

LFC Requester:

Chenier

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov****(Analysis must be uploaded as a PDF)****SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}***Date Prepared:** 1/21/2026*Check all that apply:***Bill Number:** SB9Original ☒ Correction ☐Amendment ☐ Substitute ☐**Sponsor:** Stefanics, Sharer,
Campos, Lopez**Agency Name and
Code Number:**337 – State Investment Council**Short****Person Writing**McBurney/Iglesias**Title:** Medicaid Trust Fund**Phone:** 505-709-5790**Email:** Brooke.mcburney@sic.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
-	\$(1,000,000)	Nonrecurring	General Fund
-	\$1,000,000	Nonrecurring	Medicaid Trust Fund

REVENUE (dollars in thousands)

Revenue Type	Estimated Revenue					Recurring or Nonrecurring	Fund Affected
	FY26	FY27	FY28	FY29	FY30		
Investment Gains	--	\$64,600	\$67,700	\$71,000	\$72,400	Recurring	Medicaid Trust Fund
MTF Distributions	--	--	--	--	\$64,000	Recurring	State-Supported Medicaid Fund

(Parenthesis () indicate revenue decreases)

SECTION III: NARRATIVE**BILL SUMMARY**Synopsis:

SB9 Medicaid Trust Fund appropriates \$1 billion from the General Fund to the Medicaid Trust Fund in FY27.

FISCAL IMPLICATIONS

The Medicaid Trust Fund (MTF) was valued at \$43,066,477 as of 12/31/2025.

Under current law, distributions are set to begin in FY30 (July 1, 2029), provided that the trust fund has a minimum balance of \$500 million. Statute allows the trust fund to receive two types of revenue: 1) annual agency budget reversions in excess of \$110 million, and 2) 50% of federal royalty payments that would otherwise flow to the early childhood education and care fund (ECECF) from FY26-FY28.

Based on expected inflows into the trust fund according to the December 2025 consensus revenue estimate, SIC staff estimate the trust fund will not reach the minimum \$500 million balance until 2040, although this date could come sooner if deposits into the trust fund are higher than the consensus group's estimations.

The \$1 billion appropriation in this bill significantly accelerates the fund's growth, enabling earlier, larger distributions to the State-Supported Medicaid Fund. This infusion ensures the fund meets the statutory threshold sooner than anticipated under current law and results in a sustainable stream of additional support for Medicaid beginning in FY30.

For this analysis, SIC staff assume the full \$1 billion would be transferred to the trust fund in July 2026 and begin earning interest. Staff estimate this additional infusion would increase investment earnings by about \$65 million per year starting in FY27, with the impact growing each year due to compounding. The analysis assumes the expected compound annual return of 6.36% for the Medicaid Trust Fund, as estimated in our general consultant RVK's 2025 asset allocation study.

Staff estimate the bill would raise initial payouts to the State-Supported Medicaid Fund to around \$64 million in FY30, with potential to grow to about \$90 million by FY50, as shown in the table.

Under these assumptions, the \$1 billion appropriation to the Medicaid Trust Fund could result in cumulative *additional* distributions to the State-Supported Medicaid Fund of over \$1.4 billion by 2050.

PERFORMANCE IMPLICATIONS

The Medicaid Trust Fund, which received its first cash infusion in December 2025, is too new to have any meaningful historical performance data.

MTF Distribution to State-Supported Medicaid Fund (\$MM)			
Fiscal Year	Current Law	Proposed	Diff
FY25	\$0.0	\$0.0	\$0.0
FY26	\$0.0	\$0.0	\$0.0
FY27	\$0.0	\$0.0	\$0.0
FY28	\$0.0	\$0.0	\$0.0
FY29	\$0.0	\$0.0	\$0.0
FY30	\$0.0	\$64.0	\$64.0
FY31	\$0.0	\$68.5	\$68.5
FY32	\$0.0	\$71.8	\$71.8
FY33	\$0.0	\$72.8	\$72.8
FY34	\$0.0	\$73.8	\$73.8
FY35	\$0.0	\$74.7	\$74.7
FY36	\$0.0	\$75.7	\$75.7
FY37	\$0.0	\$76.6	\$76.6
FY38	\$0.0	\$77.6	\$77.6
FY39	\$0.0	\$78.6	\$78.6
FY40	\$0.0	\$79.6	\$79.6
FY41	\$0.0	\$80.6	\$80.6
FY42	\$24.2	\$81.6	\$57.4
FY43	\$25.3	\$82.6	\$57.3
FY44	\$26.1	\$83.7	\$57.6
FY45	\$26.4	\$84.8	\$58.3
FY46	\$26.8	\$85.8	\$59.0
FY47	\$27.1	\$86.9	\$59.8
FY48	\$27.5	\$88.0	\$60.5
FY49	\$27.8	\$89.1	\$61.3
FY50	\$28.2	\$90.3	\$62.1
Cumulative Total			\$1,427