Hospital Report and Health Care Delivery and Access Act Update

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SEPTEMBER 21, 2026

Overview

2024 Hospital Report Data

Health Care Delivery Access Act (HDAA)

Budget Reconciliation Hospital Projections

Budget Reconciliation Timeline

Key Points

- Hospitals operating at a net loss decreased from 18 hospitals in FY23 to seven hospitals in FY25 (61% decrease)
- Revenues from the Health Care Delivery and Access Act (HDAA) are recognized in hospital cost reports beginning FY25. Some revenues are not fully realized in cost reports because of differences in hospital fiscal years.
- As provisions of federal budget reconciliation are enacted over time, it is important to evaluate risk factors, e.g, Medicaid as a percentage of revenue
- Revenue reductions from budget reconciliation and growth in uncompensated care over time may erode hospital revenues as delivery costs increase.

Hospital Sources and Uses

Revenues:

- Patient Service Revenue: delivery of patient care
- Other Operating Revenue: parking, cafeteria, gift shop, medical education, research, etc.
- Non-operating Revenue: peripheral activities including contributions, investment income, and one-time gains/losses
- Government Appropriations: (e.g., HDAA, Rural Health Fund)

Expenditures:

- Personnel Services and Employee Benefits ~ 65%
- Supplies and Pharmaceuticals ~ 20%
- Non-Capital Costs (utilities, insurance, contract labor) ~10%
- Capital Costs (depreciation and amortization)
- Interest / Other non-operating expenses

Source: The Access Project, Johnson/Kasey Foundations

New Mexico Hospital System Fiscal History

Source: 2025 Hospital Cost Reports (HCA)

Hospital Fiscal Health - Key Metrics

- Operating Margin (Income / Revenue)
- Average Days Operating Cash on Hand
- Average Daily Census - Filled/Licensed Beds,
- Physician Full Time Staff vs. Contractor (Locum Tenens) Ratio
- Nurse Full Time Staff vs. Contractor Ratio
- Percent Medicaid Billed (charges by payer)

Informational:

- Rural, Urban, Frontier per HRSA definition
- For Profit, Non Profit, Government
- OB/GYN Services

Hospital Fiscal Health - Key Metrics

Hospital	Operating (EBIT) Margin % (Op Income / Revenue) include depreciation as an expense	Days Cash on Hand	Average Daily Census	Employed Physician FTE	Contracted & Locum Physyician FTE	Employed Nurse FTE Staff	Contracted/ Traveler Nurse FTE	Percent Medicaid Payor Mix (charges by payer)
A	6.2%	120	10.0	7.0	170.0	41.0	11.0	30.0%
B	7.9%	303	112.1					29.8%
C								
D	12.0%	Not available	0.1	-		79.0	1.0	37.0%
E	7.9%	129	2.4	3.8	3.5	19.0	2.5	19.7%
F	-18.8%	461		-	2.0	9.0	-	25.0%
G	-24.0%	25	2.6	12.0	7.0	39.0	16.0	22.0%
H	32.8%	64	32.5	39.9	21.8	67.0	32.9	25.0%
I	17.6%	165	7.5	0.1	0.1	0.3	0.1	17.0%
J	25.5%	67	49.5	27.0	22.2	147.3	14.0	32.4%
K	14.0%	14	3.5	4.0	-	45.0	5.0	31.0%
L	-8.0%	236	0.0	17.0	7.0	55.5	9.5	20.0%
M	5.8%	137	4.8	21.0	18.0	29.0	4.0	28.0%
N	44.4%	390	67.0	2.0	4.0	36.0	-	70.4%
O	23.0%	278	4.0	2.0	2.0	9.0	14.0	26.0%
P	-2.0%	48	571.8	-	-		399.8	28.0%
Q	30.4%	Not available	43.0	1.0	2.3	59.2	1.9	60.3%
R	16.7%	415	4.6	57.4	3.1	76.0	17.7	21.7%
S	8.4%	3	31.0	22.0	3.8	96.0	10.0	16.0%
T	10.9%	Not available	34.8	18.4	-	159.9	1.1	27.3%
U	14.2%	Not available	2.9	13.2	-	36.4	1.2	31.9%
V	-19.0%	Not available	20.1	30.0	-	122.1	0.8	23.3%
W	25.3%	Not available	11.0	21.7	-	73.0	0.9	27.7%
X	31.2%		9.0			51.0	6.0	32.8%
Y	13.1%	Not available	19.0	35.0	-	112.0	2.0	27.0%
Z	-57.1%	Not available	42.0	2.0	-	76.0	0.2	29.4%
AA	34.3%		10.8	6.4	41.7	52.0	11.1	34.6%
BB	20.5%	Not available	1.0	1.0	-	21.0	0.2	31.6%
CC	11.6%	Not available	148.0	120.0	10.0	391.0	91.0	10.3%
DD								
EE	17.9%	51	111.1					27.7%
FF	59.0%	Not available	90.6	-	-	21.6	-	78.0%
GG	19.3%		59.0	6.2	2.0	54.4	6.9	52.2%
HH	3.8%	Not available	466.0	66.0	1.4	1,350.0	22.0	24.5%
II	30.1%		79.9			275.0	23.8	51.4%
JJ	24.4%		20.0			86.4	3.8	25.6%
KK	-3.8%		176.7	134.0	11.0	386.9	68.5	15.4%
LL	-0.8%	Not available	181.0	1.0	-	486.0	5.8	17.2%
MM								
NN	3.5%	55	13.6	25.0	25.0	122.0	22.0	20.2%
OO	37.6%		44.6			39.6	5.3	17.9%
PP	20.0%	5	36.4	-	-	64.4	-	14.0%
QQ	facility converted all beds into another reporting entity and is no longer separtely licensed in the state							
RR	21.3%	38	56.0	-	-	59.6	13.1	13.3%
SS								
TT	20.1%	253	11.4	22.0	32.5	125.5	12.6	21.0%

Details of hospital system financials differ by hospital type. Sources include:

- Hospital Cost Reports
- Audited Financial Statements
- IRS Form 990

Privately-owned systems may aggregate financial reporting across hospitals, making key metrics such as days cash on hand unavailable.

Source: NM Hospital Association

Hospital Fiscal Health - Key Metrics

Hospital	Operating (EBIT) Margin % (Op Income / Revenue)	Days Cash on Hand	Ratio: FT / Locum Tenens Physicians (Average = 9.9)	Ratio: FT / Contract Nurse (Average = 8.7)	Percent Medicaid Payer Mix (charges by payer)
A	-10.9%	N/A	4.5	3.6	35.8%
B	-1.2%	253	2.5	1.1	34.0%
C	3.1%	64	3.2	2.1	20.0%
D	-44.0%	N/A	1.8	4.4	38.0%
E	26.2%	99	1.2	36.6	23.0%
F	1.1%	480	0.0	10.0	28.0%
G	-29.8%	29	17.0	5.2	31.0%
H	20.9%	N/A	1.0	3.2	26.7%
I	-4.3%	63	3.9	5.4	35.0%
J	10.9%	25	0.8	2.6	34.2%
K	-4.2%	9	0.1	2.1	21.8%
L	3.0%	140	3.8	3.6	21.0%
M	21.8%	131	0.4	3.4	31.0%
N	20.3%	420	0.0	NA	75.0%
O	-9.0%	60	1.0	0.8	25.0%
P	-6.6%	78	NA	5.2	31.5%
Q	15.3%	N/A	0.0	NA	58.1%
R	8.1%	396	8.5	13.0	26.8%
S	-16.1%	1	1.2	10.8	16.6%
T	-0.1%	N/A	87.3	25.5	29.8%
U	5.1%	N/A	4.8	4.8	35.1%
V	-12.7%	N/A	67.0	6.7	22.4%
W	15.4%	N/A	22.8	20.1	29.2%
X	15.2%	11	NA	11.0	31.9%
Y	3.8%	N/A	17.2	3.4	31.3%
Z	1.9%	N/A	23.9	20.4	30.3%
AA	11.1%	N/A	1.5	5.0	43.3%
BB	6.3%	N/A	3.6	5.8	31.8%
CC	13.5%	242	9.7	5.8	14.0%
DD	16.0%	N/A	18.6	23.3	33.0%
EE	16.5%	N/A	NA	NA	30.9%
FF	29.0%	N/A	1.0	NA	76.0%
GG	14.4%	N/A	6.6	NA	52.0%
HH	4.3%	N/A	4.3	9.7	26.2%
II	26.6%	11	NA	9.4	36.2%
JJ	9.9%	11	NA	16.5	27.3%
KK	-3.3%	11	12.2	2.6	17.1%
LL	9.8%	N/A	NA	16.2	19.4%
MM	2.9%	N/A	1.3	4.7	9.1%
NN	-2.8%	58	4.4	5.9	24.0%
OO	26.0%	77	NA	11.8	17.4%
PP	16.0%	N/A	NA	8.3	13.0%
QQ	-0.4%	N/A	NA	1.7	40.0%
RR	7.5%	Not tracked	0.0	9.4	12.0%
SS			NA	NA	62.0%
TT	1.4%	159.4	0.9	5.6	23.0%

Details of hospital system financials differ by hospital type. Sources of fiscal data include:

- Hospital Cost Reports
- Audited Financial Statements
- IRS Form 990

Privately-owned systems may aggregate financial reporting across hospitals - key metrics such as days cash on hand may be unavailable for individual hospitals.

Source: NM Hospital Association

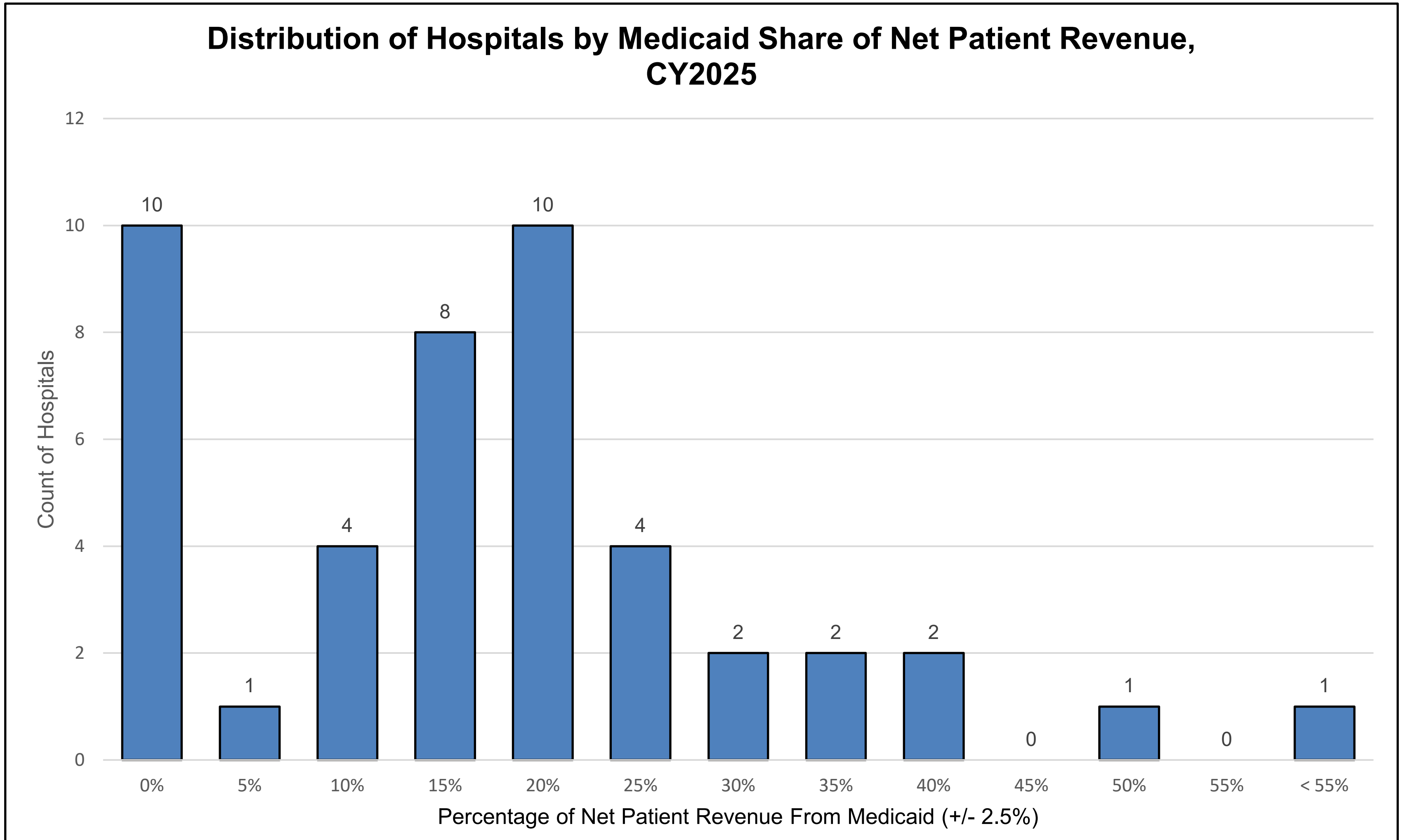
Hospital Net Income (Loss) 2021-2025

Hospital Name	2021	2022	2023	2024	2025
ADVANCED CARE HOSPITAL OF SOUTHERN N	$1,510,591	$2,808,901	$351,461	($211,107)	($612,419)
ALBUQUERQUE - AMG SPECIALTY HOSPITAL	$4,646,011				
ALTA VISTA REGIONAL HOSPITAL	($550,027)	($6,086,356)	($999,348)	$12,950	$3,088,612
ARTESIA GENERAL HOSPITAL	$4,279,991	($2,915,681)	($1,472,860)	($2,032,435)	$13,487,703
CARLSBAD MEDICAL CENTER	$20,421,000	$35,329,328	$21,075,169	$33,200,093	$69,514,169
CENTRAL DESERT BEHAVIORAL HH	$1,466,713	$2,301,734	$1,759,185	$3,073,490	$6,310,905
CIBOLA GENERAL HOSPITAL	$3,757,073	($1,588,837)	($2,842,691)	($3,860,366)	$20,395,255
COVENANT HOBBS			($17,746,879)	($32,199,804)	($4,785,835)
DAN C TRIGG	$1,554,955	($210,518)	$464,624	$4,904,550	$7,318,210
EASTERN NEW MEXICO MEDICAL CENTER	$69,677,221	$79,693,842	$68,138,996	$79,679,707	$44,659,503
ENCOMPASS HEALTH REHABILITATION HOSP	($1,830,815)	($1,036,335)	($36,891)	$394,934	$2,502,766
ESPANOLA HOSPITAL	$7,369,285	$3,737,297	$11,096,667	$27,073,879	$30,201,409
GERALD CHAMPION REGIONAL MEDICAL CTR	$40,732,734	$12,752,440	($7,190,552)	$24,972,076	$63,333,341
GILA REGIONAL MEDICAL CENTER	$5,655,781	$7,149,129	$10,119,947	$547,749	$40,096,560
GUADALUPE COUNTY HOSPITAL	$1,912,502	$148,807	($1,599,291)	$313,937	$1,979,862
HAVEN BEHAVIORAL SEN CARE OF ALBUQUR	$1,035,234	$1,439,736	$189,035	$2,551,100	$12,130,125
HOLY CROSS HOSPITAL	$4,113,167	$6,014,039	$486,134	$997,545	$11,189,206
KINDRED HOSPITAL ALBUQUERQUE	$5,147,792	$2,906,716	$5,311,515	$5,980,963	$7,861,061
LINCOLN COUNTY MEDICAL CENTER	$10,966,604	$7,541,338	$13,737,005	$28,767,245	$38,005,181
LOS ALAMOS MEDICAL CENTER	$9,443,599		$1,242,650	$1,215,715	$372,384
LOVELACE MEDICAL CENTER- DOWNTOWN	$18,491,738	$12,519,529	($30,032,868)	($27,285,492)	($37,762,357)
LOVELACE REGIONAL HOSPITAL-ROSWELL	$9,167,008	$6,276,901	$5,975,899	$7,627,433	$12,491,255
LOVELACE REHABILITATION HOSPITAL	$14,358,657	$13,461,049	$12,257,237	$10,781,128	$27,688,910
LOVELACE WESTSIDE HOSPITAL	$17,461,409	$8,570,635	$6,809,647	$2,543,396	$17,610,003
LOVELACE WOMENS HOSPITAL	$37,254,769	$21,282,252	$19,684,626	$28,592,945	$54,436,548
MEMORIAL MEDICAL CENTER	$33,224,528	$30,071,530	$29,518,672	$26,968,948	$73,239,637
MESILLA VALLEY HOSPITAL	$4,515,295	$6,175,080	$6,322,822	$17,059,175	$37,563,959
MIMBRES MEMORIAL HOSPITAL	$9,482,522	$11,763,952	$5,466,182	$15,186,809	$29,631,046
MINER OF COLFAX MEDICAL CENTER	$6,536,820	($404,608)	($6,025,627)	$19,800,652	$2,595,701
MOUNTAIN VIEW REG MED CTR	$79,690,067	$71,020,001	$69,933,551	$69,165,322	$127,733,273
NOR-LEA HOSPITAL	($98,667,086)	$16,022,269	$24,949,797	$22,658,192	$26,428,525
PLAINS REGIONAL MEDICAL CTR - CLOVIS	$30,997,575	$4,170,310	$264,939	$25,941,062	$33,489,001
PRESBYTERIAN HOSPITAL	($56,018,224)	($139,576,394)	($172,740,650)	$13,160,211	($118,924,442)
REHABILITATION HOSPITAL OF SOUTHERN	$4,645,278	$3,391,415	$3,427,656	$4,132,774	$5,661,446
REHOBOTH MCKINLEY CHRISTIAN HOSPITAL	($11,248,730)	($19,588,737)	($16,068,201)	$12,598,375	$27,583,630
ROOSEVELT GENERAL HOSPITAL	$5,645,487	($242,012)	($6,208,197)	$4,897,417	$15,046,968
SAN JUAN REGIONAL MEDICAL CENTER	$52,983,386	($9,369,134)	$14,137,059	$19,632,470	$104,952,245
SANTA FE MEDICAL CENTER	($13,835,733)	($24,411,086)	($25,119,203)	$199,032	($24,881,584)
SIERRA VISTA HOSPITAL	$4,911,063	$1,440,549	($3,922,617)	($3,426,972)	$9,029,011
SOCORRO GENERAL HOSPITAL	$1,095,131	$980,802	$1,422,519	$6,862,200	$7,872,827
ST. VINCENT HOSPITAL	$117,132,019	$43,107,144	$59,330,209	$80,812,187	$97,312,203
THE PEAK HOSPITAL	$4,471,775	$4,742,968	$3,836,073	$6,787,337	$13,327,488
THREE CROSSES HOSPITAL	($21,338,512)	($43,537,974)	($28,999,674)	($18,945,475)	($12,623,936)
UNION COUNTY GEN. HOSPITAL	$4,174,729	($544,029)	($1,379,907)	$303,146	$4,414,007
UNIVERSITY OF NEW MEXICO HOSPITAL	$344,283,421	$5,709,993	($11,528,396)	$104,886,726	($20,957,727)
UNM SANDOVAL REGIONAL MEDICAL CENTER	$3,425,550	$627,470	($5,312,147)	**Part of UNMH 2024 CR**	
Median Profit per Year	**$4,911,063**	**$3,391,415**	**$486,134**	**$6,384,150**	
Total Profit per Year	**$794,151,374**	**$173,647,477**	**$58,083,277**	**$626,321,219**	**$880,005,635**

- Hospitals operating at a loss decreased from 18 in FY2023 to 7 in FY2025, a 61% decrease
- Some HDAA revenues are recognized in the 2025 cost reports but vary due to differences in fiscal year reporting periods.
- Losses at private equity-owned hospitals may stem from contractual transfers to the equity firm (17 New Mexico hospitals are owned by such entities)

Source: 2025 Hospital Cost Reports (HCA)

21 Hospitals Have Medicaid Revenues Greater than 15% of Net Patient Revenue



Source: 2025 Hospital Cost Reports (HCA)

Health Care Delivery and Access Act (HDAA)

- Assessments are based on non-Medicare inpatient and outpatient billings.

- HCA each year calculates a percentage or fixed amount per patient day such that the total amount collected in a year will bring total reimbursement for Medicaid patients equal the average commercial rate plus the costs of managing the program (10% administrative cost).

- Hospitals in counties with populations of 100 thousand or more are considered urban hospitals. Bernalillo, Doña Ana, Sandoval, San Juan and Santa Fe counties would be considered urban.

- UNM Health system; state-owned hospitals, and federally-owned veterans or IHS hospitals do not provide assessments or receive payments.

- Assessments for a rural hospital are 50 percent of the calculated amount for urban hospitals. Assessments for a small urban hospital (none noted) would be reduced by 90 percent from the calculated amount for urban hospitals.

- HCA is authorized to adjust percentages as necessary to retain federal approval.

Health Care Delivery and Access Act (HDAA) Funding Flow

Hospital Patient Revenues

6% Provider Assessment

HDAA Fund

- 60% Medicaid Volume
- 40% Medicaid Performance

HDAA Redistribution

HDAA Fund + Federal Match (FMAP)

HDAA Revenue to Hospitals

- 75% Restricted / In-State
- 25% Unrestricted

Health Care Delivery and Access Act (HDAA) Revenue Estimates

HDAA Hospital Distributions	Total CY24 July-Dec	Total CY25	HDAA Total To Date
Alta Vista Regional Hospital	$3,100,945	$8,592,556	$11,693,501
Artesia General Hospital	$6,751,430	$13,270,065	$20,021,496
Carlsbad Medical Center	$16,054,276	$31,577,855	$47,632,131
Cibola General Hospital	$13,683,276	$27,096,187	$40,779,463
Covenant Health Hobbs Hospital	$11,208,409	$21,460,432	$32,668,841
Dan C Trigg Memorial Hosp	$3,776,653	$6,948,617	$10,725,270
Eastern NM Medical Center	$25,430,062	$50,219,665	$75,649,726
Presbyterian Healthcare Services Espanola	$15,154,234	$25,053,770	$40,208,004
Gerald Champion Medical Center (Otero County Hospita	$25,386,452	$55,324,576	$80,711,028
Gila Regional Medical Center	$17,983,212	$32,336,145	$50,319,356
Holy Cross Hospital	$11,670,272	$24,701,835	$36,372,107
Lincoln County Medical Center	$14,235,591	$27,429,293	$41,664,884
Los Alamos Medical Center	$1,128,633	$2,475,243	$3,603,876
Lovelace Medical Center - Downtown	$29,890,290	$58,299,668	$88,189,958
Lovelace Regional Hospital - Roswell	$10,531,869	$21,508,737	$32,040,606
Lovelace Westside Hospital	$12,574,059	$22,701,719	$35,275,778
Lovelace Womens Hospital	$40,324,689	$76,531,898	$116,856,587
Memorial Medical Center	$41,404,230	$82,118,685	$123,522,915
Deming Hospital (Formerly Mimbres Memorial Hospital)	$12,546,471	$24,784,621	$37,331,092
Miners Colfax Medical Center	$3,513,871	$7,371,050	$10,884,920
Mountainview Regional Medical Ctr	$39,254,789	$85,892,007	$125,146,796
Norlea General Hospital	$20,052,973	$35,474,571	$55,527,544
Plains Reg Med Ctr-Clovis	$21,147,343	$50,183,989	$71,331,332
Presbyterian Hospital	$140,545,028	$279,345,575	$419,890,603
Rehoboth McKinley Christian Health Care Svcs	$9,665,146	$19,578,903	$29,244,049

HDAA Hospital Distributions	Total CY24 July-Dec	Total CY25	HDAA Total To Date
SJRMC Regional Medical & Inpatient Rehabilitation	$57,902,774	$119,140,206	$177,042,979
Presbyterian Santa Fe Medical Center	$12,370,573	$23,802,405	$36,172,979
Sierra Vista Hospital	$6,599,521	$11,728,574	$18,328,095
Socorro General Hospital	$7,024,594	$14,740,607	$21,765,201
St Vincent Hospital	$38,056,509	$74,847,174	$112,903,682
Three Crosses Regional Hospital LLC	$10,235,552	$22,073,936	$32,309,488
Union County General Hospital	$1,854,878	$2,868,668	$4,723,546
Guadalupe County Hospital	$682,138	$1,260,056	$1,942,194
Albuquerque ER and Medical Hospital - Montgomery	$0	$0	$0
Advanced Care Hosp of Southern New Mexico LLC	$1,607,642	$2,621,040	$4,228,682
Albuquerque-AMG Specialty Hospital	$6,290,929	$7,406,522	$13,697,451
ClearSky Rehab Hospital of Rio Rancho LLC	$421,949	$540,789	$962,738
Encompass Health Rehabilitation Hospital of A	$1,641,516	$3,617,288	$5,258,804
Kindred Hospital Albuquerque	$8,379,094	$20,907,358	$29,286,452
Lovelace UNM Rehabilitation Hospital LLC	$7,919,741	$16,162,658	$24,082,399
Rehabilitation Hospital of Southern NM Inc	$1,279,083	$2,475,329	$3,754,411
Mesilla Valley Hospital	$16,236,089	$31,968,076	$48,204,164
Behavioral Health Services of New Mexico LLC	$4,867,044	$10,958,715	$15,825,759
Haven Behavioral Senior Care of Albuquerque	$5,417,317	$11,936,773	$17,354,090
Peak Behavioral Health Services LLC	$7,746,051	$15,959,190	$23,705,240
Presbyterian Kaseman Hospital *New CY25	N/A	$2,635,318	$853,746
Carlsbad Medical Center Rehab *New CY25	N/A	$52,690	$15,688
Grand Total	**$750,000,000**	**$1,500,000,000**	**$2,250,000,000**

HDAA revenues may not match cost report values due to timing of hospital fiscal years

H.R.1 Changes to Medicaid – State Directed Payments and Provider Taxes

State Directed Payments

- Caps the total payment rate for inpatient hospital and nursing facility services at 100 percent of Medicare for expansion states
- Grandfathers current directed payments implemented prior to enactment
- ***Effective Date:*** For grandfathered payments, reduces payment rates by 10 percent per year starting January 1, 2028, until they reach 100 percent of Medicare payment rate
    - However, each year CMS adjusts Medicare payment rates – so the new upper payment limit will grow over time
- ***Impact to the state:*** Directed payments are expected to reach $1.1 billion for hospitals in FY26, which would be reduced by 10 percent annually until they reach 100 percent of Medicare rates
    - Preliminary estimates would reduce hospital patient revenue by less than 2 percent annually. The hospital tax burden would come down over time as well

Provider Taxes

- Prohibits new provider taxes and eliminates some types of provider taxes all together
- ***Effective Date:*** Reduces the current 6 percent provider tax limit by 0.5 percent per year starting in Federal Fiscal Year 2028 through 2032 to 3.5 percent
- ***Impact to the state:*** Provider tax revenue funds the state's directed payments for hospitals and federal reconciliation exempted nursing facilities taxes

H.R.1 Effects on Patient Revenue

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Net Patient Revenues - Base (UNMH not included)	$6,189.6	$6,480.0	$6,480.0	$6,480.0	$6,480.0	$6,480.0	$6,480.0	$6,480.0	$6,480.0	$6,480.0	$6,480.0
Add: Growth Factor - Inflation	$6,313.4	$6,609.6	$6,741.8	$6,876.6	$7,014.2	$7,154.4	$7,297.5	$7,443.5	$7,592.4	$7,744.2	$7,899.1
Growth Factor - Uncompensated Care	3.0%	3.0%	3.0%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%	6.0%	6.0%
Total Uncompensated Care	($189.4)	($198.3)	($202.3)	($206.3)	($245.5)	($286.2)	($328.4)	($372.2)	($417.6)	($464.7)	($473.9)
Uncompensated Care Growth	$0.0	$0.0	$0.0	$0.0	($39.2)	($79.9)	($122.1)	($165.9)	($211.3)	($258.4)	($267.6)
Subtotal NPR	**$6,124.0**	**$6,411.3**	**$6,539.5**	**$6,670.3**	**$6,768.7**	**$6,868.3**	**$6,969.1**	**$7,071.3**	**$7,174.8**	**$7,279.5**	**$7,425.1**
HDAA - Pool Provider Tax	$0.0	$155.0	$327.3	$336.5	$308.5	$280.4	$252.4	$224.3	$196.3	$196.3	$196.3
Add FMAP (3.5x Multiplier)	$0.0	$542.5	$1,145.6	$1,177.8	$1,079.6	$981.5	$883.3	$785.2	$687.0	$687.0	$687.0
Subtotal HDAA Adjusted Revenue	$0.0	$697.5	$1,472.9	$1,514.3	$1,388.1	$1,261.9	$1,135.7	$1,009.5	$883.3	$883.3	$883.3
Net Revenues from Medicaid - Base (less UNMH)	$1,081.6	$1,081.6	$1,081.6	$1,081.6	$1,081.6	$1,081.6	$1,081.6	$1,081.6	$1,081.6	$1,081.6	$1,081.6
Provider Tax Step Down	6.0%	6.0%	6.0%	6.0%	5.5%	5.0%	4.5%	4.0%	3.5%	3.5%	3.5%
Less: Provider Tax Step Down	$0.0	$0.0	$0.0	$0.0	($126.2)	($252.4)	($378.6)	($504.8)	($630.9)	($630.9)	($630.9)
Directed Payment Reduction	$0.0	$0.0	$0.0	$0.0	($151.4)	($302.9)	($454.3)	($605.7)	($757.1)	($908.6)	($1,060.0)
Total Deductions	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**($190.6)**	**($382.7)**	**($576.4)**	**($771.6)**	**($968.4)**	**($1,166.9)**	**($1,327.6)**
Total Adjusted Patient Revenue	**$6,124.0**	**$7,108.8**	**$8,012.4**	**$8,184.6**	**$8,005.3**	**$7,827.3**	**$7,650.6**	**$7,475.1**	**$7,301.0**	**$7,254.3**	**$7,248.5**

Source: LFC analysis of Hospital Cost Reports and HDAA

Baseline Data, 2024 HCR:

- Patient Revenues
- Medicaid Revenue
- HDAA Revenue

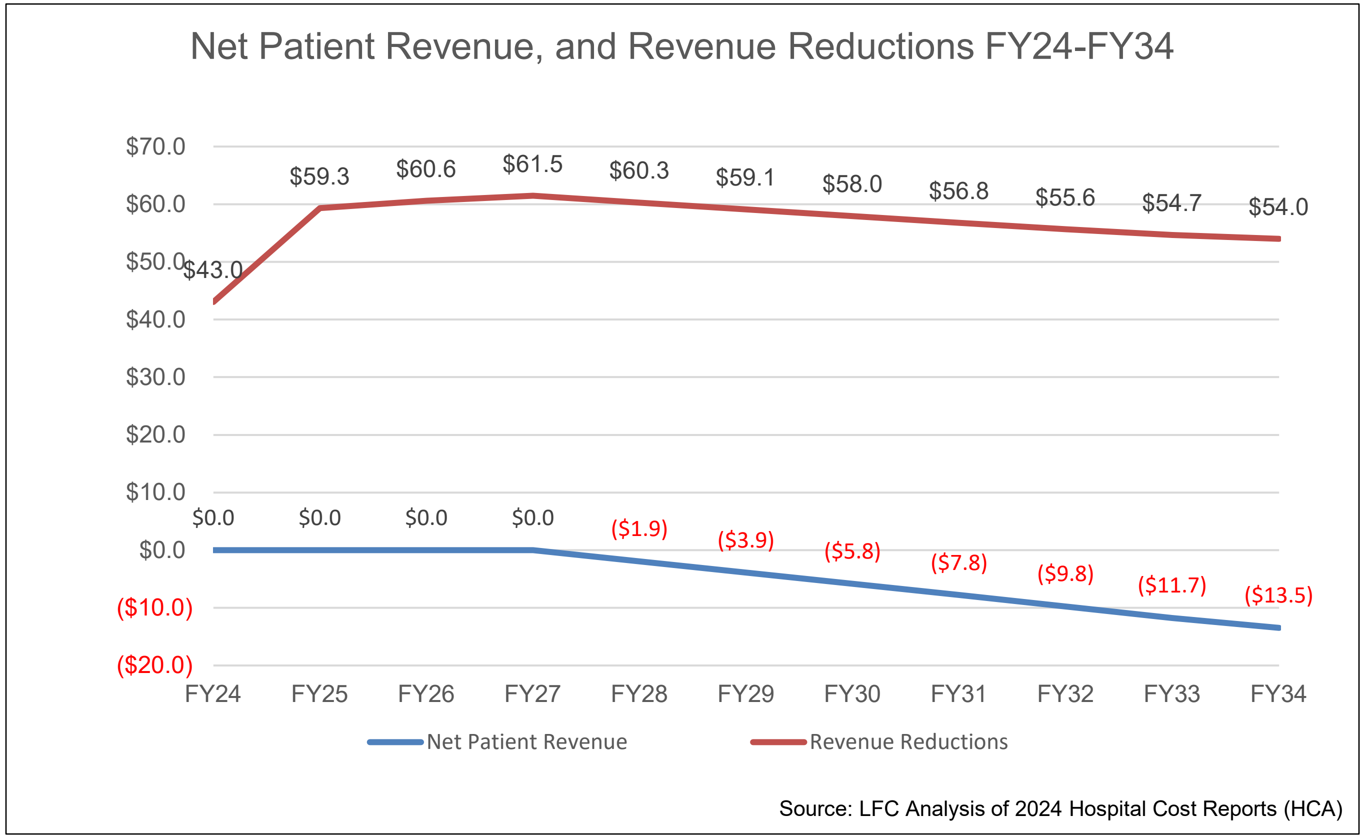
Medicaid Parameters:

- Medical Inflation (+)
- Uncompensated Care
- Provider Tax Reduction (0.5%/y → 3.5%)
- HDAA Directed Payment Reduction (10%/y → 100%)

The ramp-down of directed payments begins October 1, 2027 (Q2 SFY28).

Reduction in provider taxes begin January 1, 2028 (Q3 SFY28)

H.R.1 Effects on Patient Revenue

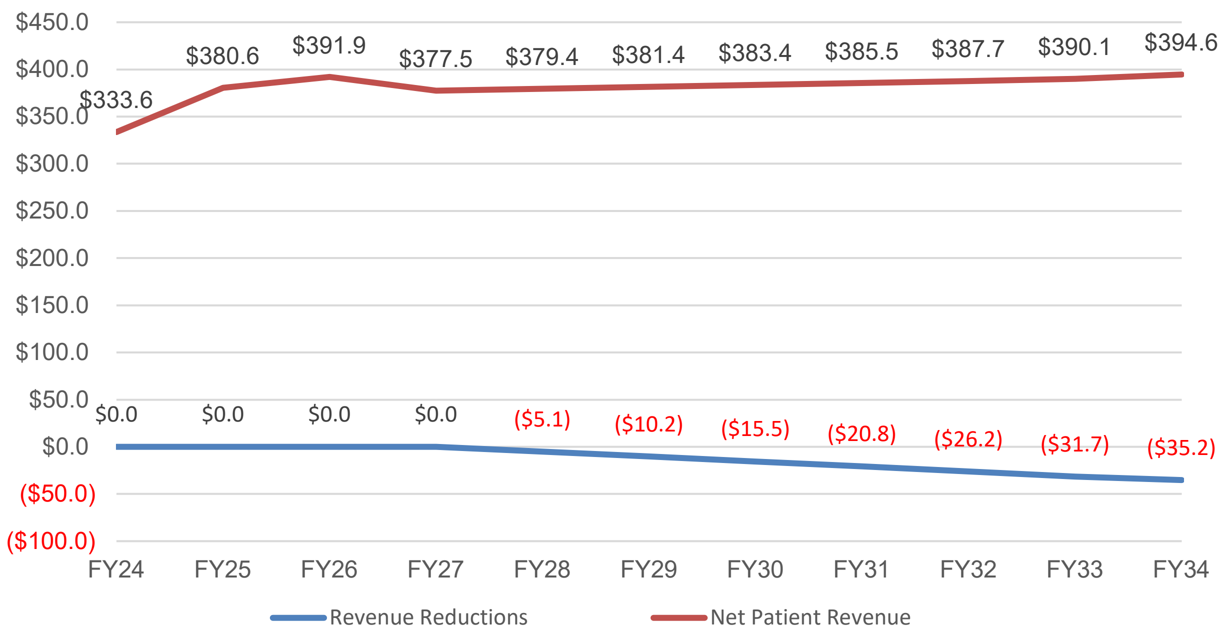


Example: small hospital with a high proportion of Medicaid payer mix.

The ramp-down of directed payments begins October 1, 2027 (Q2 SFY28).

Reduction in provider taxes begin January 1, 2028 (Q3 SFY28)

H.R.1 Effects on Patient Revenue



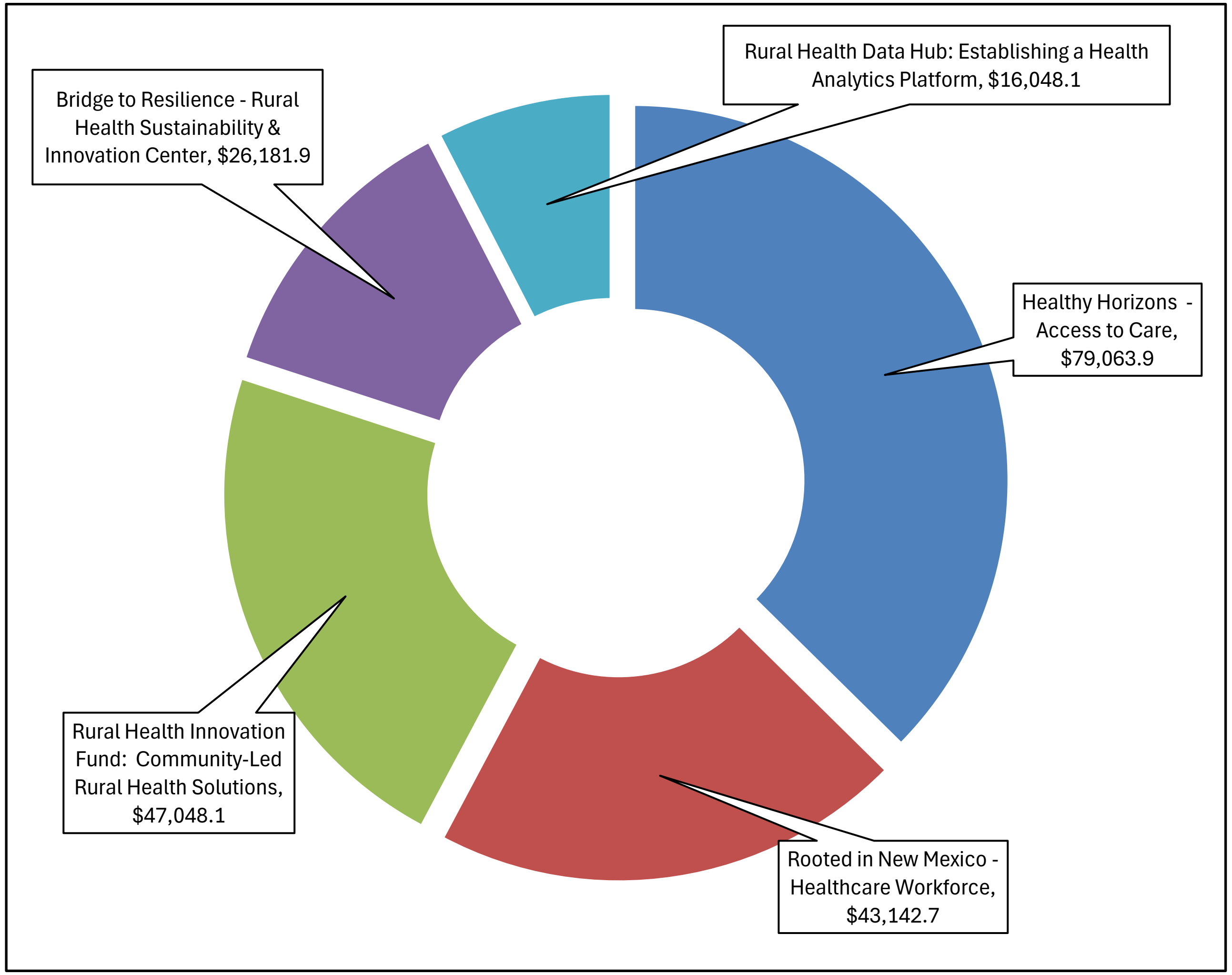
Source: LFC Analysis of 2024 Hospital Cost Reports (HCA)

Example 2: large urban hospital with a low proportion of Medicaid payer mix.

The ramp-down of directed payments begins October 1, 2027 (Q2 SFY28).

Reduction in provider taxes begin January 1, 2028 (Q3 SFY28)

H.R.1 – Rural Health Transformation Program



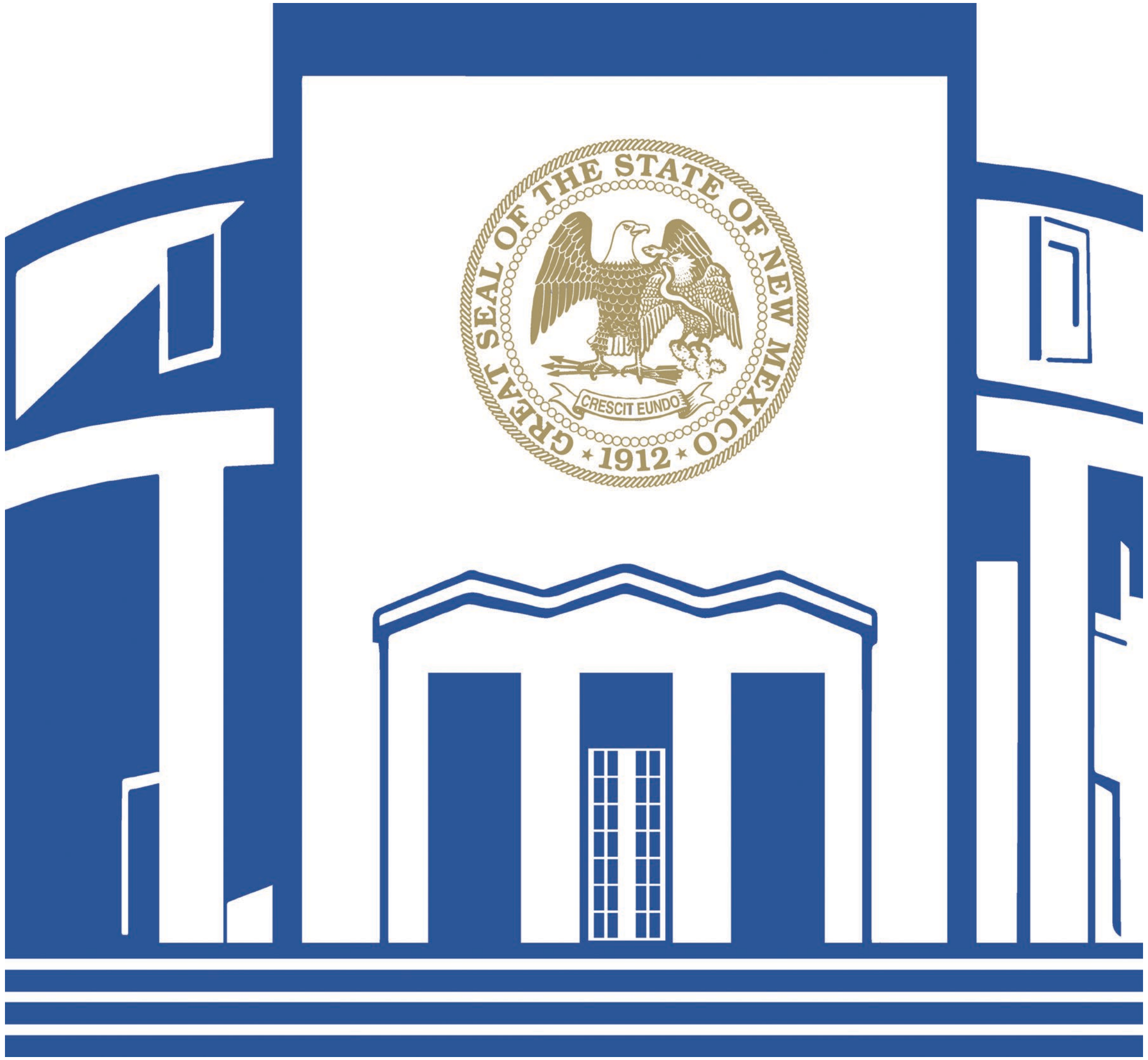
- Funding commences FFY 2026 with $10 billion allocated through FFY 2030
- States submitted Rural Health Transformation Plans with the goal of spending each year's funds within a fiscal year
- New Mexico was awarded $211.5 million in Year 1. Future funding is contingent on grant progress.

H.R.1 Changes to Medicaid - Timeline

Timeline -- Federal Reconciliation Medicaid Changes

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	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N

Change	Timeline
State Directed Payments to Hospitals and Nursing Facilities	First 10 Percent Reduction Begins January 2028 Subsequent 10 Percent Reduction Each January Thereafter Until Payments Reach 100 Percent of Medicare
Provider Taxes	First 0.5 Percent Reduction Begins in Federal Fiscal Year 2028 With Subsequent Reductions Every Year Until the Rate Reaches 3.5 Percent
Work Requirements	Start December 31, 2026
Work Requirement Extension	Work Requirement Extension Upon Good Faith Effort Dec 31, 2028
Cost Sharing (copays)	Starts October 1, 2028
6 Month Eligibility Redeterminations	Starts for Renewals Scheduled on or After December 31, 2026
Retroactive Eligiblity Limited to 1 or 2 months	Begins January 1, 2027



Thank You.