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MEDICAL ASSISTANCE DIVISION, DEVELOPMENTAL DISABILITIES SUPPORTS DIVISION, &
BEHAVIORAL HEALTH SERVICES DIVISION | FY27 BUDGET REQUEST

DECEMBER 9, 2025

CABINET SECRETARY KARI ARMIJO

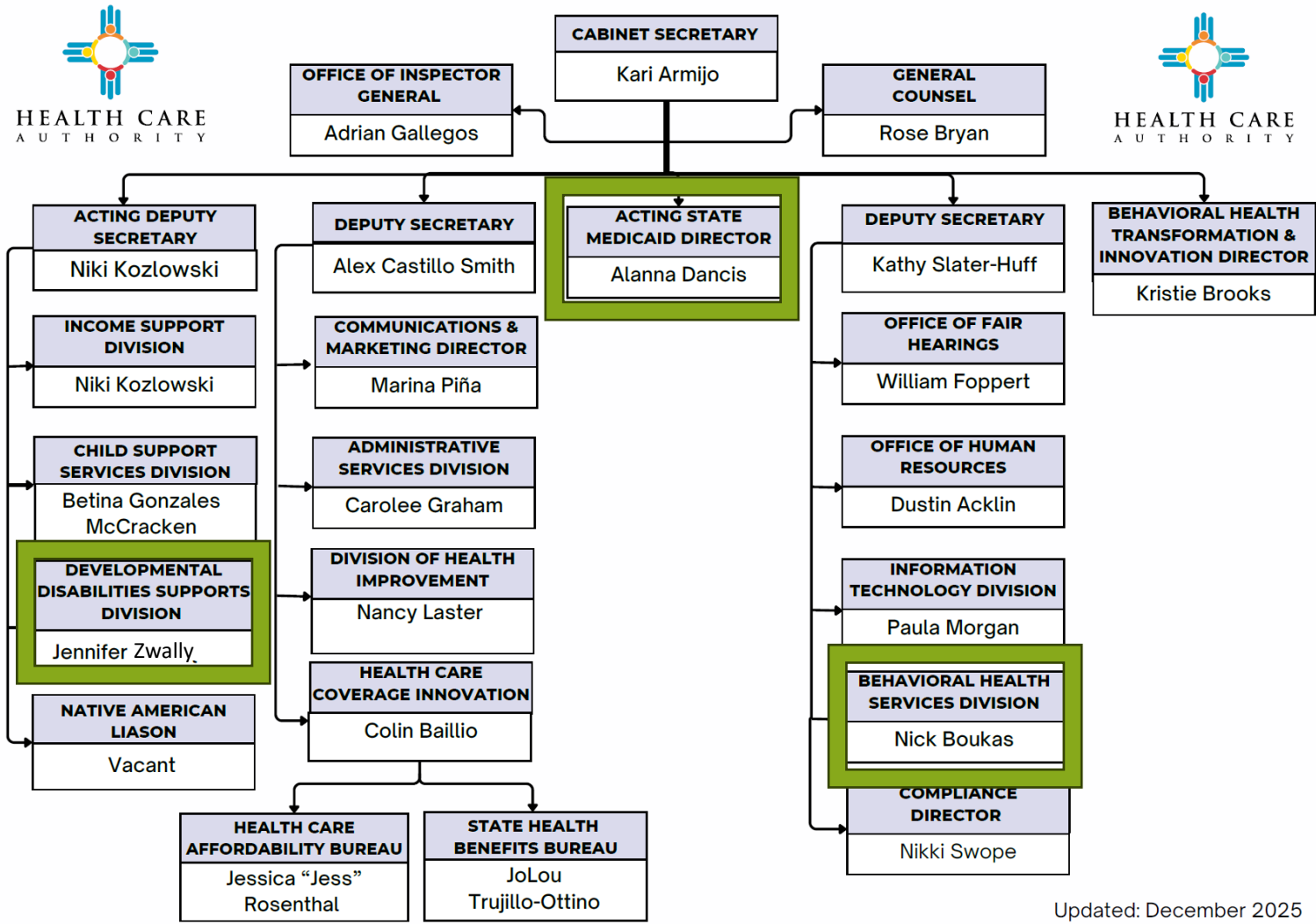
INVESTING FOR TOMORROW, DELIVERING TODAY.

Today's Hearing will focus on HCA's Medical Assistance Division, Behavioral Health Services Division, and Developmental Disabilities Support Division.

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

November Hearing: Program Support Division, Child Support, Income Support Division

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



Updated: December 2025



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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% (Increase due to receiving FY26 (and October special session) funding for additional authorized FTE) .
- MAD FY25 year-end funded vacancy rate: 18.3%.
 - MAD current funded vacancy rate: 15.3%. (Received FY26 funding for 48 FTE: 6 in FY26 and 42 in October Special session).
- DDSD FY25 year-end funded vacancy rate: -1.2%
 - DDSD funded vacancy rate: 4.7% (actively recruiting several vacant positions).
- BHSD FY25 year-end funded vacancy rate: -6.5%.
 - BHSD funded vacancy rate: 30.0% (Received FY26 funding for 15 Senate Bill 3-related FTE).

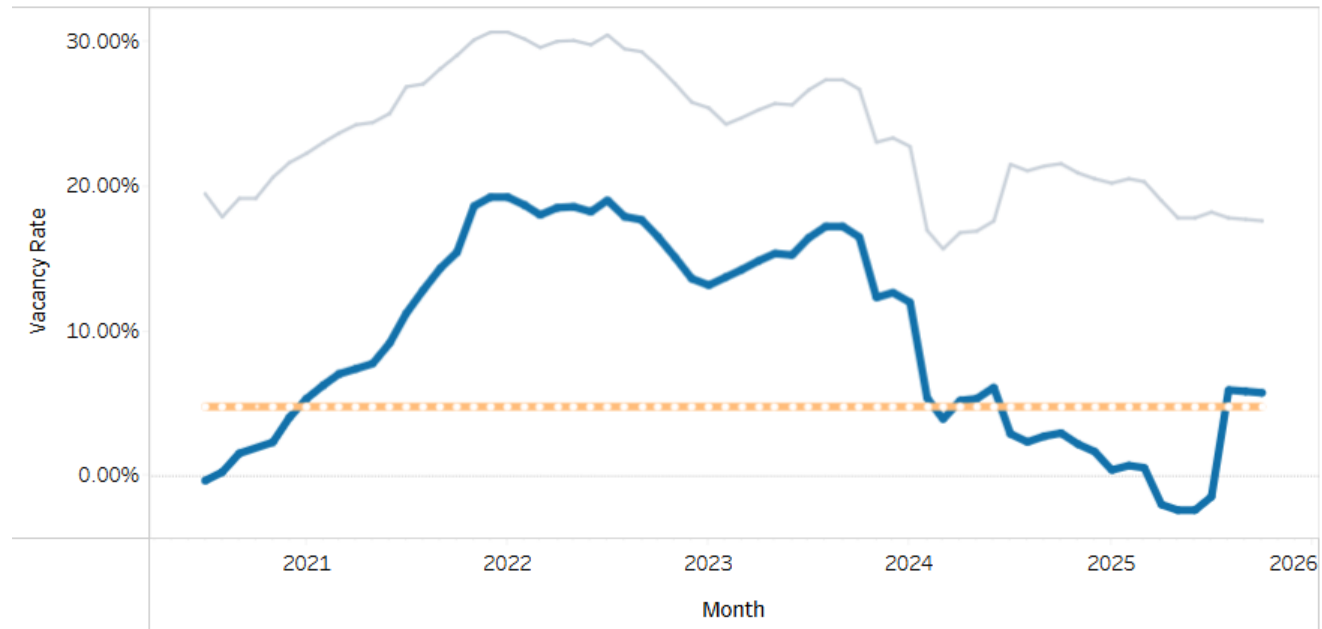
What is the rate of open positions at HCA? (↓good)

Measures:

Target: Based on National Data

Authorized Vacancy Rate

Budgeted Vacancy Rate



Last updated: 10/15/2025 8:20:06 PM

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



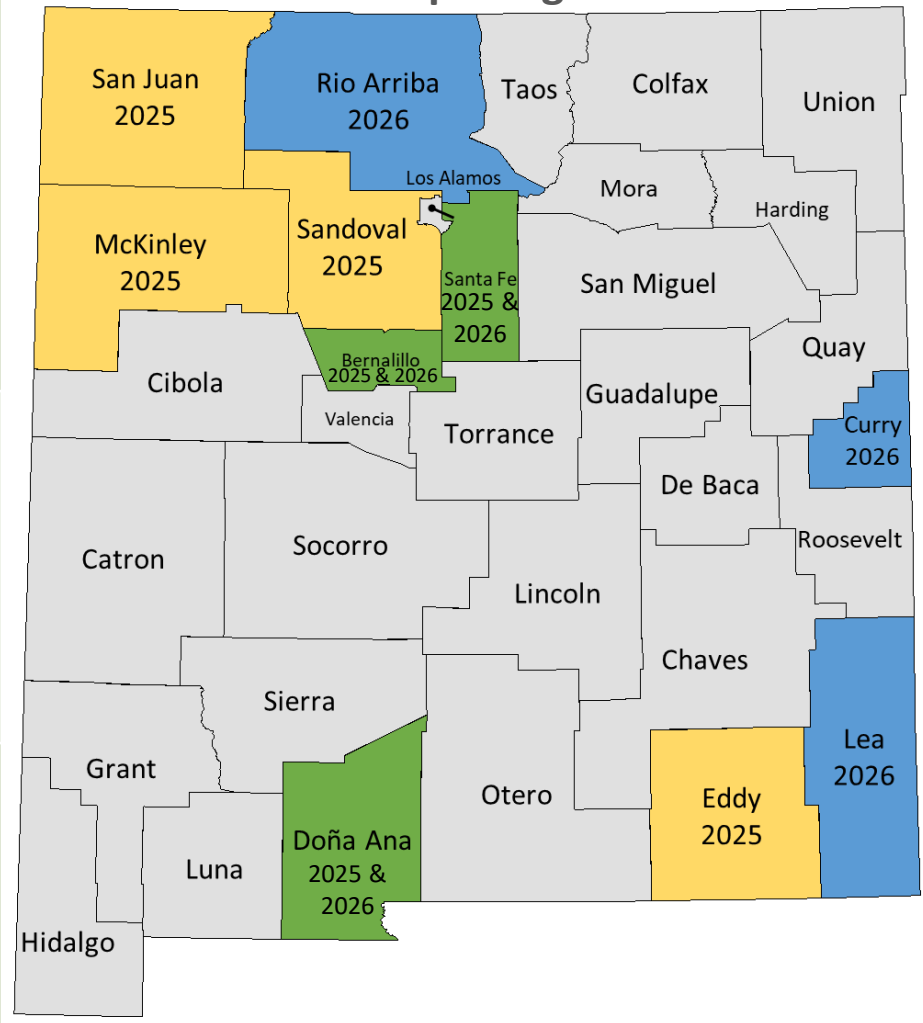
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Investing for tomorrow, delivering today.

MAD, DDSD & BHSD ACCOMPLISHMENTS

MAD	BHSD	DDSD
<p>NEW BENEFITS</p> <ul style="list-style-type: none"> ✓ Launched Food is Medicine for pregnant members with diabetes and long-term care members ✓ Added Medical Respite for members experiencing homelessness ✓ Piloted Justice reentry services ✓ Added traditional healing reimbursement ✓ Added doulas, lactation care providers, street medicine, and qualified clinical trials coverage 	<p>Expanding Services</p> <ul style="list-style-type: none"> ✓ Added Certified Community Behavioral Health Clinics January 2025 in 7 counties: Bernalillo, Santa Fe, McKinley, San Juan, Doña Ana, Eddy, and Sandoval ✓ 5 additional sites coming in 2026 ✓ Launched SB3 BH Reforms 	<p>SERVING MORE PEOPLE</p> <ul style="list-style-type: none"> ✓ Operationalized continuing allocations that bring new eligible applicants into services each month. ✓ Renewed the Mi Via self-directed Waiver for 5 additional years.
<p>OUTPERFORMING NATIONAL HEALTH CARE MEASURES IN CY24:</p> <p>12% higher: MCO members under age 21 who received dental evaluation</p> <p>2% higher: children receiving 6+ well child visits in first 15 months</p> <p>7.6% higher: 3–21 year-olds who had at least 1 well-child visit</p>	<p>STRENGTHENING OUR WORKFORCE</p> <ul style="list-style-type: none"> ✓ Created a Justice-Involved Peer Support Worker training and endorsement to provide better outreach to incarcerated individuals. 	<p>STRENGTHENING OUR WORKFORCE</p> <ul style="list-style-type: none"> ✓ On track to finish comprehensive rate study by the end of 2025.
<p>78,847 enrolled providers delivered 4,408,315 outpatient services within the last 12 months, including 182,478 Behavioral Health Visits.</p> <p>Nearly 17% growth in Medicaid provider network over past 12 months</p>	<p>Helping New Mexicans in Need</p> <ul style="list-style-type: none"> ✓ Linkages providing 553 supportive housing vouchers across 10 sites statewide in FY26. 	<p>KEEPING PEOPLE SAFE</p> <ul style="list-style-type: none"> ✓ Completed 37,000+ health and wellness visits since March 2023 and over 5,200 in FY26 alone.

NM Certified Community Behavioral Health Clinics, by County and Year of Site(s) Opening



HCA FY27 BUDGET REQUEST

- Fiscal Year (FY) 27 budget request (base and expansions) \$15.0 B, 85.0% FF/OSF.
- FY27 General Fund 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, largely from required enrollment changes associated with H.R.1.
- 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%

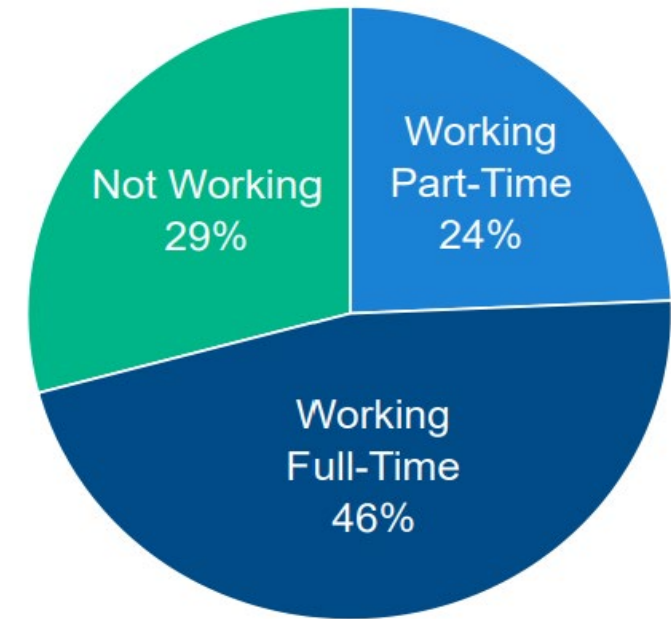


MEDICAID

MEDICAID CHANGES IN H.R. 1

1. Community/work engagement requirements (12/31/26).
2. More frequent eligibility checks and additional documentation required to determine eligibility (12/31/26).
3. Eligibility reductions
 - Reduced retroactive Medicaid period (1/1/27).
 - Elimination of covered legal immigration statuses (10/1/26).
4. Reductions in provider payments to 100% of Medicare
 - Phased down provider taxes (FY28)
 - Phased down payments to hospitals (CY28)
 - Potential reductions to provider rates via administrative action
5. Co-payments for certain services and populations (10/1/28)

A majority (70%) of Medicaid adults are working in New Mexico



Source: Kaiser Family Foundation Snapshot of Medicaid in New Mexico, May 2025: <https://files.kff.org/attachment/fact-sheet-medicaid-state-NM>

A single person in NM would have to work more than 39.78 hours/week in a minimum wage job to make more than 138% FPL (using the statewide minimum wage)

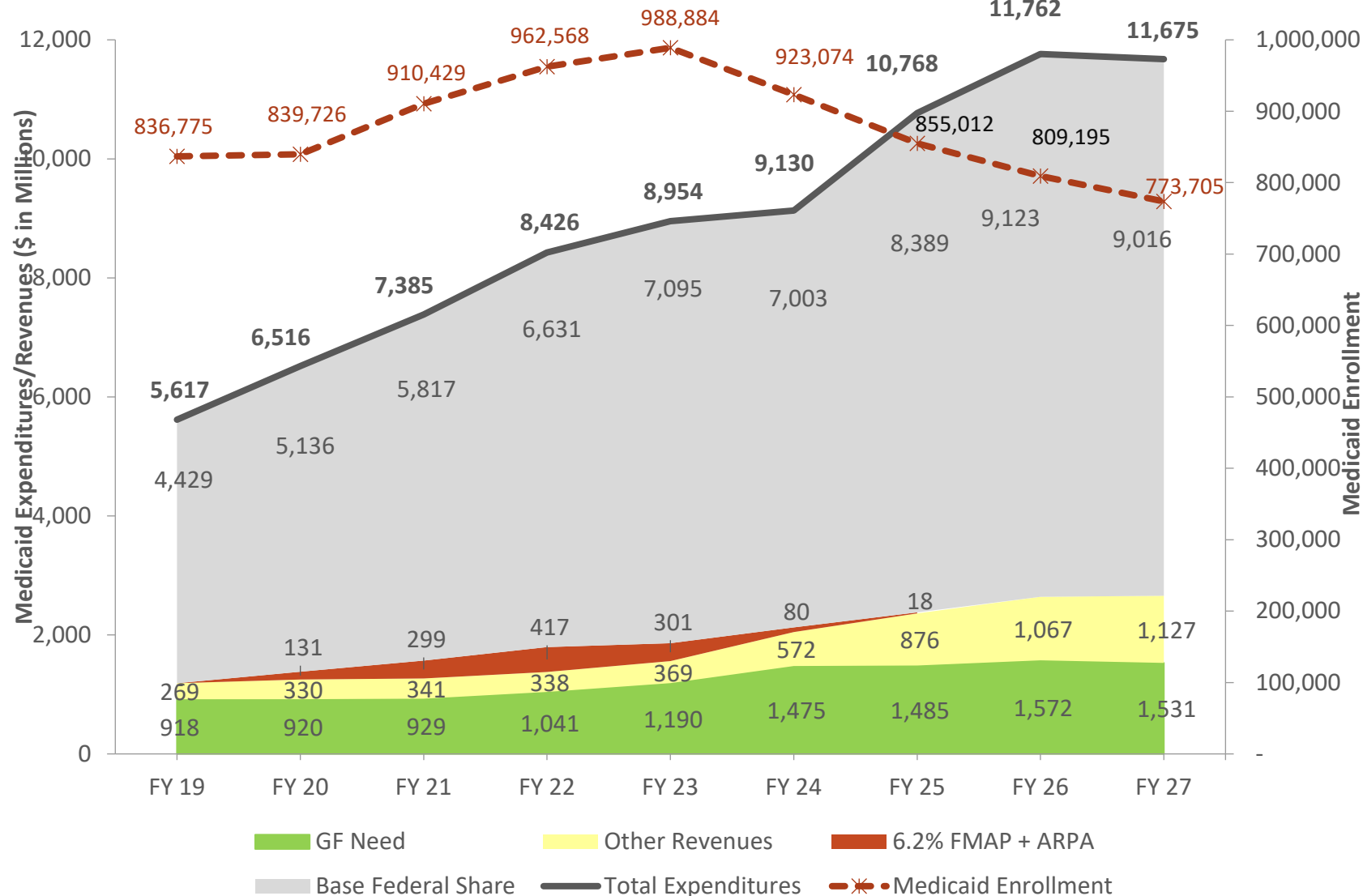


MEDICAID IN TRANSITION

- **Medicaid enrollment declines but total expenditures remain high, breaking from the historic pattern of spending tandem with enrollment.**
- Enrollment is projected to decline in FY27 due to H.R. 1 changes.
 - Many disenrolling members will be healthy adults (and those with the highest federal match).
 - Remaining enrollees likely to be sicker and more complex on average.
- Acuity and utilization are rising.
 - Long-term services and supports and behavioral health are utilization increasing.
 - Increase in number of Medicaid covered benefits (e.g. doula, lactation services).
- Pharmacy costs are increasing.
- Higher reimbursement is leading to increased number of enrolled providers.



Total NM Medicaid Enrollment, Expenditures/Revenues, FYs 19-27



FY27 MEDICAID BASE PROGRAM GF REQUEST

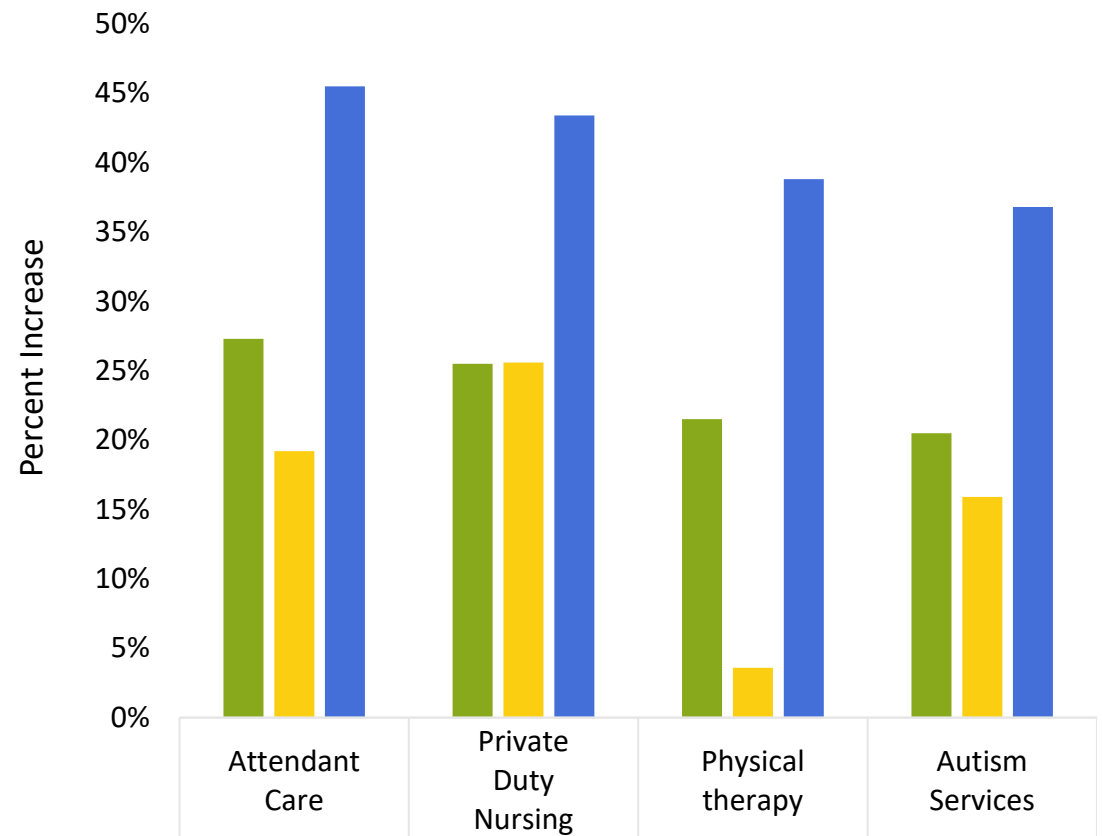
- FY27 GF cost trend driven by three factors:
 1. FMAP (federal match) decrease
 2. Increase in utilization
 3. Cost trend (inflation, acuity; actuarially sound capitation rates)
- **Lower** GF costs driven by savings from H. R. 1 enrollment decreases and a combination of one-time and ongoing revenue offsets.
- FY27 Base GF reduced need: (\$8.5M).
- FY27 GF Medicaid Admin. expansion request of \$2,859.6 sustains H. R. 1 funding MAD received in October special session.
 - FY27 Medicaid Admin. Base request remains flat to FY26.

Major General Fund Budget Drivers	GF Cost / (Savings) (thousands)
Decrease in Effective FMAP Rate increases GF	\$15,017.9
Annualized CY 2026 utilization and cost trend of 12-15%	\$46,000.0
Projected CY 2027 utilization and cost trend of 4%	\$22,609.5
Cost Drivers	\$83,627.4
Savings from HR1 Enrollment Decreases	(\$20,107.3)
Offset GF with Drug Rebate Revenue Balance (One-Time)	(\$44,000.0)
Offset GF Drug Rebate Revenue Increase (Ongoing)	(\$20,000.0)
Offset GF with Tobacco Settlement	(\$3,880.7)
Savings and Offsets	(\$87,988.0)
Other Funding Adjustments	(\$4,155.6)
FY27 TOTAL NEED / (REDUCED NEED)	(\$8,516.2)

HB2 RATE INCREASES ARE WORKING: MORE PROVIDERS, MORE CARE FOR NEW MEXICANS ¹¹

- In partnership with the Legislature, HCA has increased Medicaid rates in 2023, 2024, and 2025.
 - In 2023 most rates with a Medicare equivalent went to 100%. Behavioral health, primary care and maternal/child health set at 120% of Medicare.
 - In 2024 all additional rates with a Medicare equivalent went to 100%. Behavioral health, primary care, and maternal/child health set at 150% of Medicare.
 - In 2025 several large rate increases for behavioral health rates with no Medicare equivalent.
- Increased rates created a larger number of providers enrolled in Medicaid and offering services.
- More members accessed services, including members who were currently in care and accessing more frequent services.

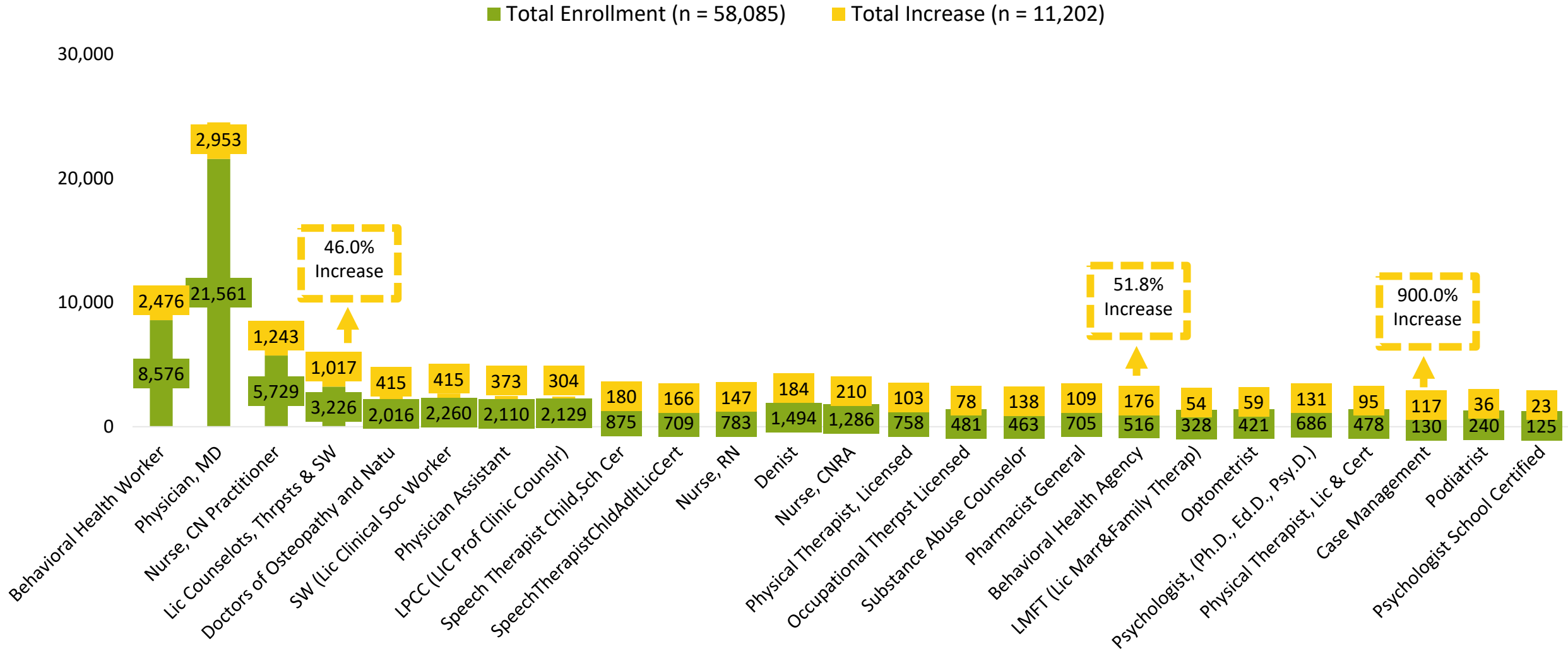
NM Medicaid Increase in Visits, Unique Members, and Visits per Member, CYs 2023 to 2024 (%)



■ % Increase in Visits	27.3%	25.5%	21.5%	20.5%
■ % Increase in Unique Members	19.2%	25.6%	3.6%	15.9%
■ % Increase in Visits per Member	45.5%	43.4%	38.8%	36.8%

SINCE TURQUOISE CARE, PROVIDER ENROLLMENT IS UP 24%

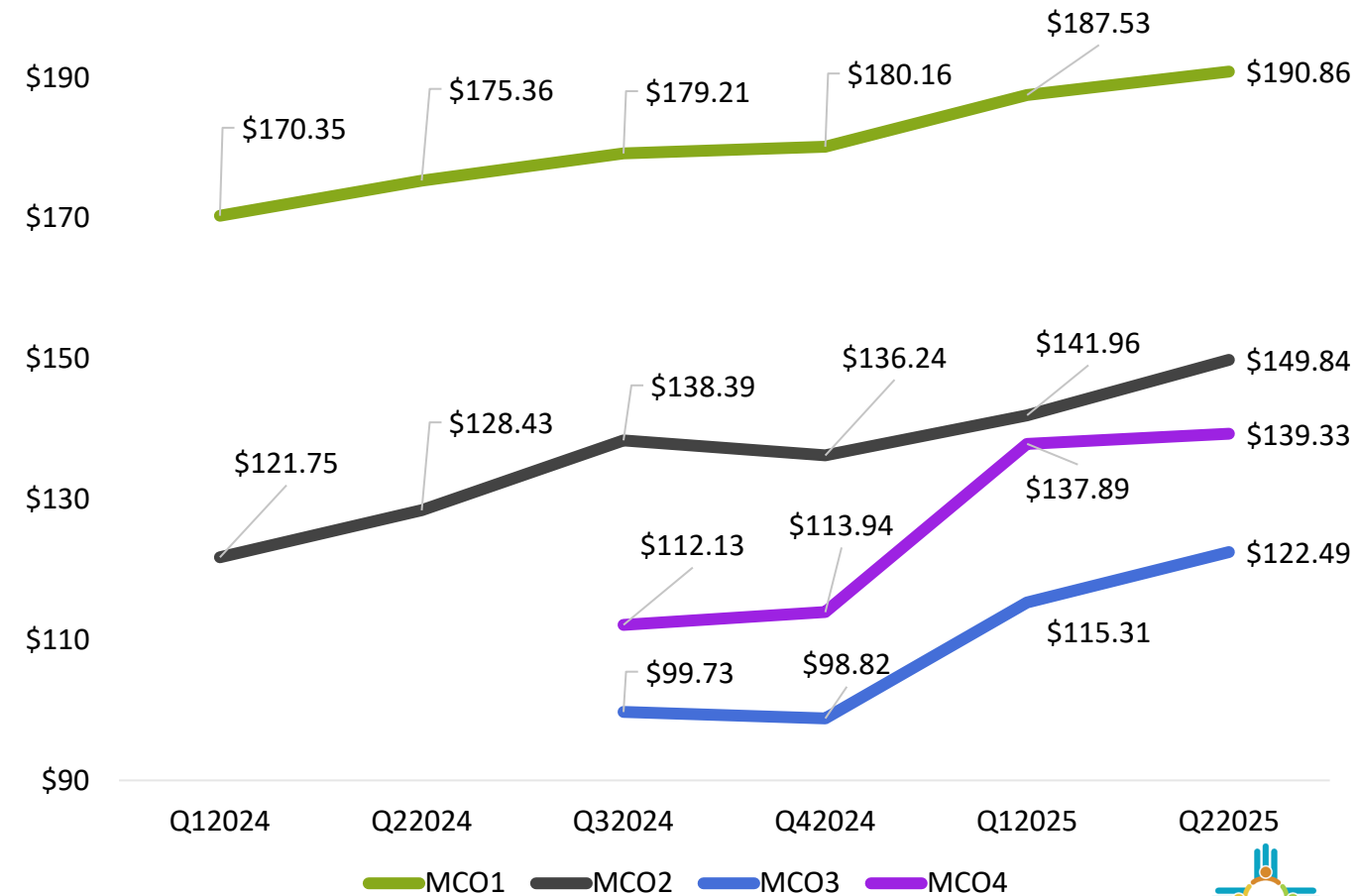
NM Medicaid Provider Enrollment Increase Since Launch of Turquoise Care (July 2024-Nov 30, 2025) (Overall increase of 23.9%)



RISING DRUG PRICES ARE DRIVING MEDICAID COSTS

- Average cost of medications continues to increase. High-cost drugs (i.e. cell-gene therapy) can have a large impact.
 - MCO1 illustrates how 1 or 2 multi-million-dollar drugs can change the average cost per drug
 - Adoption of Medicaid preferred drug list in 2026 will allow NM to leverage supplemental rebates.
- \$64 M of drug rebate revenue proposed for Medicaid FY27 budget.
- GLP-1s continue to drive costs even without obesity coverage. (In last two years, 3 new indications approved by the FDA).
 - In November, White House announced new agreements with Eli Lilly and Novo Nordisk under Most-Favored-Nation drug pricing initiative.
 - If approved, Medicare and Medicaid prices for GLP-1 drugs used for diabetes and obesity would decrease, but savings may be offset by loss of rebates.

NM Medicaid MCO Average Cost per Drug, CYs 2024- 2025 (Qtr. 2)



HCA OPTIMIZES FEDERAL FUNDS FOR NM'S HEALTH & HUMAN SERVICES AGENCIES

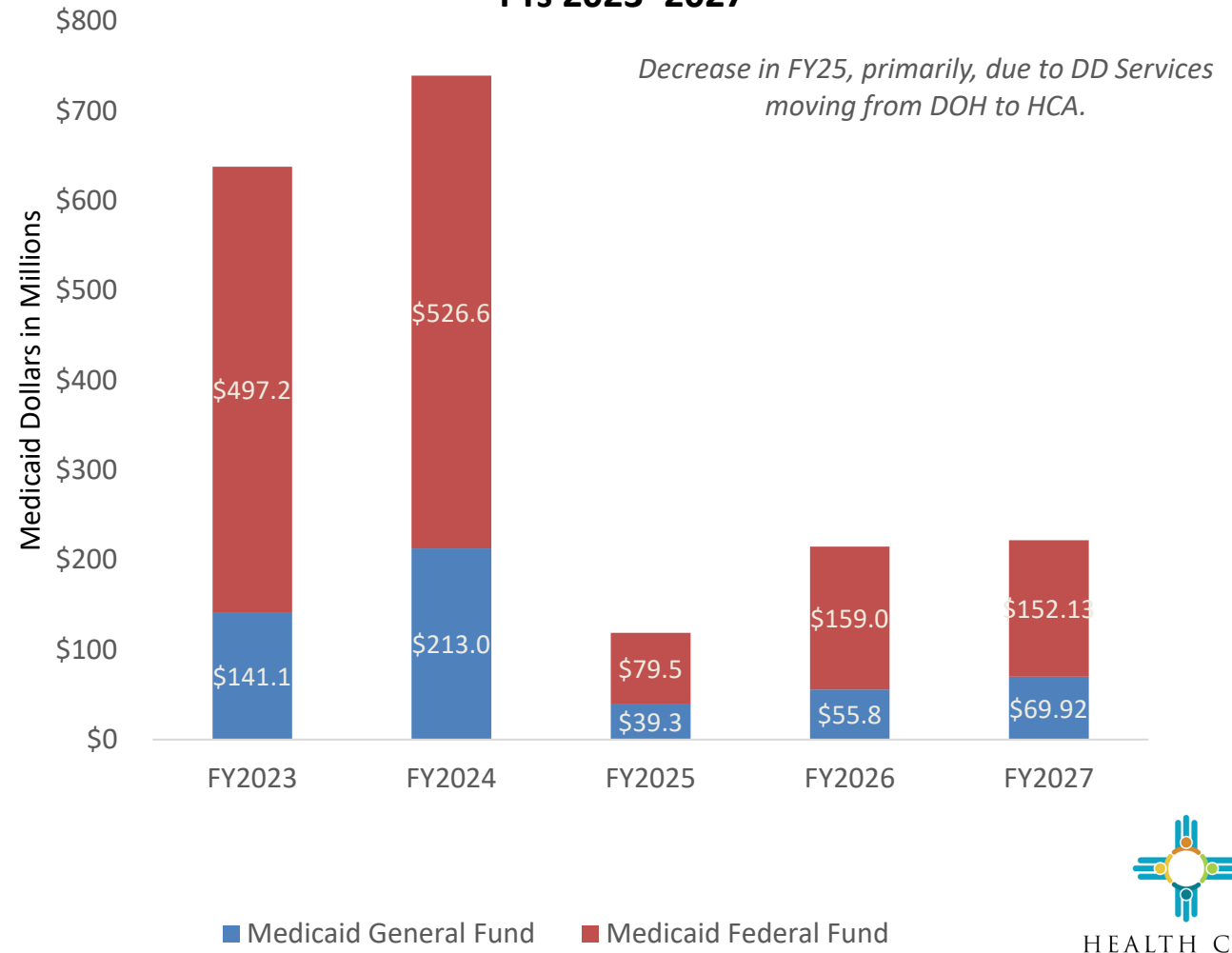
- Since FY23, 6 agencies on track to receive total \$1.9 B Medicaid funding.

- Blended Federal share: 73.15% 

FY27 HCA budget request supports:

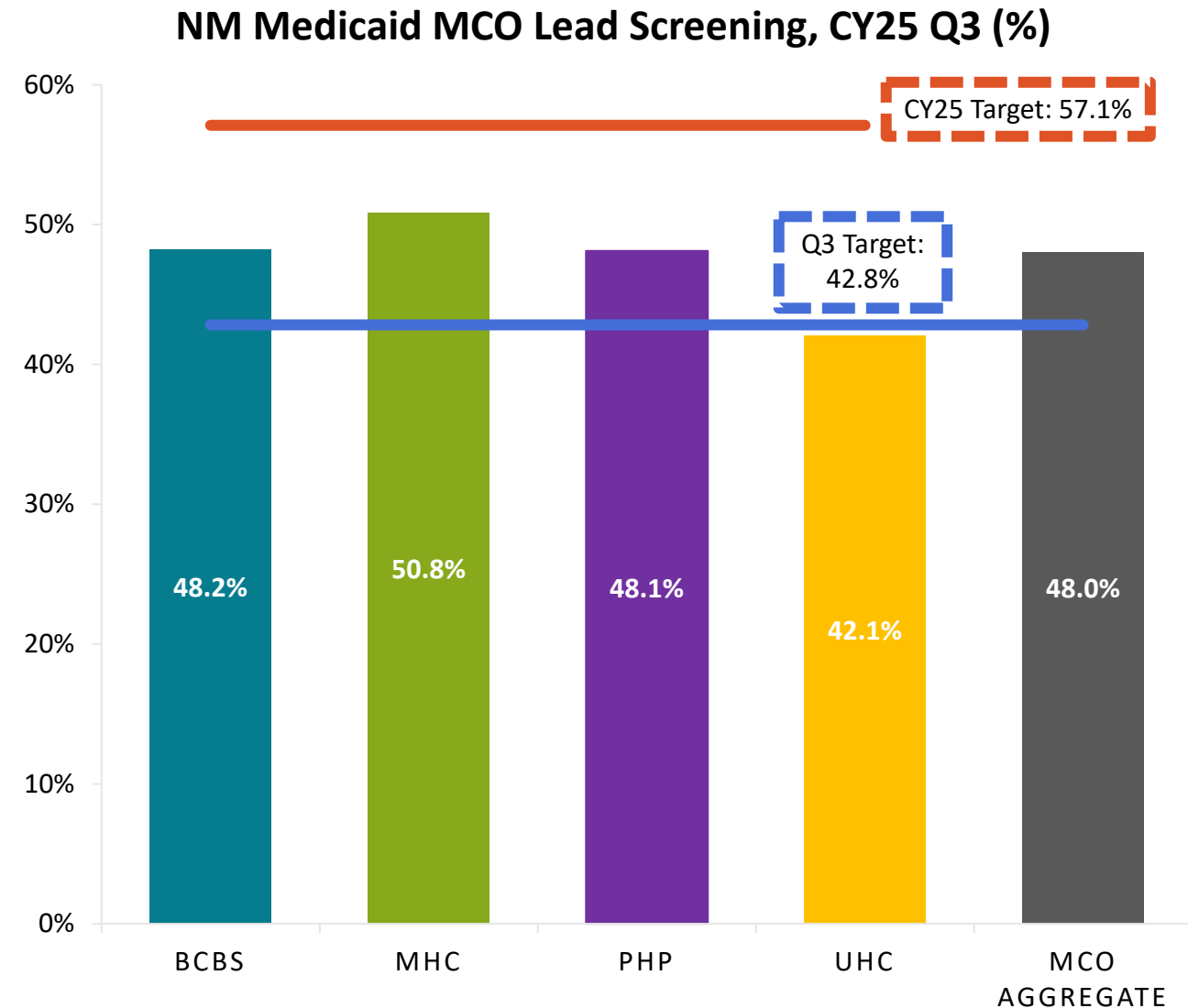
- ALTSD: Elder Rights, Adult Protective Services, Long-Term Care
- CYFD: Juvenile Justice, Child Protective Services, Behavioral Health, and Admin.
- DDC: Guardianship Services, Information Networking
- DOH: Public Health Services and Admin. *(note that DDSD & DHI moved to HCA in FY25)*
 - Adding match for CARA navigators in CY26
- ECECD: Provider Rates, Home Visiting, Family Infant Toddler Program, Central Registry and Services for Medicaid eligibility
- PED: School-based Health Centers and Special Education Services

NM Medicaid Funding to HHS Agencies (Millions), FYs 2023–2027



HOLDING MCOS ACCOUNTABLE FOR QUALITY PERFORMANCE

- HCA has 14 performance measures in the Turquoise Care Contract that emphasize State priorities (e.g. timely well child visits, lead screening, postpartum care, and immunizations).
- To meet performance, MCOs must be 1% above national measure average; HCA tracks via quarterly targets.
- MCOs on track to meet many measures:
 - Presbyterian Health Plan expected to meet 13 out of 14.
 - Blue Cross Blue Shield expected to meet 11 out of 14.
 - Molina Health Care expected to meet 11 out of 14.
 - United Health Care expected to meet 5 out of 14.



DEVELOPMENTAL DISABILITIES SUPPORTS DIVISION

FY27 DEVELOPMENTAL DISABILITIES SUPPORTS DIVISION (DDSD) BASE BUDGET REQUEST (BASED ON AUGUST 2025 PROJECTION)

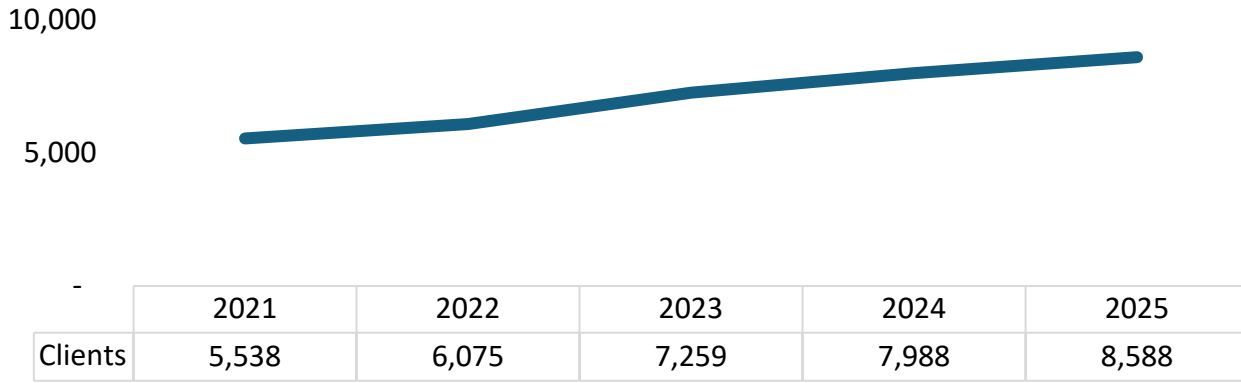
FY27 GF total program (500's) base request \$323.4, \$39.1 (13.8%) increase over FY26. Major cost drivers:

- \$39,100.0 GF: Sustain current service levels with rising enrollment and increased utilization.
 - \$28,600.0 GF: Enrollment Growth & Utilization
 - \$7,900.0 GF: Mi Via Waiver Gross Receipts Tax (GRT) Changes
 - [House Bill 357](#) (2025) removed GRT from Mi Via Waiver recipients' budgetary allotments- more funding for services.
 - \$2.6 GF: Reduction in FMAP from 71.67% to 71.52%.

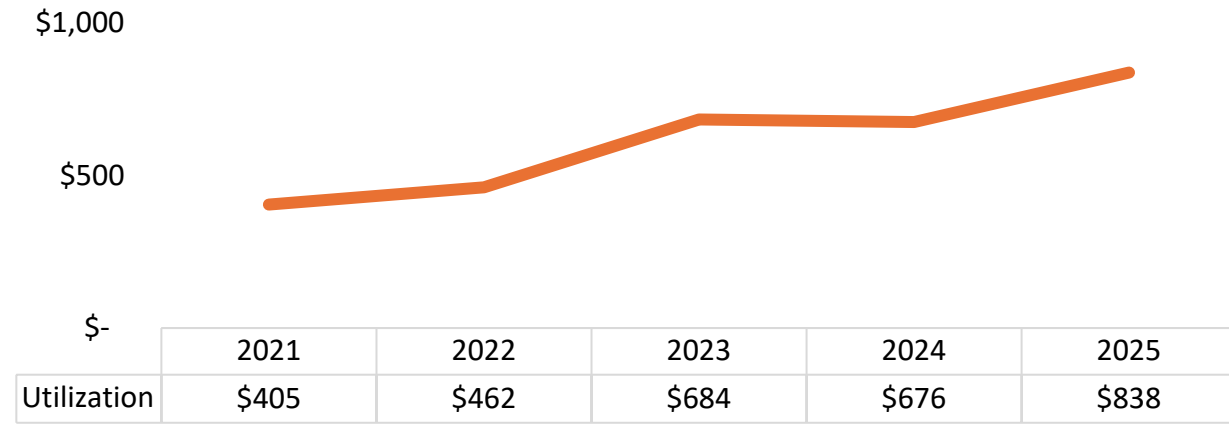
FY27 GF total admin (200's, 300's, 400's) base request \$1,626 (4%) increase over FY26. Major cost drivers:

- \$545.3 GF: Support 5 FTE who transferred from HCA Medicaid, supporting oversight of NM's Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID.)
- \$897.3 GF: New leases for Santa Fe and Las Cruces offices.

NM DD Waiver Population Across all Programs, 2021-2025 (55.1% increase since 2021)



NM DD Waiver Utilization by Total Paid (Millions), 2021-2025 (106.9% increase since 2021)

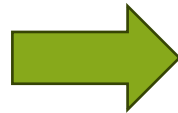


**Total paid claims in total computable*

FY27 DDSD EXPANSION REQUEST

FY27 GF total expansion request \$47,000.0. Major cost drivers:

- Projected amount needed to fund provider rate increase recommendations from 2025 Rate Study.
 - Comprehensive rate study evaluating every service and corresponding rate across all waiver programs.
 - 88% average overall provider survey participation rate.
 - Link to draft 2025 Rate Study Report can be found here: [Rate Study Information](#)



Provider Service Type Consulted for Rate Study	Provider Participation (%) by Service Type
Intensive Medical Living Services	100%
Respite	92%
Family Living	92%
Customized In-Home Supports	91%
Competitive Integrated Employment (CIE), Maintenance (including Intensive)	91%
Customized Community Support, Individual	90%
Customized Community Support, Group	88%
Supported Living	87%
CIE, Group	80%

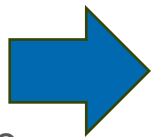
**Claims adjustments are ongoing, therefore information is subject to change.*

BEHAVIORAL HEALTH SERVICES DIVISION

FY27 BEHAVIORAL HEALTH SERVICES DIVISION (BHSD) BASE BUDGET REQUEST

FY27 GF total base request \$73,197.9: \$12,981.4 (21.5%) increase over FY26. Major cost drivers:

- \$9,000.0 GF: Funding to sustain 988 crisis services.
 - Receiving \$3,600.0 from SB535 telecom revenue in FY26.
 - 988’s reach in NM in FY25:
 - 40,561 total 988 connections.
 - **12,865** involved suicide ideation (32.1% of all connections).
 - Males ages 35–44 show the highest 988 usage.
 - 293 individuals referred to Mobile Crisis Teams.
 - 23 minutes average call time.
- \$3,288.0 GF: Replace loss of Opioid Settlement Funds.
- \$580.0 GF: Sustain 5 FTE previously supported by a non-recurring appropriation.
- \$113.4 GF: Funding to sustain SoNM employer benefits contributions (replacing HCAF).



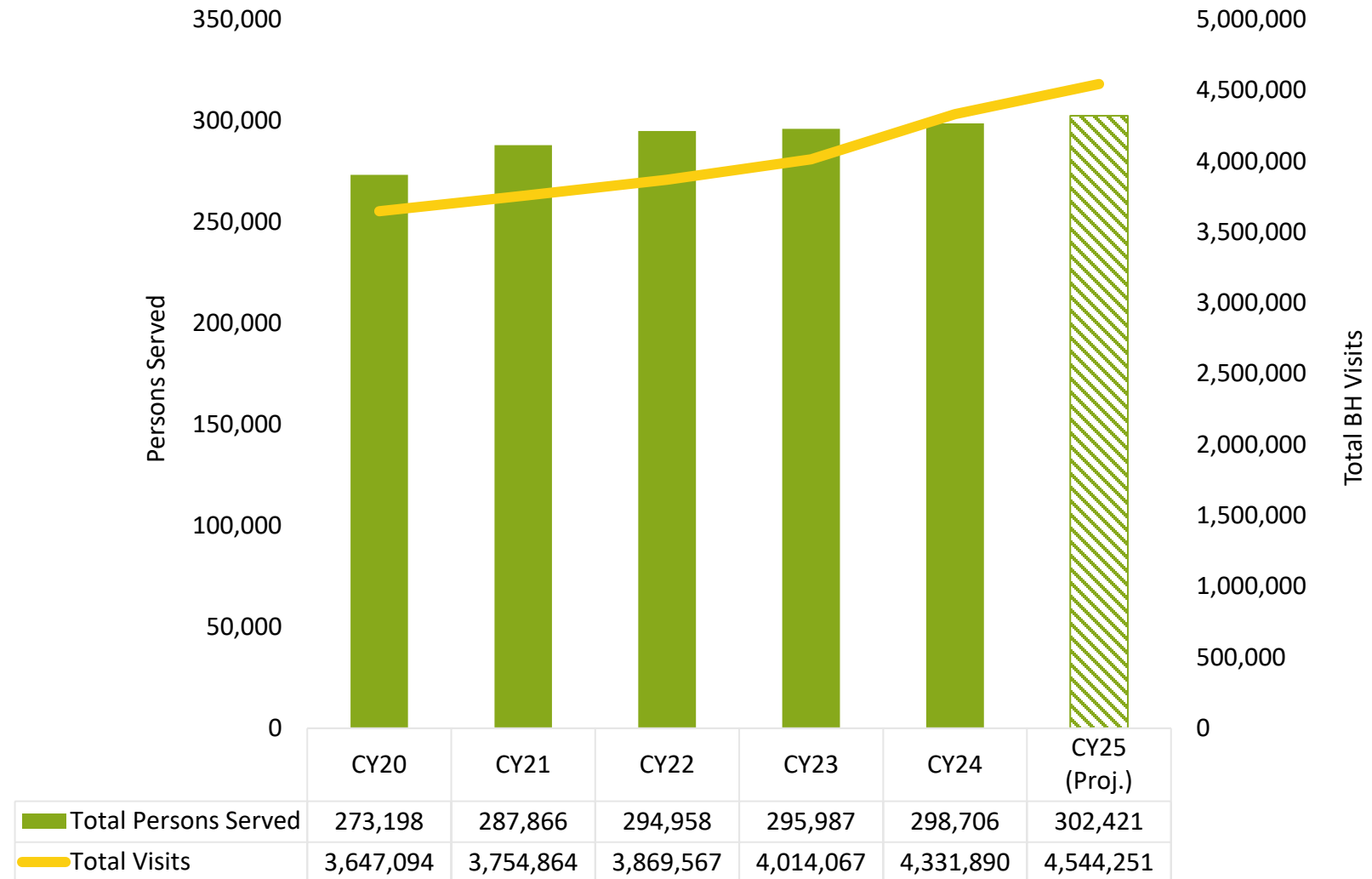
NM 988 Total Connections by Month (incl. Suicidal Ideation), FY25



BEHAVIORAL HEALTH- UTILIZATION/ACCESS STANDARDS 21

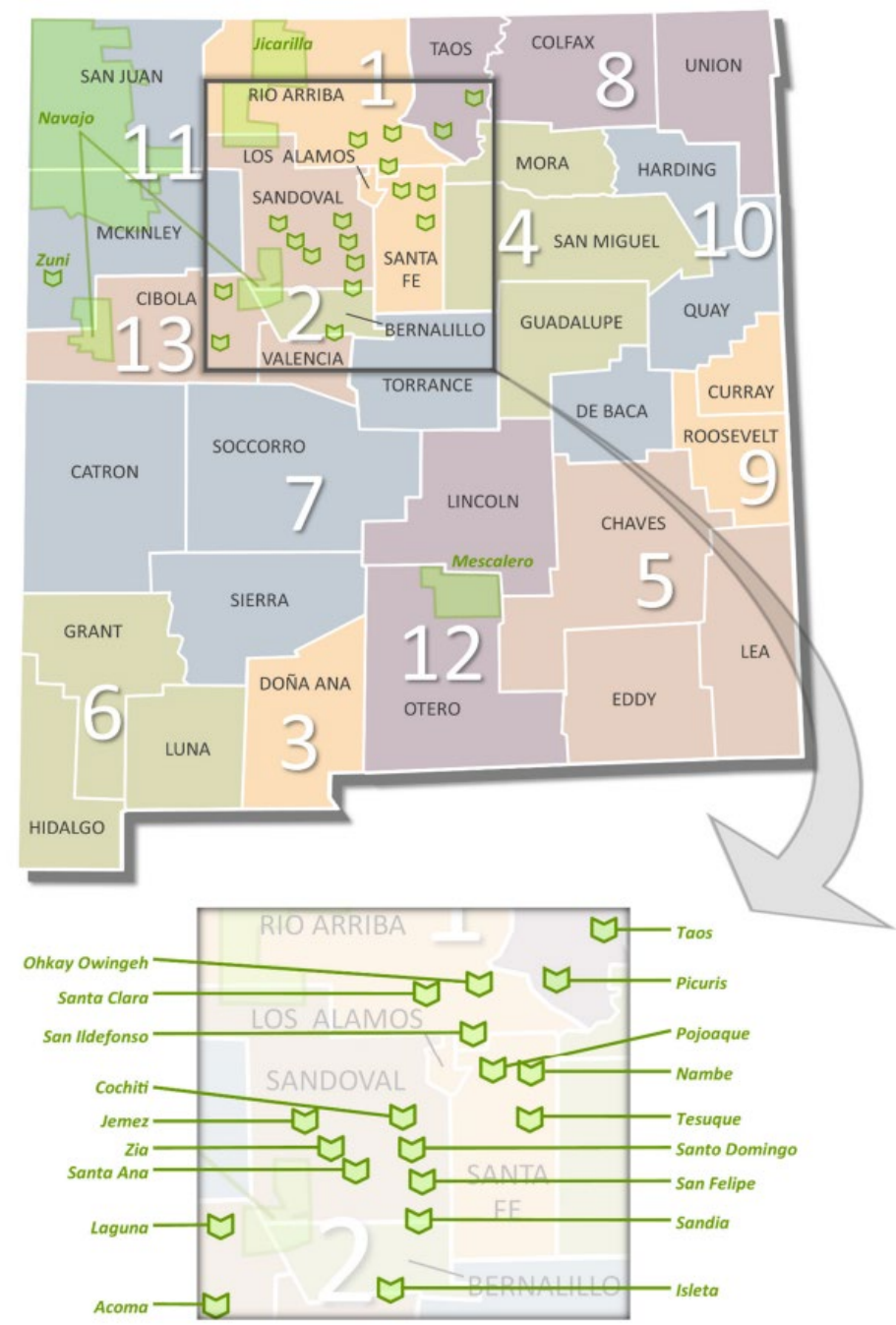
- BH visits are projected to increase to 4.5M in CY25 (212,361 more visits than CY24).
 - Average of 15.0 BH visits per beneficiary is projected for CY25.
- To increase BH visits among both BH and non-BH providers, Medicaid established a Behavioral Health Delivery System Improvement Performance Target to monitor MCO performance.
- In CY24, 298,706 Medicaid and non-Medicaid beneficiaries accessed services.
 - For CY25, 302,421 Medicaid and non-Medicaid beneficiaries are projected to access services.

Behavioral Health Visits & New Mexicans Served, 2020-2025 (Projected)



SENATE BILL 3 (2025) UPDATE

- **June 1, 2025:** Behavioral Health Service Standards and Evaluation Guidelines are published.
- **June 24, 2025:** Behavioral Health Executive Committee holds first meeting and adopts 13 behavioral health regions.
- **Notice of Funding Opportunity (NOFO):** Published November 4, offering up to \$2.0 M per region to support early access planning and address critical access needs (applications due December 19, 2025).
- **Funding Formula:** Developed a data-informed funding formula using weighted factors (e.g. base allocation, population need, service gaps, and impact).
- **Technical Assistance:** Hosted 2 statewide calls guiding interested parties on the NOFO, answering questions on eligibility, planning, and critical access needs.
- **Tribal Consultation:** Convened an in-person consultation on December 2, providing Nations, Tribes, and Pueblos a forum with HCA leadership.

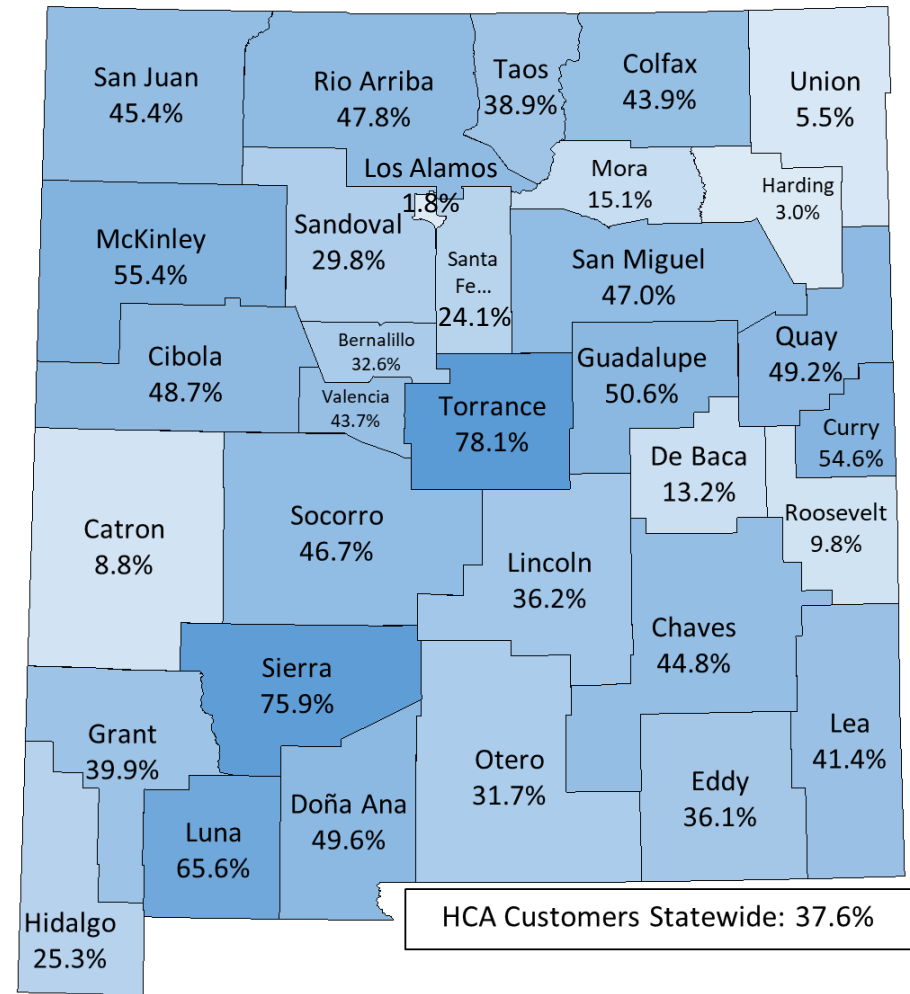


KEY TAKEAWAYS: MAD, DDSD, BHSD FY27 BUDGET REQUESTS

FY27 base increase optimizes General Funds and Federal Funds to:

- Facilitate Medicaid health care coverage access as we implement new H.R. 1 eligibility rules (-\$8,516.2 GF).
- Sustain current level of services for individuals with disabilities, accounting for rising enrollment and increased service utilization (\$41,863.0 GF).
- Ensure continuity of key behavioral health services, including 988 Crisis Services and expansion of CCBHCs (\$12,981.4 GF).

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



Source: <https://www.hca.nm.gov/>



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QUESTIONS & COMMENTS

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