NEW MEXICO
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Overview of New Mexico's Healthcare System

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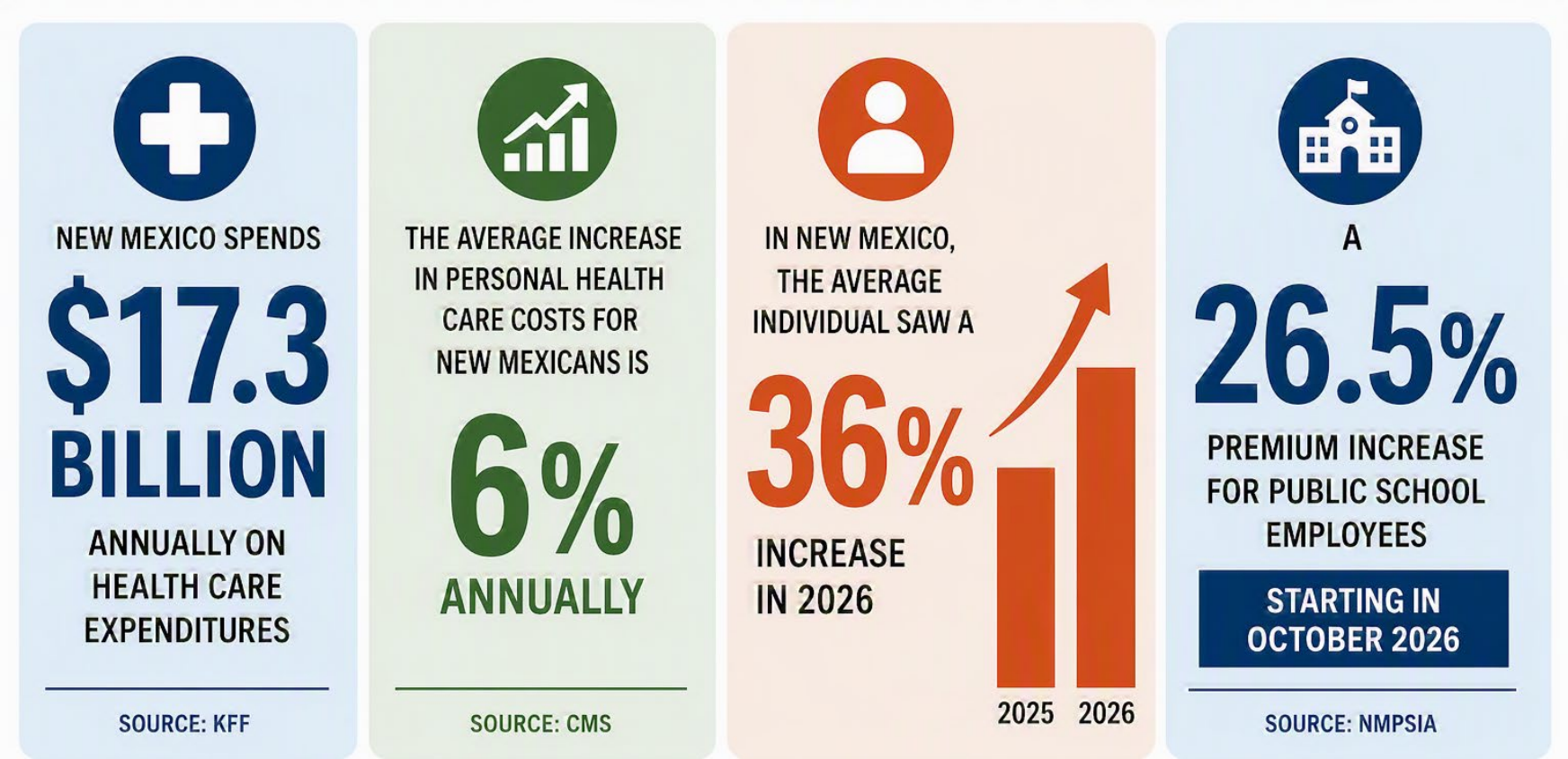
Presentation for LFC and LHHS

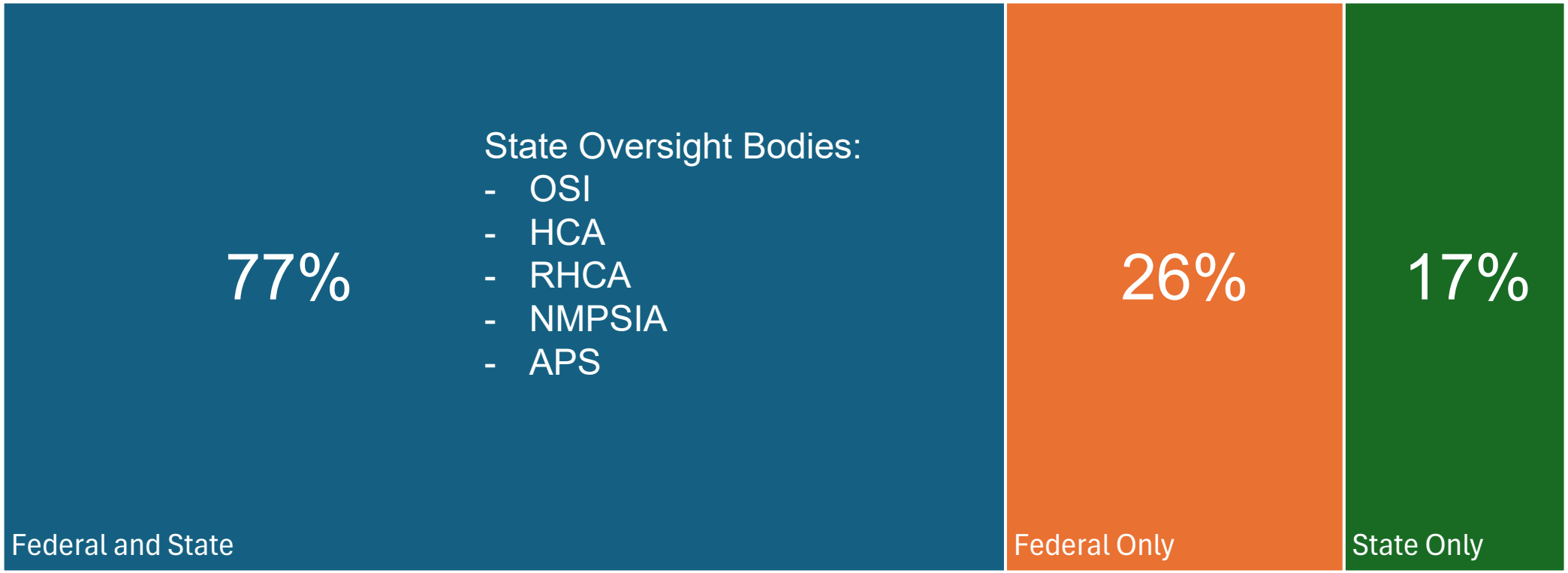
July 22, 2026

NM Health Insurance Background

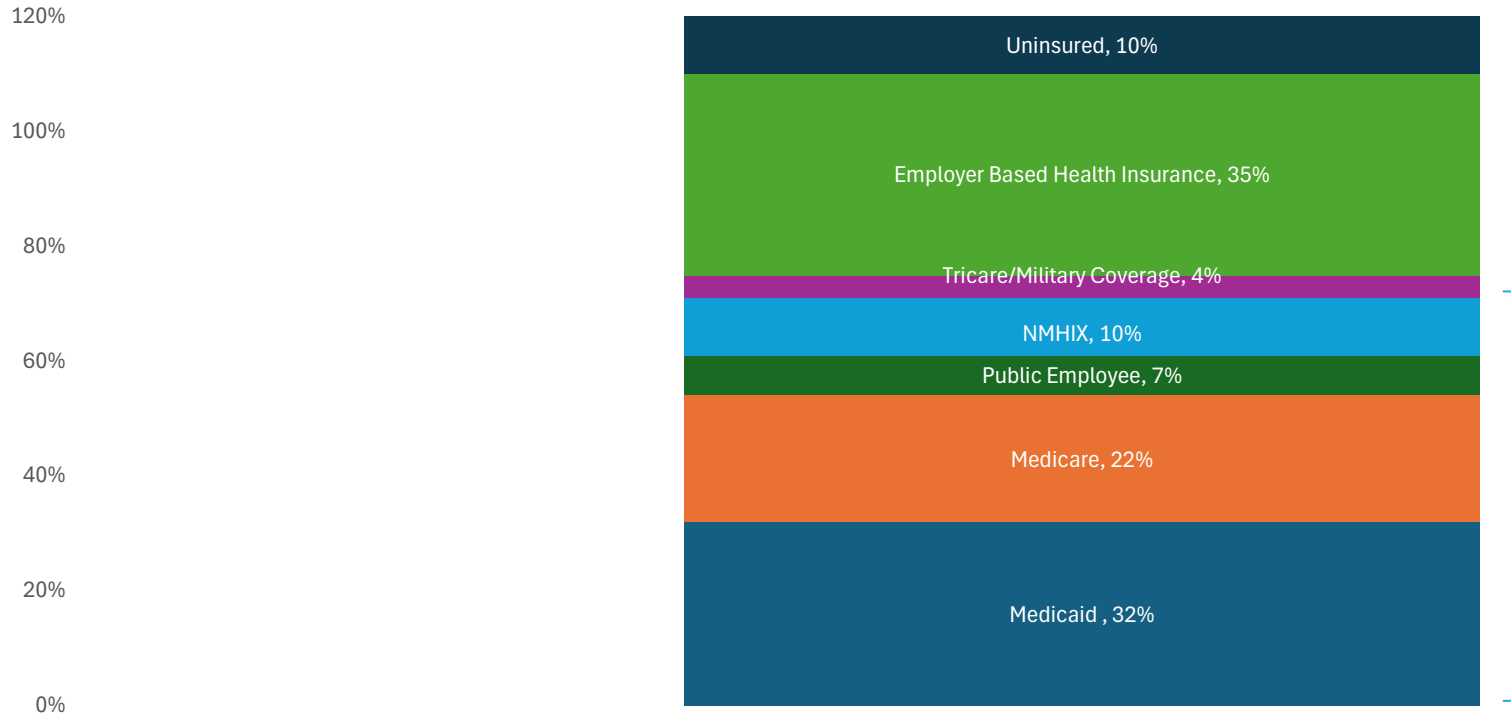


Note: AI generated image

The federal government has primary oversight and authority of the vast majority of healthcare beneficiary plans



NM Health Insurance Payer Mix

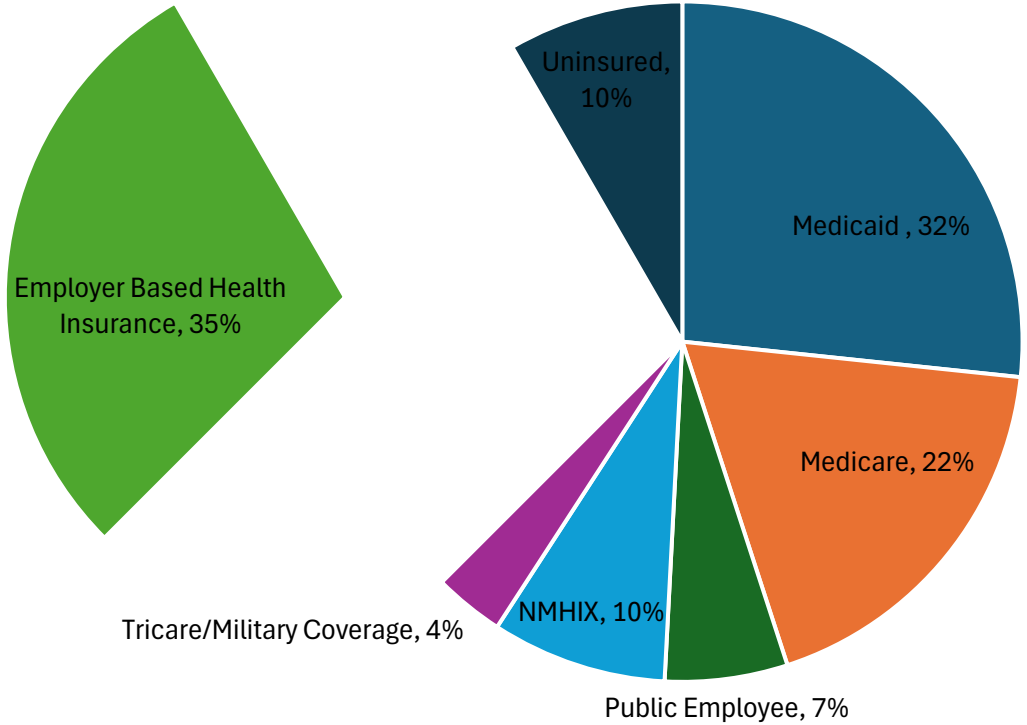


Government subsidized healthcare makes up 75 percent of all coverage in the state.

Note: individuals are double covered, meaning that the sum does not equal 100 percent.

Source: LFC files and Census Data

Employer Based Health Coverage



Federal and State

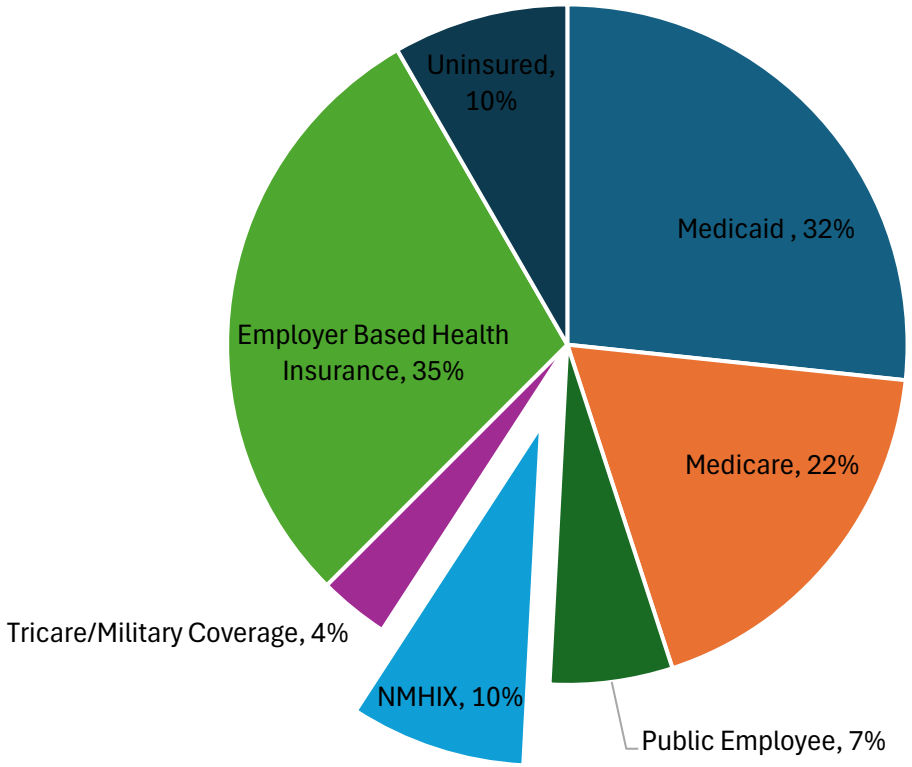
Employer Based Health Coverage

- Employee Retirement Income Security Act (ERISA) plans are controlled by the federal government
  - ERISA is responsible for overseeing health insurance plans, including providing participants with plan information and requiring health plans to establish a grievance and appeals process

- The Office of Superintendent of Insurance oversees all other plans
  - The agency is responsible for enforcing New Mexico law on insurance matters, including consumer protections, reviewing of insurance forms and rates for accuracy and fairness, and helping New Mexicans address insurance concerns

Federal and State

New Mexico Health Insurance Exchange



Federal and State

New Mexico Health Insurance Exchange

- The Affordable Care Act (ACA) created health insurance marketplaces in each state so that those ineligible for Medicaid but unable to get insurance through an employer could access affordable and sufficient healthcare

- Since 2010, New Mexico built a state-based health insurance exchange, known as BeWell or the New Mexico Health Insurance Exchange (NMHIX)

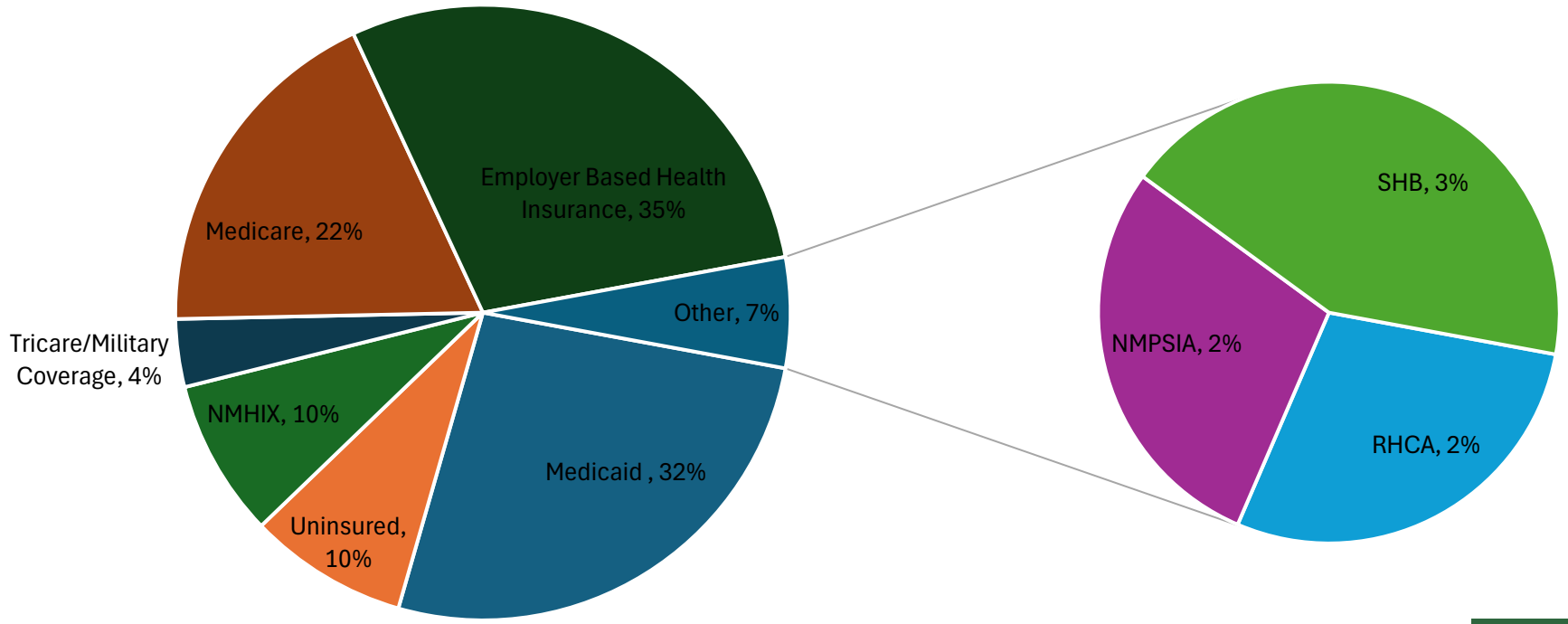
- New Mexico saw the largest growth in enrollment to the state's health insurance exchange in 2026, while the nation experienced an overall decline in marketplace enrollment

- BeWell premiums are subsidized on a sliding scale, primarily by the federal government for up to 400 percent of the federal poverty level (FPL)
  - The Legislature funded further subsidies of the Exchange following expiration of federal subsidies

- LFC Program Evaluation staff will be presenting an evaluation on NMHIX this interim

Federal and State

Interagency Benefit Advisory Committee



State

Interagency Benefit Advisory Committee

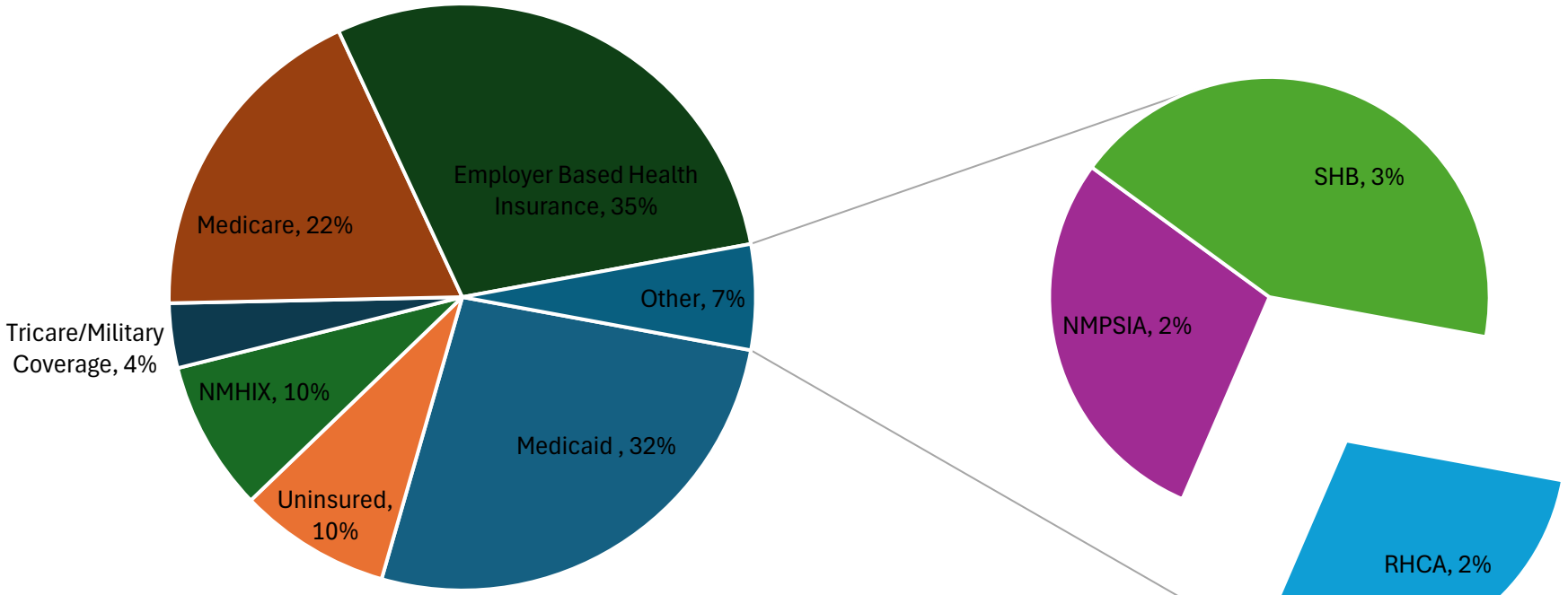
- Created by the Purchasing Act, the Interagency Benefit Advisory Committee (IBAC) is comprised of four state entities:
  - Retiree Health Care Authority
  - State Health Benefits (Health Care Authority)
  - New Mexico Public Schools Insurance Authority
  - Albuquerque Public Schools

- These four entities are responsible for providing healthcare benefits for public employees in New Mexico

- Previous LFC reports found the state has not maximized purchasing power for health benefits nor taken advantage of comprehensive quality improvement initiatives that would better contain costs.
  - Each IBAC is self-insured and has different plan designs and cost structures

State

Retiree Health Care Authority



State

Retiree Health Care Authority

- The authority is responsible for providing subsidized access to health insurance products for retired civil servants

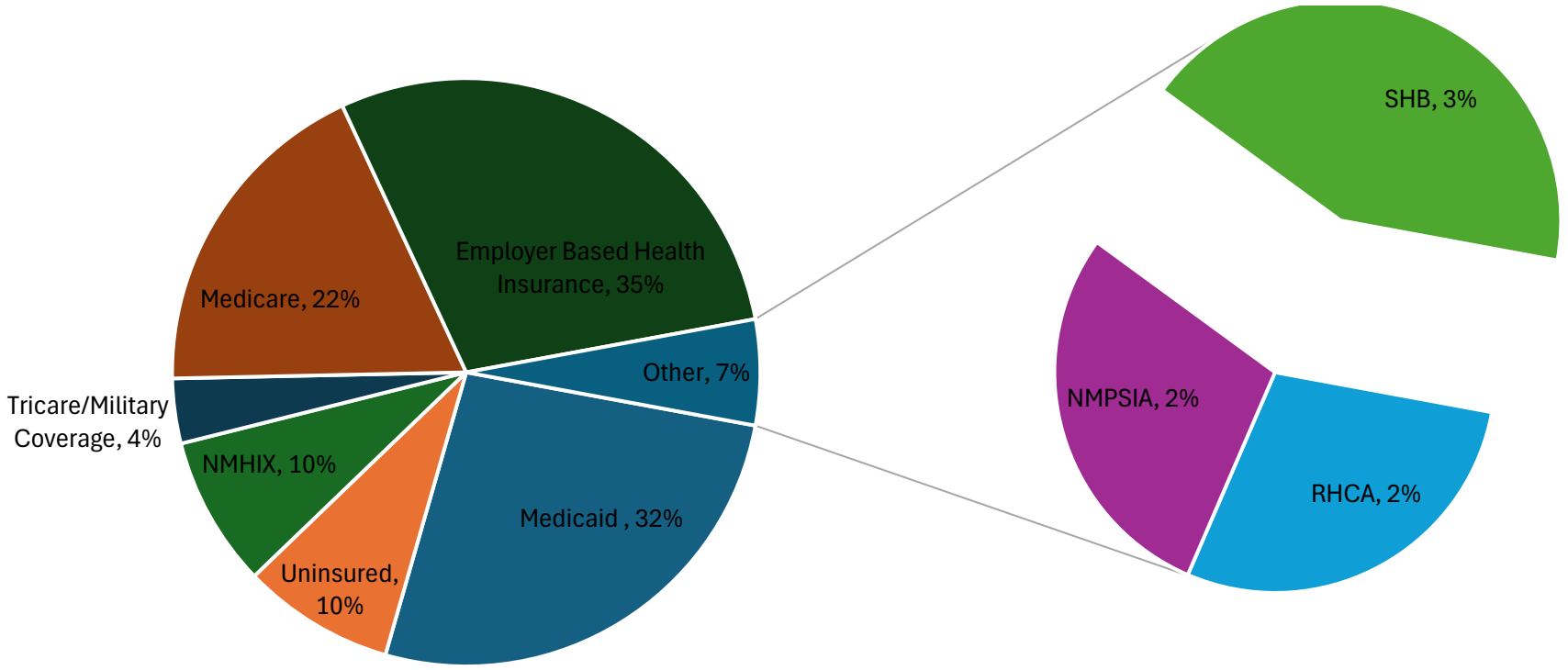
- Under current practice, the authority's plan more heavily subsidizes the younger, working-age population versus the older, Medicare-eligible population

- Because RHCA provides the largest subsidies for workers who are not yet Medicare-eligible, this benefit provides an incentive for workers to leave state service early because they will receive a more generous subsidy than they will under the Medicare subsidy program

- The authority has worked in past years to maximize cost containment strategies

State

State Health Benefits



State

State Health Benefits

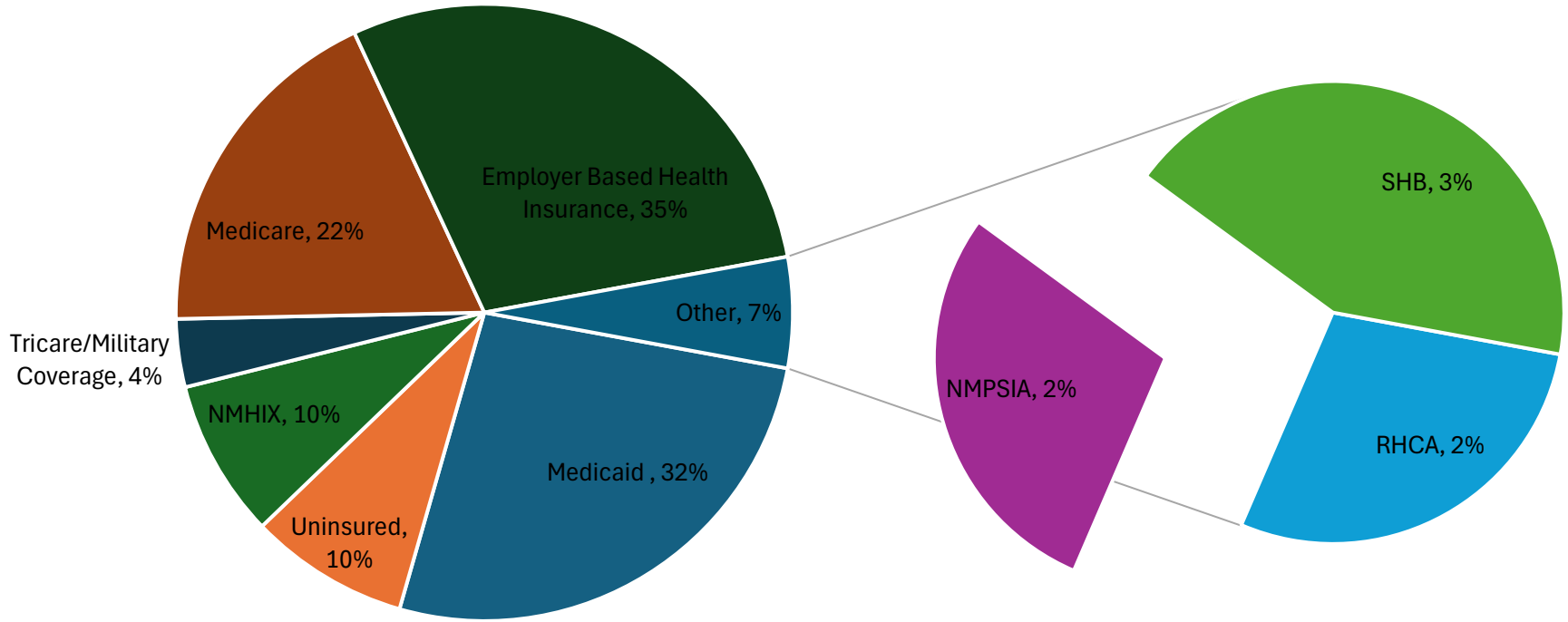
- State Health Benefits were transferred from the General Services Department to the Health Care Authority in FY25 and cover most state employees and local public bodies

- HCA has worked to stabilize the program, with it having a projected surplus for the first time in years
  - 20 percent premium rate increase
  - $37.5 million in hospital reference-based pricing savings
  - $10.4 million from an improved contract with the state's pharmacy benefit manager that no longer includes spread pricing
  - Taxpayers fund 80 percent of premiums for most employees

- During this year's open enrollment, following a state employee health benefits redesign, state employees consistently enrolled in higher cost plans than did local public body employees
  - The state's most expensive health plan costs 77 percent more than the high deductible plan, the state takes on most of this added cost, limiting the incentive to opt for the lower cost premiums

State

New Mexico Public Schools Insurance Authority (47,720)



State

New Mexico Public Schools Insurance Authority

- NMPSIA provides health benefits and risk insurance to 88 of the 89 school districts—the exception is the Albuquerque Public Schools—and all charter schools statewide

- The Benefits Program is self-insured and funded though employer and employee premiums

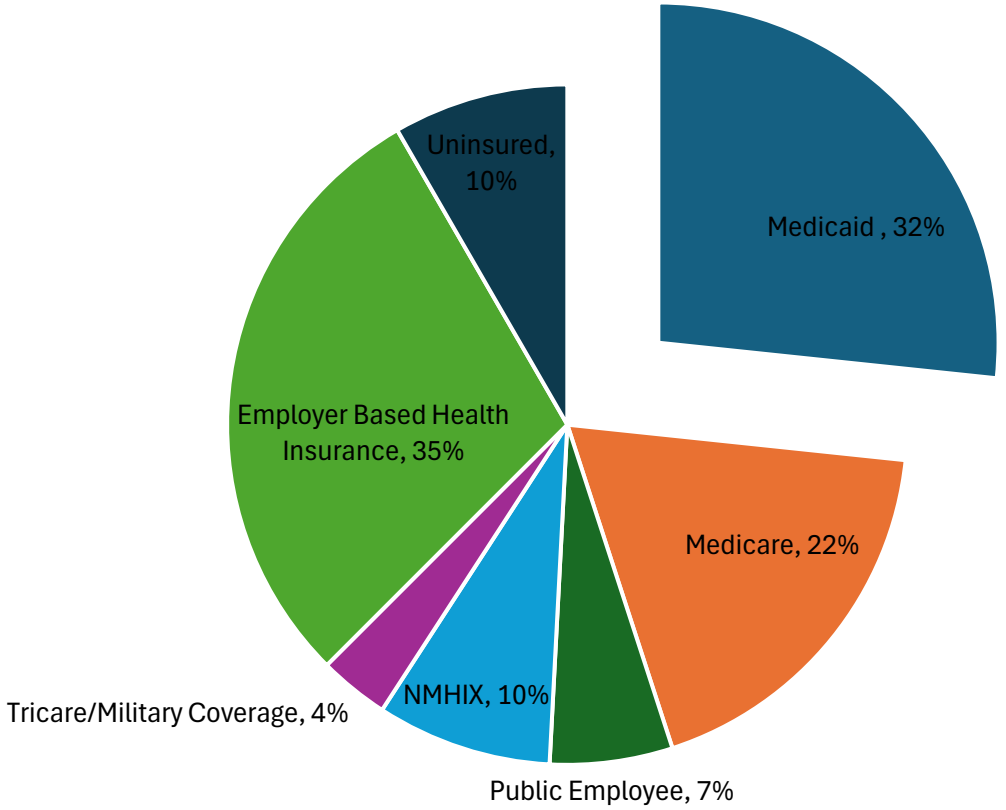
- NMPSIA pays the full cost of health benefits claims through the provider networks of private insurance carriers, which receive a set administrative fee

- HB47 calls for LESC, LFC, NMPSIA, PED, and HCA to conduct a comprehensive study and produce a final report regarding the impact of combining NMPSIA with State Health Benefits

- HB47 also requires the state to cover 80 percent of the cost of health insurance premiums for public school employees and their dependents in the next fiscal year

State

Medicaid



Federal and State

Medicaid

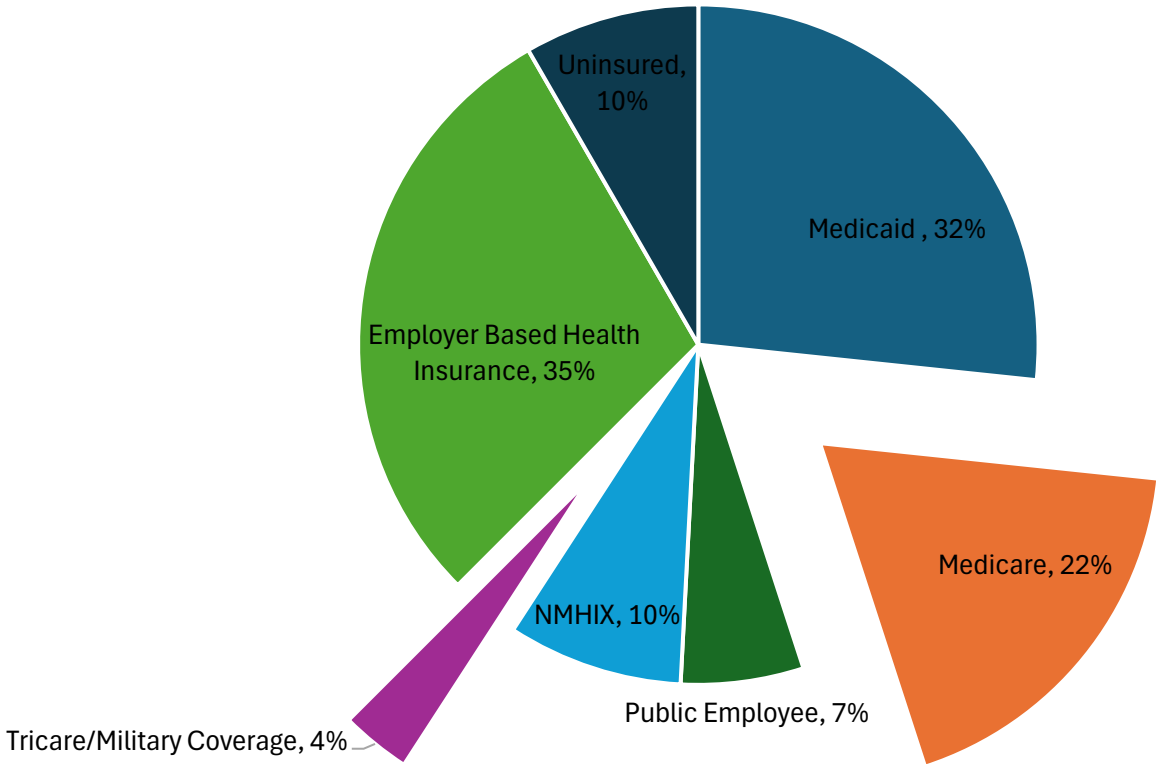
- Medicaid is a public plan for low-income New Mexicans, which covers:
  - Families
  - Childless adults
  - Elderly
  - People with disabilities
  - Children in state custody

- Medicaid serves a wide array of needs from basic acute care to community-based services to nursing home care

- The next presentation will discuss Medicaid at a deeper level

Federal and State

Medicare and Tricare



Federal

Medicare and Tricare

- Medicare is a federal health insurance program for people over the age of 65 and younger people with disabilities

- There are four parts to Medicare coverage:
  - Part A: Hospital and hospice insurance
  - Part B: Medical insurance
  - Part C: Medicare Advantage plans—private health plans provide Medicare managed care
  - Part D: Prescription drug plan

- Tricare is a healthcare program for US armed forces military personnel, military retirees, and their dependents

Federal

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For More Information

- http://www.nmlegis.gov/lcs/lfc/lfcdefault.aspx
- Session Publications – Budgets
- Performance Report Cards
- Program Evaluations

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