

LFC Requester:	Eric 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: 1/15/26 **Bill Number:** SB0009 **Original** **Amendment** **Substitute**

Short Title: TRANSFER \$1 BILLION TO THE MEDICAID TRUST FUND

Sponsor: Sen. Stefanics, Sen. Sharer, Sen. Campos, Sen. Sedillo Lopez

Name and Code Number: HCA 630

Person Writing: Mario Portillo

Phone: 505-699-7526 **Email:** mario.portillo@hca.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$0	\$0	Nonrecurring	-

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$0	\$0	\$0	Nonrecurring	-

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0	\$0	\$0	\$0	-	-

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

This bill would authorize a transfer from the General Fund to the Medicaid Trust Fund in the amount of \$1,000,000,000 in FY27. The Fund was established under Senate Bill 88 as a non-reverting Fund within the state Treasury for the purpose of ensuring the sustainability of Medicaid funding. The Fund's purpose is to secure/manage financial resources for Medicaid services, particularly in rural areas where Medicaid coverage is disproportionately higher.

FISCAL IMPLICATIONS

The fund transfer has no impact on the Medicaid Operating Budget in FY27 without accompanying appropriation. Fiscal impact to the Medicaid Operating budget depends upon appropriation by the Legislature.

Automatic distributions to Medicaid will begin in FY30. *See* NMSA § 6-4-35(D). The amount of those distributions will be five percent of the average of the year-end market values of the trust fund for the immediately preceding three calendar year, provided the trust fund balance exceeds \$500 million. *Id.* The transfer proposed by SB232843.1 will ensure the conditions of NMSA § 6-4-35(D) are met. This transfer is in addition to any reversion amounts deposited into the Medicaid Trust Fund under NMSA § 6-5-10(B). (“By October 1 of each year, the balance of the reversions in excess of one hundred ten million dollars (\$110,000,000) for the previous fiscal year shall be transferred to the Medicaid trust fund until the balance of the Medicaid trust fund reaches two billion dollars (\$2,000,000,000) as of the end of a fiscal year.”).

Beyond the automatic distributions that begin in FY30, NMSA § 6-4-35 also expressly allows for appropriations to Medicaid when changes in federal funding will cause either:

1. A reduction in federal funding that results in a reduction of coverage or benefits below those provided on July 1, 2025; *See* § 6-4-35(F) (“In fiscal years 2026 through 2029, money in the trust fund may be appropriated to support the state Medicaid program if a reduction in federal Medicaid funding received by the state will cause a reduction in coverage or benefits below the levels provided as of the effective date of this 2025 act.”);

or

2. If federal matching funds are decreased by at least 7.5% compared to the previous fiscal year **or** fall below a 1-to-1 state-to-federal ratio. *See* § 6-4-35(D) (“Money in the trust fund may be appropriated for any purpose if, in a fiscal year, federal matching funds for the state medicaid program: (1) decrease by at least seven and one-half percent from the previous fiscal year; or (2) are less than a one-to-one match with money appropriated by the legislature for the program.”).

SIGNIFICANT ISSUES

None

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

There are no administrative implications for HCA. Distributions to the state-supported Medicaid fund will not begin until FY30. Once that fund reaches \$500 million, the Legislature may appropriate funds to the HCA Medicaid Program, subject to any federal funding issues described in the Fiscal Implications section. There is no impact to HCA's FY27 or FY28 budget.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The Trust Fund would not receive funding.

AMENDMENTS

None