified Portal Changes to improve customer application thoroughness to support error improvements.
- **\$8,855.2 GF:** SNAP Penalty Funds – Due to current error rates over the last 2 years, the state is currently in a second-year liability.
- **\$5,368.8 GF:** Replace EBT cards with chip cards to reduce theft and fraud. 
- **\$4,371.0 GF:** H. R. 1-related mail, notice, and printing costs required under federal law.
- **\$3,780.0 GF:** System Enhancements to correct Institutional Care waiver case processing system defects.
- **\$2,286.2 GF:** System Enhancements to finalize the Summer EBT enrollment processing module.
- **\$2,142.3 GF:** System Enhancements team to process federal changes mid-year along with changes related to our DHG lawsuit.

SNAP EBT Chip Card Issuance Status, by State

Per USDA: bordering states [like NM] do not have an EBT chip card project in place, however SNAP retailers must be prepared to accept out-of-state EBT chip cards.

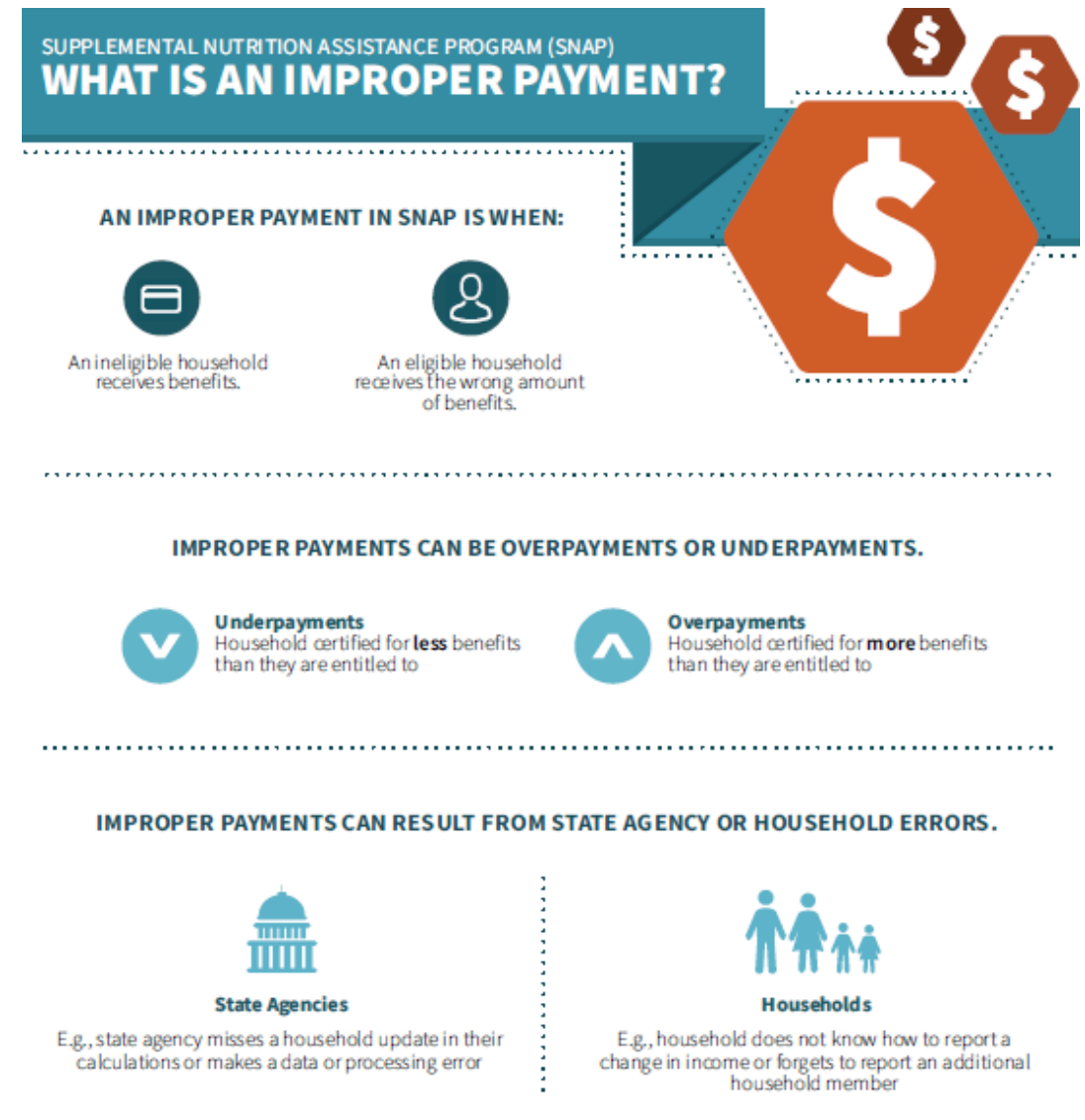


Source: <https://www.fns.usda.gov/snap/ebt/modernization>



WHAT IS THE SNAP PAYMENT ERROR RATE (PER)?

- SNAP PER's:** indicate how accurately states determine eligibility and benefit amounts for customers.
 - Overpayments** (benefits exceeding what's allowed)
NM FY24 PER = 13.45%
 - Underpayments** (benefits below what's allowed)
NM FY24 PER = 0.95%
- PER is not a measure of fraud.** PERs reflect unintentional mistakes by households and state.
- PERs vary across states (currently 3% to 60%)
- Focus of quality control has traditionally been on ensuring eligible households receive the correct benefits and identifying areas for program improvement.
- Changes related to the COVID-19 pandemic impacted PERs across most states (no PER data at all for FY20 and FY21)



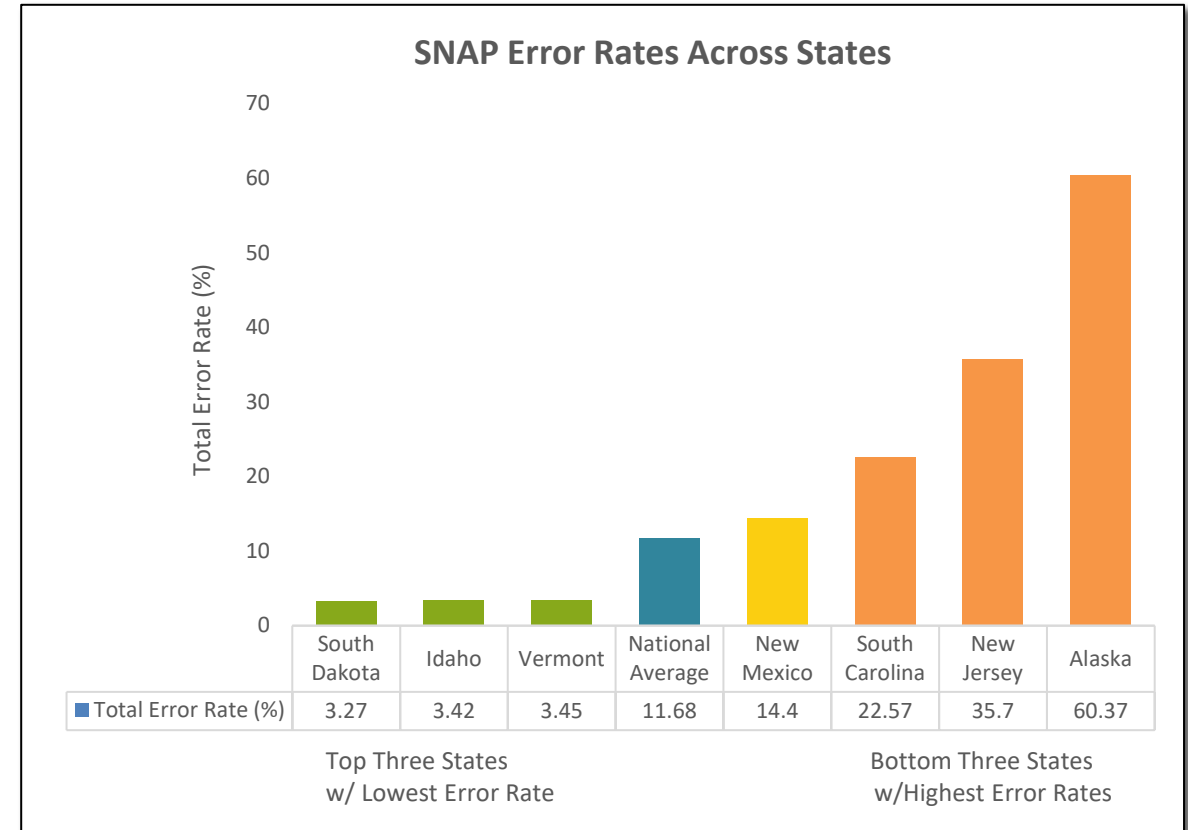
NM'S CURRENT PER IS 14.4%

NM ranks 49th out of 53 states and territories

- Client caused error = **65.29%**
(i.e. failure to report a change in circumstances such as income or household size)
- Agency caused error = **34.71%**
(i.e. miscalculation of benefit amount or use of outdated information for eligibility)

Major contributors influencing the state's PER:

1. COVID-19 Pandemic Error Impacts – limited direct contact and reduced client updates led to fewer accuracy checks and higher potential for errors.
 - Waived interviews (restarted October 2024)
 - Waived six-month interim reports (IRs) (restarted July 2023)
2. Medicaid/SNAP unwinding pressures on application processing timeliness
3. Longstanding policy of accepting self-attestation for shelter costs, utilities, and dependent care
4. Lower experience level of caseworkers coming out of the Great Resignation

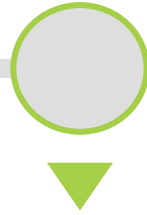


Source: USDA Food and Nutrition Service, US Department of Agriculture | SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM: PAYMENT ERROR RATES FISCAL YEAR 2023 <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-fy23-qc-payment-error-rate.pdf>



DRIVING NM'S SNAP PAYMENT ERROR RATE BELOW 5% - TIMING IS OF THE ESSENCE

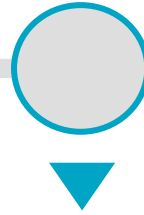
CURRENT EFFORTS



CURRENT IMPROVEMENTS UNDERWAY

- Strengthening caseworker training
 - Applying practical, hands-on sessions
 - Learning targeted interview techniques to gather full info in one visit
 - Promoting accuracy culture (beyond timeliness)
- Reducing ISD vacancy rates
- Analyzing impact of self-attestation vs. required documentation
- Conducted benchmarking visits with low-PER states

<5% PER GOAL



NEXT PHASE: STRATEGIC INVESTMENTS

- Modernize IT Systems
 - Embed predictive quality control
 - Add system guardrails for worker accuracy
 - Implement interview assistant tool
 - Automate review tools & caseworker scorecards
 - Redesign customer notifications for clarity
- Strengthen ISD Capacity

<5% PER GOAL



ONGOING: INITIATIVE TIMING

- Plan Implementation Schedule
 - Ensure each strategic lever builds to correct reduction
 - Training initiative calendar
- Hiring plan to meet knowledge requirements
- ❖ *3-year result look back drives actions needed in FY27*

Accuracy, Staffing, and System Modernization: The Path to 5%

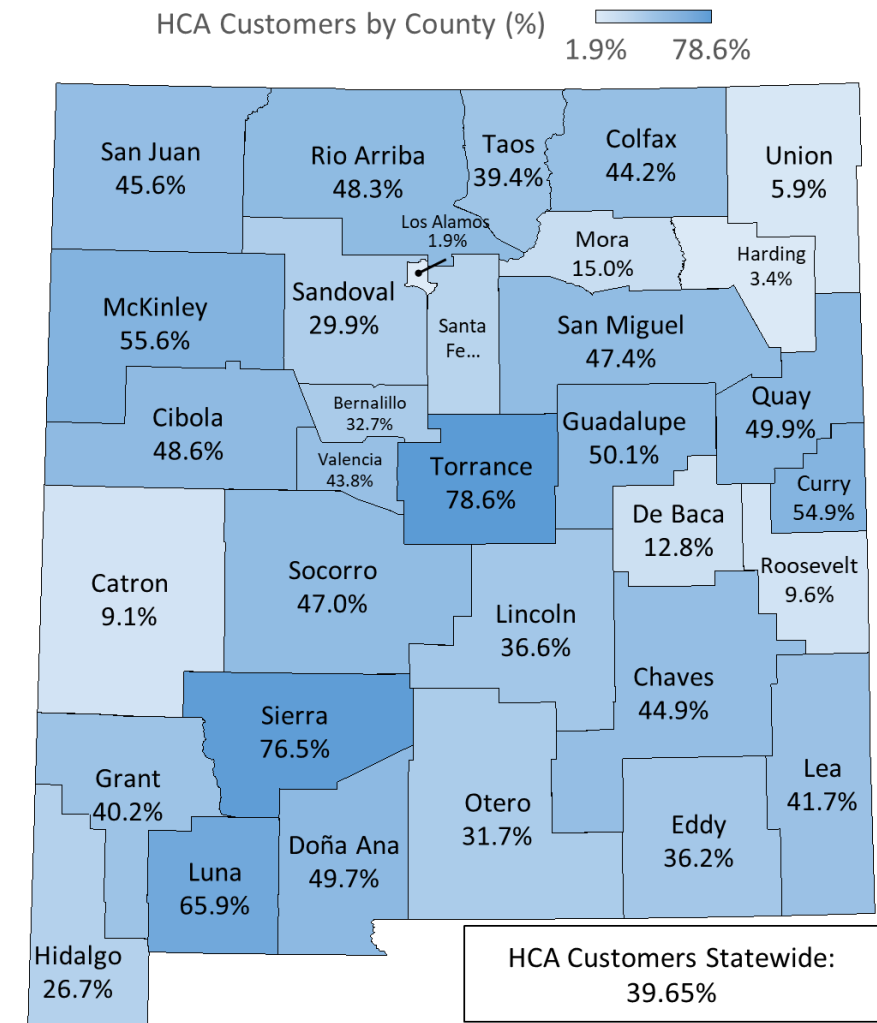


KEY TAKEAWAYS: ISD, PROGRAM SUPPORT, CSSD FY27 BUDGET REQUEST ²⁰

FY27 request optimizes General Funds & Federal Funds to boost essential services:

- Provide child support to families and children (\$1,142.6 GF).
- Sustain a high-performing HCA Program Support infrastructure for the next Administration and New Mexicans (\$17,391.7 GF).
- Maintain federally required timeliness and ensure accuracy in SNAP and Medicaid as we implement new H.R. 1 eligibility rules (\$47,026.0 GF).

HCA Customers by County as Percent of County Residents, September 2025





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QUESTIONS & COMMENTS

INVESTING FOR TOMORROW, DELIVERING TODAY.