

|                |
|----------------|
| LFC Requester: |
|----------------|

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**  
**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
**[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto: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}*

|                       |                |  |
|-----------------------|----------------|--|
| <b>Date Prepared:</b> | <u>1/21/26</u> | <b>Check all that apply:</b>   |
| <b>Bill Number:</b>   | <u>S9-341</u>  | Original <input checked="" type="checkbox"/> Correction <input type="checkbox"/> |
|                       |                | Amendment <input type="checkbox"/> Substitute <input type="checkbox"/>           |

Sen. Stefanics  
 Sen. Sharer  
 Sen. Campos  
 Sen. Sedillo Lopez

**Agency Name and Code Number:** DFA-341

**Sponsor:** MEDICAID TRUST FUND

**Person Writing Analysis:** Delgado L.

**Short Title:** \_\_\_\_\_ **Phone:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

| <b>Appropriation</b> |                      | <b>Recurring or Nonrecurring</b> | <b>Fund Affected</b> |
|----------------------|----------------------|----------------------------------|----------------------|
| <b>FY26</b>          | <b>FY27</b>          |                                  |                      |
|                      | <b>(\$1,000,000)</b> | NR                               | General Fund         |
|                      | <b>\$1,000,000</b>   | NR                               | Medicaid Trust Fund  |

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

| <b>Estimated Revenue</b> |             |             |             |             | <b>Recurring or Nonrecurring</b> | <b>Fund Affected</b>                          |
|--------------------------|-------------|-------------|-------------|-------------|----------------------------------|---|
| <b>FY26</b>              | <b>FY27</b> | <b>FY28</b> | <b>FY29</b> | <b>FY30</b> |                                  |   |
| \$23,400                 | \$40,900    | \$42,600    | \$44,300    | \$43,600    | R                                | Medicaid Trust Fund – Investment Gains        |
|                          |             |             |             | \$62,000    | R                                | Medicaid Trust Fund – Increased distributions |

(Parenthesis ( ) indicate revenue decreases)

0

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

|       | FY25 | FY26 | FY27 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|-------|------|------|------|-------------------|---------------------------|---------------|
| Total |      |      |      |                   |                           |               |

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

Senate Bill 9 (SB9) proposes a significant transfer from the state's general fund to the Medicaid Trust Fund in fiscal year 2027. This transfer aims to support Medicaid funding in New Mexico, ensuring the sustainability of healthcare services for eligible residents despite the pending changes to the federal program.

- A total of \$1 billion (\$1,000,000,000) will be transferred from the general fund to the Medicaid Trust Fund in fiscal year 2027.

#### **FISCAL IMPLICATIONS**

Senate Bill 88 of the 2025 legislative session created the Medicaid Trust Fund (MTF) and requires that any General Fund reversions exceeding \$110 million be allocated to the MTF. Additionally, the MTF will receive federal mineral leasing revenue distributions for three years (CY26, CY27, and CY28). Funds transferred from the MTF to the State-Supported Medicaid Program Fund will be determined using a rolling average of the last three calendar-year balances.

- The statute states that distributions will commence on July 1, 2029 (FY30), but only once the MTF reaches a minimum balance of \$500 million. According to the December 2025 consensus revenue forecast, the MTF is expected to close 2026 (FY27) with a fund balance of \$129.2 million. Under the baseline projection, the MTF will not hit the \$500 million threshold by CY30. As such, no distributions to the program fund are expected. This baseline projection is shown in Table 1 below.

**Table 1: Medicaid Trust Fund**

| Beginning Balance | Gains & Losses | Excess FML | Reversions in Excess of \$110 million (SB88) |                  | Other Inflow | Distribution to Program Fund | Ending Balance (\$ in millions) |
|-------------------|----------------|------------|--|------------------|--------------|------------------------------|---------------------------------|
|                   |                |            | million                                      | (\$ in millions) |              |                              |                                 |
| CY25              |                |            |  |                  |              |                              | \$ -                            |
| CY26              | \$ -           | \$ 1.7     | \$ 84.4                                      | \$ 43.1          | \$ -         | \$ -                         | \$ 129.2                        |
| CY27              | \$ 129.2       | \$ 5.2     | \$ 25.8                                      | \$ -             | \$ -         | \$ -                         | \$ 160.2                        |
| CY28              | \$ 160.2       | \$ 6.4     | \$ 67.4                                      | \$ -             | \$ -         | \$ -                         | \$ 234.0                        |
| CY29              | \$ 234.0       | \$ 9.4     | \$ -   | \$ -             | \$ -         | \$ -                         | \$ 243.3                        |
| CY30              | \$ 243.3       | \$ 9.7     | \$ -   | \$ -             | \$ -         | \$ -                         | \$ 253.1                        |

Note: \$ in millions

Note: FY25 reversions in excess of \$110 million are \$43.1 million.

Note: Distributions only begin when fund balance reaches \$500million

- SB9 proposes a \$1 billion General Fund transfer in Fiscal Year 2027 that would significantly accelerate the fund balance's growth, generating higher investment earnings and larger future distributions to the program fund. This scenario is illustrated in Table 2 below.

**Table 2: Medicaid Trust Fund**

| Beginning Balance | Gains & Losses | Excess FML | Reversions in Excess of \$110 million (SB88) |                  | Other Inflow | Distribution to Program Fund | Ending Balance (\$ in millions) | Distribution to State-supported Medicaid Fund Program Fund |
|-------------------|----------------|------------|--|------------------|--------------|------------------------------|---------------------------------|--|
|                   |                |            | million                                      | (\$ in millions) |              |                              |                                 |  |
| CY25              |                |            |  |                  |              |                              | \$ -                            |  |
| CY26              | \$ -           | \$ 25.1    | \$ 84.4                                      | \$ 43.1          | \$ 1,000.0   | \$ -                         | \$ 1,152.6                      |  |
| CY27              | \$ 1,152.6     | \$ 46.1    | \$ 25.8                                      | \$ -             |              |                              | \$ 1,224.5                      |  |
| CY28              | \$ 1,224.5     | \$ 49.0    | \$ 67.4                                      | \$ -             |              |                              | \$ 1,340.9                      |  |
| CY29              | \$ 1,340.9     | \$ 53.6    | \$ -   | \$ -             |              | \$ (62.0)                    | \$ 1,332.5                      |  |
| CY30              | \$ 1,332.5     | \$ 53.3    | \$ -   | \$ -             |              | \$ (65.0)                    | \$ 1,320.9                      | FY30 \$ 62.0   |

Note: \$ in millions

Note: FY25 reversions in excess of \$110 million are \$43.1 million.

Note: Distributions only begin when fund balance reaches \$500million

- In this scenario, investment gains are estimated to increase by approximately \$23.4 million in CY26, \$40.9 million in CY27, and \$42.6 million in CY28. The larger transfer to the MTF accelerates the fund's attainment of the \$500 million minimum balance. As a result, higher ending balances would support larger distributions, with the first distribution estimated at approximately \$62 million in FY30.

## SIGNIFICANT ISSUES

N/A.

## PERFORMANCE IMPLICATIONS

N/A.

## **ADMINISTRATIVE IMPLICATIONS**

N/A.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

N/A.

## **TECHNICAL ISSUES**

N/A.

## **OTHER SUBSTANTIVE ISSUES**

N/A.

## **ALTERNATIVES**

N/A.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

If SB9 is not enacted, the \$1 billion transfer to the Medicaid Trust Fund will not occur. This potentially raises several consequences.

- Funding Shortfall for Medicaid: Due to anticipated changes to the Medicaid program resulting from the federal H.R. 1 of the 199th U.S. Congress, without the \$1 billion transfer, the Medicaid Trust Fund may face financial challenges in funding healthcare services for eligible residents in New Mexico.
- Reduced Access to Healthcare: Medicaid beneficiaries, including rural residents, low-income individuals, children, and seniors, may have limited access to necessary medical services due to insufficient funding.
- Increased Financial Pressure: The state may need to seek alternative funding sources or make budget cuts in other areas to support Medicaid, which could strain other public programs and services.
- Economic Impact: Healthcare providers that rely on Medicaid reimbursements may face financial difficulties, potentially affecting state jobs and local economies.

## **AMENDMENTS**

N/A.