



HEALTH CARE
AUTHORITY



LEGISLATIVE HEALTH & HUMAN SERVICES COMMITTEE
FEDERAL BUDGET RECONCILIATION BILL IMPLICATIONS TO THE HCA

AUGUST 18, 2025

HCA CABINET SECRETARY KARI ARMIJO

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



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.



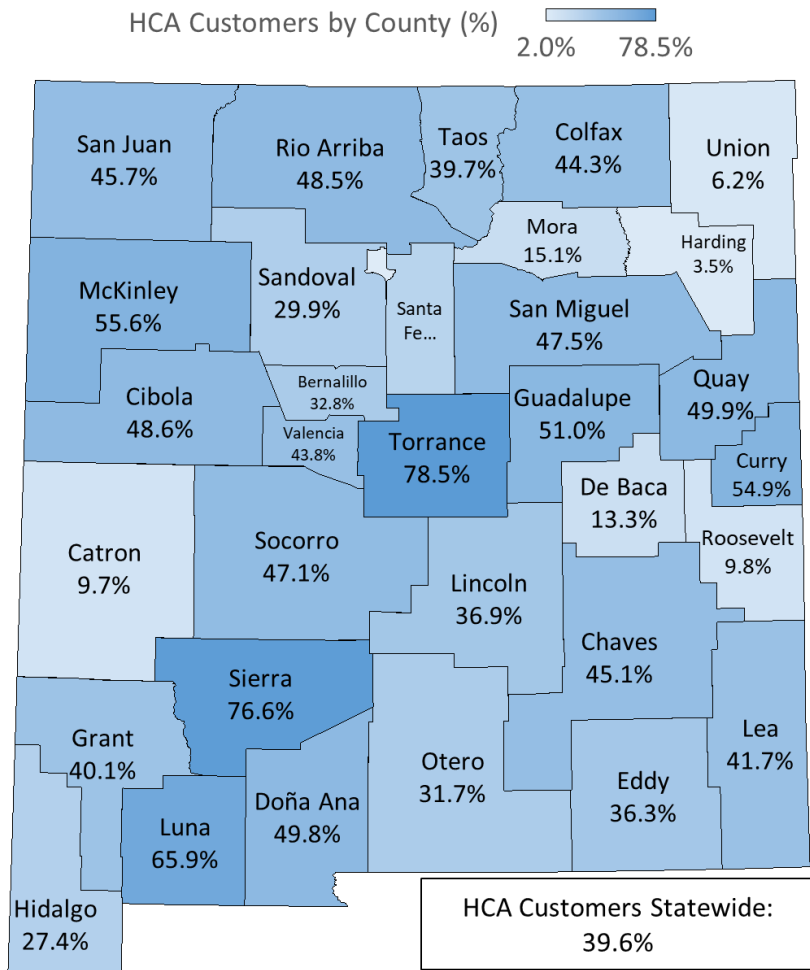
ACHIEVE health equity by addressing poverty, discrimination, and lack of resources, building a New Mexico where everyone thrives.



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

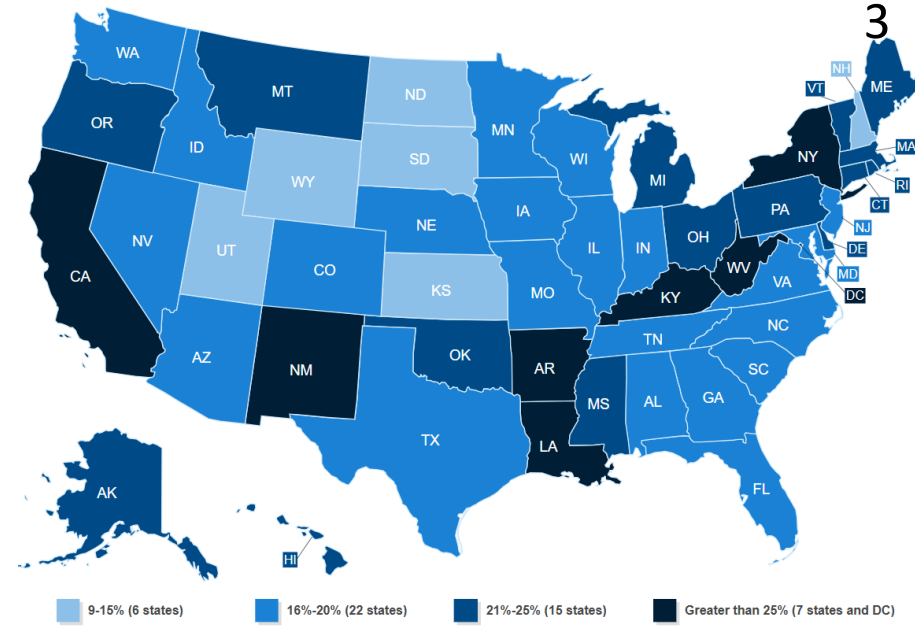
THE HCA SERVES 848,966 NEW MEXICANS

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



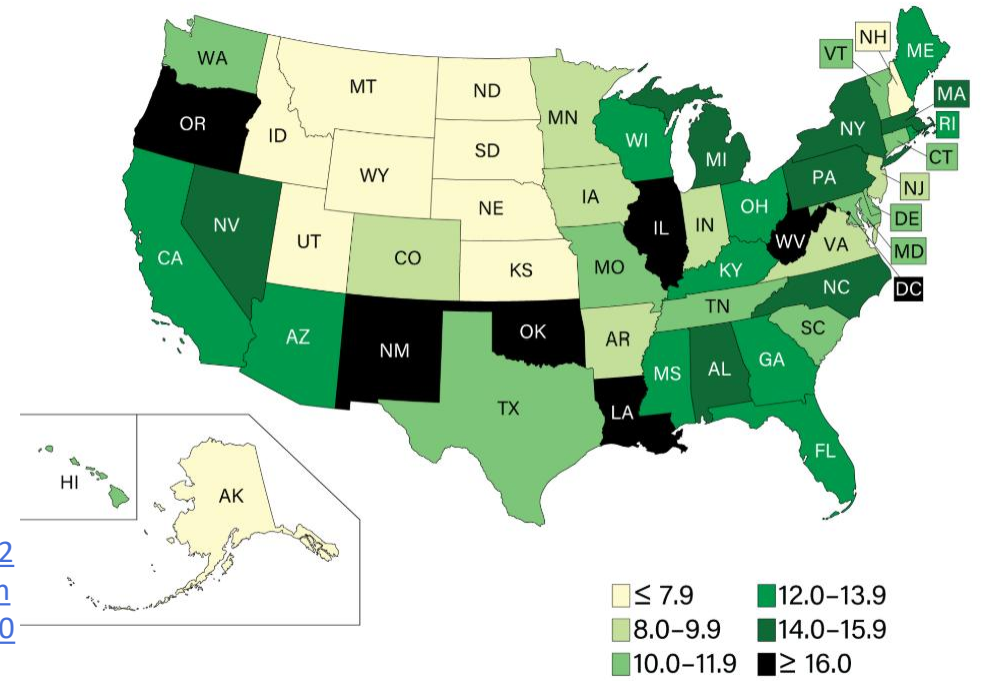
Medicaid Enrollment by Percent of Population (2023) – **NM 39%**

Source: Kaiser Family Foundation - <https://www.kff.org/interactive/medicaid-state-fact-sheets/>



SNAP Enrollment by Percent of Population (2023) – **NM 23%**

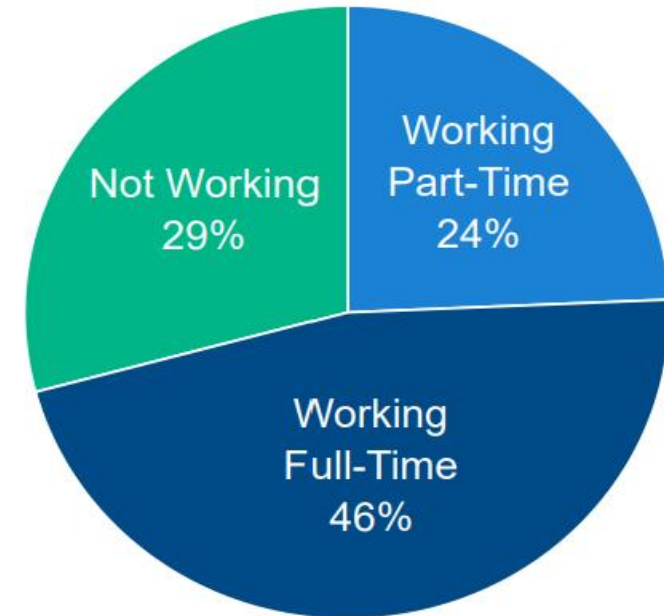
Source: USDA Economic Research Service <https://www.ers.usda.gov/data-products/chart-gallery/chart-detail?chartId=55416#:~:text=In%20fiscal%20year%202023%2C%20the,between%208%20and%2016%20percent.>



MEDICAID CHANGES IN FEDERAL RECONCILIATION BILL

1. Community/work engagement requirements starting 12/31/26
2. More frequent eligibility checks and additional documentation required to determine eligibility starting 12/31/26
3. Eligibility reductions
 - Reduced retroactive Medicaid period starting 1/1/27
 - Elimination of covered legal immigration statuses (i.e., victims of human trafficking) starting 10/1/26
4. Reductions in provider payments to 100% of Medicare
 - Phased down provider taxes starting FY28
 - Phased down payments to hospitals starting CY28
 - Potential reductions to all provider rates through administrative action (primary care, behavioral health, maternal/child health)
5. Co-payments for certain services and populations starting 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 New Mexico 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)



IMPACTS OF POTENTIAL FEDERAL MEDICAID CHANGES

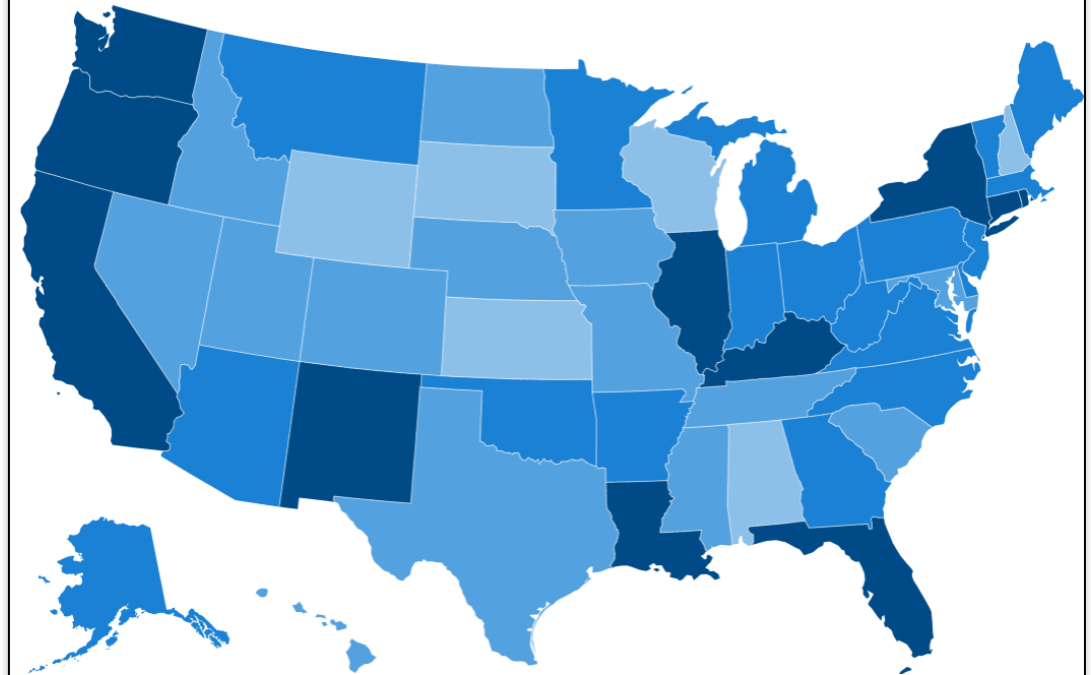
- Federal Medicaid funding to New Mexico totals \$9.56 billion annually.
- Under the Reconciliation bill:
 - More than **\$8.5 billion** in lost federal Medicaid funding to New Mexico from changes to provider payments alone over the period 2028-2037
 - At least **88,530 New Mexicans lose Medicaid coverage.**
 - An estimated **42,074 New Mexicans have new co-pays.**
 - **254,400 New Mexicans subject to administrative burden/increased paperwork** to stay enrolled, even though they still likely qualify.
 - **50+ safety-net providers including hospitals lose critical funding**
 - **6-8 rural NM hospitals likely to close** over the next 18-24 months.

NM Projected to Experience a 4% Change in Uninsured

An Additional 10.9M People Nationwide Could be Uninsured if the One Big Beautiful Bill Act is Passed

Percentage Point Increase in the Uninsured Population if the One Big Beautiful Bill Act is Finalized Based on National CBO Estimates, by State, 2034

Percentage Point Increase



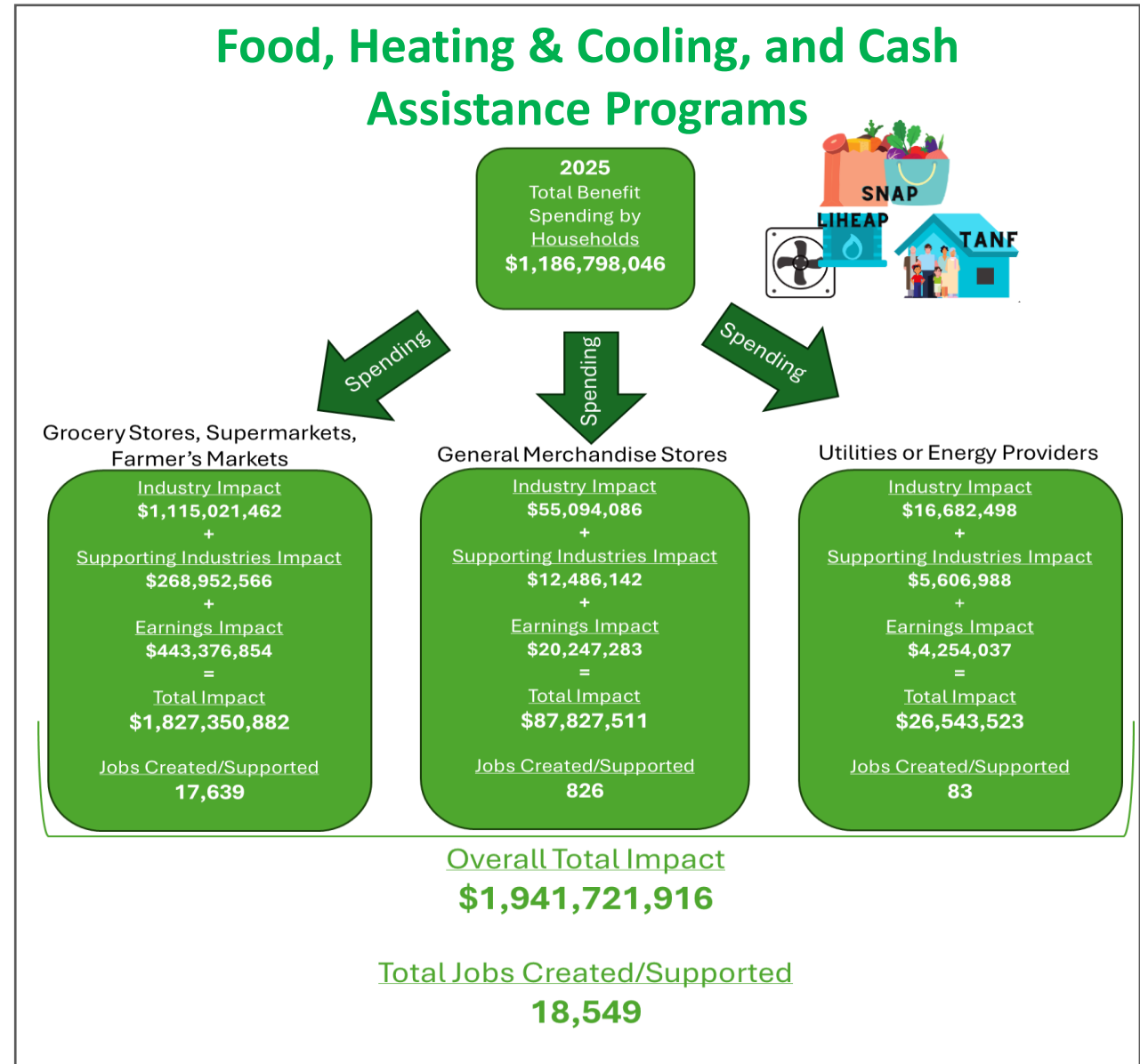
Note: This map takes into account the effects on the uninsured population of passing the One Big Beautiful Bill Act. See methods for details.

Source: KFF analysis of population data from Weldon Cooper Center for Public Service; estimates of uninsured population growth by policy change from CBO, and KFF estimates of how the uninsured increase would be allocated across states (see Methods for additional sources and details). • [Get the data](#) • [Download PNG](#)



SNAP CHANGES IN RECONCILIATION BILL

1. 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)
2. Reduced federal funding to administer SNAP, changing from 50:50 state/federal funding ratio to 75% state/25% federal starting FY27.
3. Resetting the formula for benefit amounts, reducing the maximum a household can qualify for starting 10/1/25.
4. Additional work requirements for SNAP households and stricter enforcement of existing work requirements starting 1/1/26.
5. Eligibility reductions through how benefits are calculated starting 10/1/25.
6. Narrowing SNAP eligibility for non-citizens starting 10/1/25.



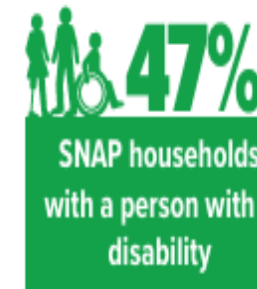
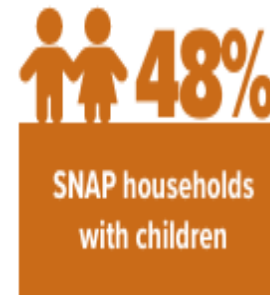
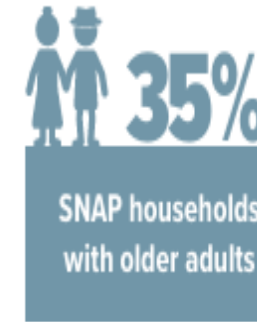
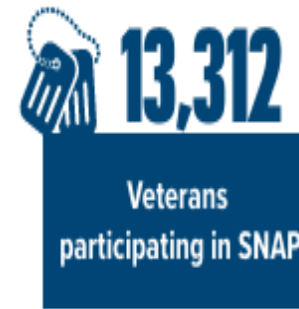
IMPACTS OF POTENTIAL FEDERAL SNAP CHANGES

- There are **459,065 SNAP participants** in New Mexico (21% of the state's population).
- 1,700 SNAP authorized retailers across the state are at risk of losing **\$1.2B** in SNAP revenue.

The Reconciliation Bill:

- Cuts up to **\$203M** in federal funds from New Mexico. The state will be required to pay this amount to run SNAP annually.
- Loss of approximately **\$5.5 million in federal funds** due to the termination of SNAP – Ed funding.
- Requires the state to pay 75% of the administrative costs to run SNAP for an additional **\$47M** annually.
- An estimated **459,065** New Mexicans could see their monthly SNAP benefits reduced due to resetting the formula for benefit amounts.
- An estimated **16,220** New Mexicans will lose SNAP benefits due to their immigration status being ineligible to receive SNAP.
- At least **55,750** New Mexicans receiving SNAP will be newly subject to **work requirements**.
- Approximately **20,070 New Mexicans likely to lose SNAP benefits** altogether due to work requirements.
- Approximately **20,077 New Mexicans will see a reduction in SNAP benefits** due changes in deduction allowances.

SNAP'S IMPACT IN NEW MEXICO



KEY ECONOMIC FACTS

- SNAP supports working families.** Between 2019–2023, an average of **79%** of SNAP households in **NEW MEXICO** included someone who was working.
- SNAP stimulates the economy and creates jobs.** Each SNAP dollar has up to a \$1.80 impact during economic downturns, supporting the supply chain from farmer to store.
- SNAP supports local businesses,** including **1,685 retailers in NEW MEXICO**, which redeemed a total of **\$1,280,659,988** in 2023. Retailers include grocery stores and farmers' markets, which contribute to local taxes that fund services like schools and health care.

Source: https://frac.org/wp-content/uploads/SNAP_FactSheets_022525_NM32.pdf



WHAT IS THE SNAP PAYMENT ERROR RATE?

- SNAP Payment Error Rates (PERs) 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%
- PERs vary across states currently vary from 3% to 60%
- Focus of quality control has traditionally been on ensuring eligible households receive the correct benefits and identifying areas for program improvement.
- Not a measure of fraud. PERs reflect unintentional mistakes by states and households.
- Changes related to the COVID-19 pandemic impacted PERs across most states (no PER data at all for FY20 and FY21)
- New federal provision begins in FY28 for most states; delay provision could mean the cost-sharing will begin as late as FY30 in NM
 - PER < 6%: State pays nothing
 - PER between 6 – < 8%: State pays 5% of SNAP benefits
 - PER between 8 – < 10%: State pays 10% of SNAP benefits
 - PER > 10%: State pays 15% of SNAP benefits

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

WHAT IS AN IMPROPER PAYMENT?

AN IMPROPER PAYMENT IN SNAP IS WHEN:



An ineligible household receives benefits.



An eligible household receives the wrong amount of benefits.

IMPROPER PAYMENTS CAN BE OVERPAYMENTS OR UNDERPAYMENTS.



Underpayments

Household certified for **less** benefits than they are entitled to



Overpayments

Household certified for **more** benefits than they are entitled to

IMPROPER PAYMENTS CAN RESULT FROM STATE AGENCY OR HOUSEHOLD ERRORS.



State Agencies

E.g., state agency misses a household update in their calculations or makes a data or processing error



Households

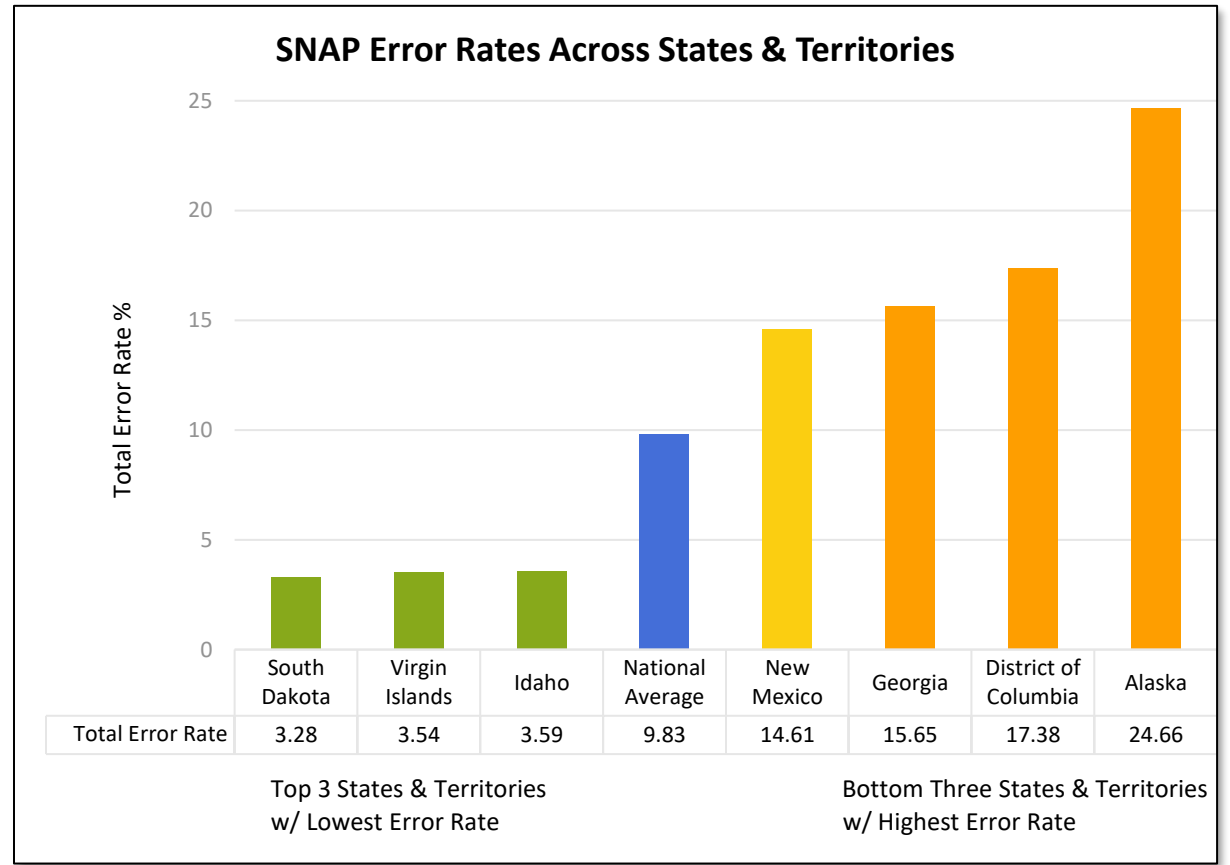
E.g., household does not know how to report a change in income or forgets to report an additional household member



NM'S FY24 PER IS 14.61%

- NM ranks 49th out of 53 states and territories
 - “Client caused” PER = 65.29% (i.e., failure to report a change in circumstances such as income or household size)
 - “Agency caused” PER = 34.71% (i.e., miscalculation of benefit amount or use of outdated information for eligibility)

- Five major contributors influencing the state’s PER:
 1. Waived interviews during the COVID-19 pandemic (restarted October 2024)
 2. Six-month interim reports (IRs) waived during pandemic (restarted July 2023)
 3. Longstanding policy of accepting self-attestation for shelter costs, utilities, and dependent care
 4. Experience level of caseworkers is lower coming out of the Great Resignation
 5. Medicaid/SNAP unwinding pressures on application processing timeliness



Source: USDA Food and Nutrition Service, US Department of Agriculture | SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM: PAYMENT ERROR RATES FISCAL YEAR 2024 <https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-fy24QC-PER.pdf>



WHAT IT WILL TAKE TO GET NM'S PER BELOW 5%

Current Corrective Actions in Process

- **Improve training of caseworkers**
 - More practical, hands-on training
 - Targeted interview techniques to get all needed information at once
 - Reinforce culture of accuracy (in addition to timeliness)
- **Reduce ISD vacancy rate**
- **Data Analysis**
 - Impact of accepting self-attestation for shelter costs, utilities and dependent care in favor of requesting documentation
- **ISD team to visit other states**
 - With low PERs and understand their processes
- **Business Process Redesign**

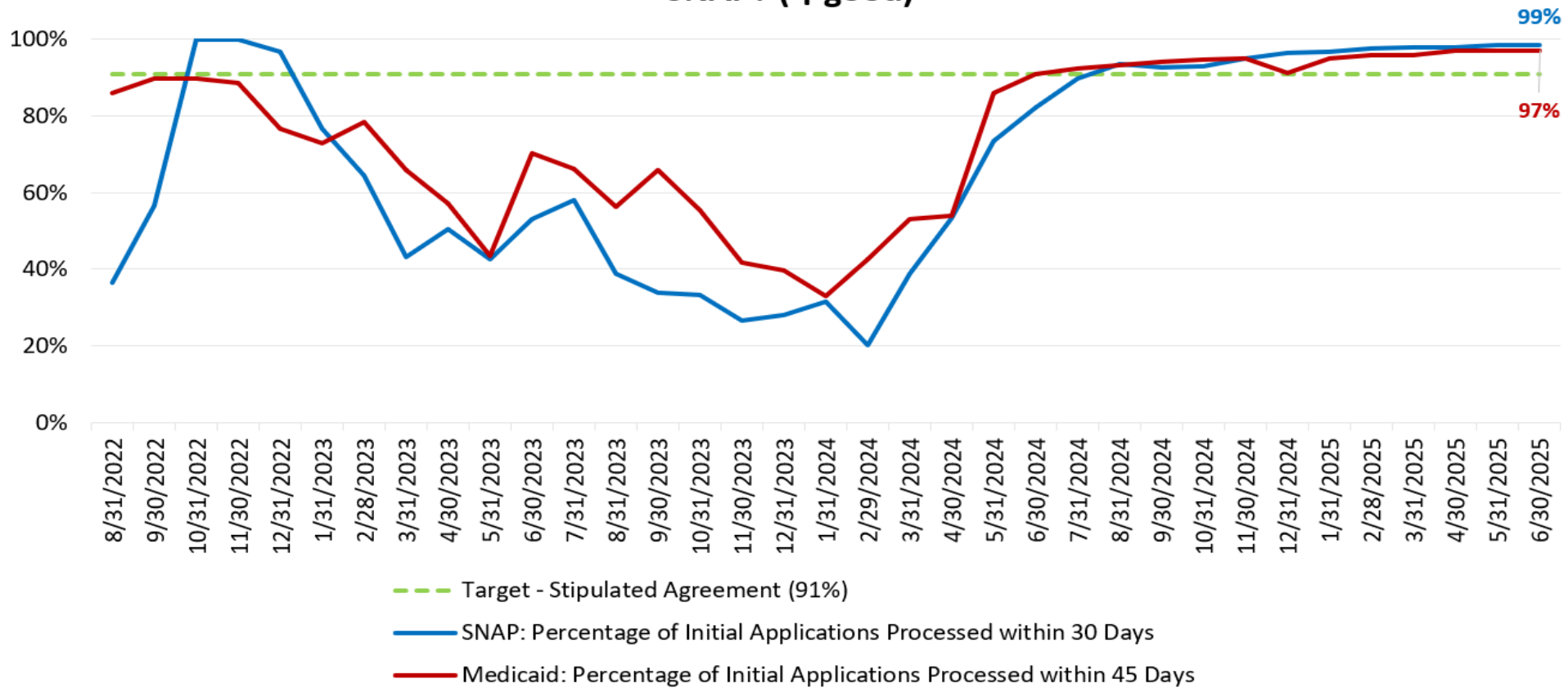
Needed Investments in HCA Operations

- **Ensure adequate Income Support Division (ISD) staffing**
 - Additional pressures related to Medicaid and SNAP eligibility (work requirements, more documentation, more frequent eligibility checks)
 - More complete SNAP documentation checks and longer interviews
- **Implement IT system changes**
 - Improve quality control (predictive analysis)
 - Create guardrails for workers to ensure accuracy
 - Ensure we receive more detailed information from customers (prompts encourage completeness)
 - Provide Interview Assistant Tool
 - Provide Auto-Review Tools and Caseworker Scorecards
 - Redesign customer notifications



ISD'S PROVEN ABILITY TO MAKE BIG IMPROVEMENTS: TIMELINESS

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)



Source: ASPEN BI Tool



HCA'S HEALTH CARE AFFORDABILITY FUND WILL NEED TO PROVIDE GREATER SUPPORTS TO BEWELL MEMBERS

- *Federal Reconciliation Bill Impact on BeWell Members*
 - Without HCAF programs, actuaries project between **23,400 and 38,200 New Mexicans** would lose Marketplace coverage under the federal reconciliation bill.
 - With HCAF programs and policy adjustments, Marketplace coverage losses could be **limited to between 3,200 and 8,600 New Mexicans.**
 - Elimination of premium tax credits for certain legal residents, including refugees and trafficking victims, would create new coverage gaps.
 - Administrative barriers and shorter enrollment windows will reduce coverage access.
- *Financial Impact on the State*
 - Substantial increase in HCAF appropriations will be needed to maintain current coverage affordability levels
 - More acute patients likely to prioritize coverage; healthier patients may roll-off due to affordability; increased costs across-the-board

BeWell Impacts Under the Federal Reconciliation Bill

Without NM's Health Care Affordability Fund programs:

Annual premiums increase



Average \$1,800 premium increase per person

Uninsured rate increases



Up to 38,200 New Mexicans lose coverage

New Mexico's Health Care Affordability Fund can protect coverage gains

THE THREE-LEGGED STOOL THAT KEEPS US UP AT NIGHT





HEALTH CARE
AUTHORITY



THANK YOU & QUESTIONS

INVESTING FOR TOMORROW, DELIVERING TODAY.