



# NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

## 2026 Post Session Review: Health Care Authority, Children, Youth and Families Department, Department of Health, and Aging and Long-Term Services Department

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# Overview

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- Health Care Authority
- Children, Youth and Families Department
- Department of Health
- Aging and Long-Term Services



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# Health Care Authority



# Federal Reconciliation Changes Affecting the FY27 Budget:

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## •Medicaid

- Established a new community engagement (work) requirements for expansion adults between the ages of 19-64.
  - According to KFF, work requirements are expected to reduce Medicaid enrollment in New Mexico by 83 thousand and lead to about \$500 million less in federal revenue.
  - The effective date is December 31, 2026, with state exemptions granted until December 31, 2028, for states showing a good faith effort to implement.
- Required states to conduct eligibility redeterminations at least every 6 months for expansion adults, current practice is annual, secretary of HHS to issue guidance within 180 days of enactment.
  - Is expected to lead to higher churn in Medicaid and will likely lead to less federal revenue
  - Starts for renewals scheduled on or after December 31, 2026
- Limited retroactive eligibility to one month for expansion adults and two months for others.
  - Will likely also lead to less federal revenue.
  - Effective January 1, 2027



# Federal Budget Reconciliation – Medicaid Timeline

Timeline -- Federal Reconciliation Medicaid Changes

State Fiscal Year	SFY25	SFY26	SFY27	SFY28	SFY29	SFY30	SFY31	SFY32	SFY33	SFY34
Federal Fiscal Year	FFY25	FFY26	FFY27	FFY28	FFY29	FFY30	FFY31	FFY32	FFY33	FFY34
Calendar Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Month	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D
State Directed Payments to Hospitals and Nursing Facilities					First 10 Percent Reduction Begins January 2028 Subsequent 10 Percent Reduction Each January Thereafter Until Payments Reach 100 Percent of Medicare					
Provider Taxes					First 0.5 Percent Reduction Begins in Federal Fiscal Year 2028 With Subsequent Reductions Every Year Until the Rate Reaches 3.5 Percent					
Work Requirements					Start January 1, 2027					
Work Requirement Extension					Work Requirement Extension Upon Good Faith Effort Dec 31, 2028					
Cost Sharing (copays)					Starts October 1, 2028					
6 Month Eligibility Redeterminations					Starts for Renewals Scheduled on or After December 31, 2026					
Retroactive Eligibility Limited to 1 or 2 months					Begins January 1, 2027					



# Federal Reconciliation Changes Affecting the FY27 Budget:

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## Supplemental Nutrition Assistance Program

- Changed the administrative matching rate from 50 percent state/federal to 75 percent state 25 percent federal.
- Narrowed eligibility so that refugees, asylees, survivors of trafficking, and certain parolees lose eligibility.
  - Started upon enactment and continues as eligibility redeterminations are made.
- Expanded work requirements by raising the age for those who are subject to work requirements from 54 to 64 and changed the dependency work requirement exemption from under age 18 to under age 14.
- State payment error matching rate likely not to begin until FY30.



# Federal Budget Reconciliation – SNAP Timeline

**Timeline -- Federal Reconciliation SNAP Changes**

State Fiscal Year	SFY 25	SFY26	SFY27	SFY28	SFY29	SFY30	SFY31	SFY32	SFY33	SFY34		
Federal Fiscal Year	FFY25	FFY26	FFY27	FFY28	FFY29	FFY30	FFY31	FFY32	FFY33	FFY34		
Calendar Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
Month	J F M A M J J A S C N D J F M A M J J A S C N D J F M A M J J A S C N D J F M A M J J A S C N D J F M A M J J A S C N D J F M A M J J A S C N D J F M A M J J A S C N D J F M A M J J A S C N D											
State Match Requirement				Begins in October 2027								
State Match Requirement Delayed Implementation					If Payment Error Rate is Too High Begins in FFY29							
State Match Requirement Delayed Implementation						If Payment Error Rate Continues to Be High Begins FFY30						
Administrative Match Reduction			Federal Share for Administrative Expenses Reduces from 50 Percent to 25 Percent									
Certain Non-Citizens Lose Eligibility			Begins Upon Enactment but Individuals Roll Off as Redeterminations are Made									



# Federal Reconciliation Changes Affecting the FY27 Budget:

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## Health Care Affordability Fund

The federal government excluded certain immigrants from Medicaid eligibility.

- Originally the authority projected nearly 15 thousand immigrants would lose coverage
- Now the authority projects between 2,000 and 2,500 will lose coverage
- Because of the higher estimate the authority sought and received \$40 million to cover this group through a new Medicaid look alike program.
- All Health Premium taxes in the future will go to this fund rather than sharing some of the revenue with the general fund for health and other expenses.



# Health Care Authority 1st Special Session Appropriations

## 2025 1st Special Session Appropriations to HCA

<b>Purpose</b>	<b>To Agency/Fund</b>	<b>Source</b>	<b>Amount</b>	<b>Expense</b>
SNAP for Elders and People with Disabilities	Health Care Authority	GF	\$4,600	\$4,600
SNAP for Excluded Immigrants	Health Care Authority	GF	\$12,000	
SNAP Education Program at UNM and NMSU	Health Care Authority	GF	\$1,246	\$627
Food Banks Including \$2.5 million for Capacity Building	Health Care Authority	GF	\$8,000	\$2,376
Food at Educational-Based Centers and Food Pantries	Health Care Authority	GF	\$2,000	\$2,000
Workforce Solutions to Support SNAP and Medicaid Work Requirements	Health Care Authority	GF	\$1,500	\$1,500
Staffing and Administration in Income Support Division	Health Care Authority	GF	\$4,400	
Staffing and Administration in Medical Assistance Division	Health Care Authority	GF	\$2,200	
IT Changes for SNAP and Medicaid	Health Care Authority	GF	\$10,000	\$1,495
Healthcare Services Provided by Non-Medicaid Eligible Nonprofits	Health Care Authority	GF	\$3,000	
Reduce Health Premiums and Cost Sharing on the Health Exchange	Health Care Authority	HCAF	\$17,300	\$10,437
Fund Transfer	Rural Health Care Delivery Fund (HCA)	GF	\$50,000	
<b>Total General Fund Expenditures</b>			<b>\$116,246</b>	<b>\$23,034</b>

Source: House Bill 1 and SHARE



# Health Care Authority FY27 Budget: Medical Assistance

	Laws 2026, Chapter 67
1 <b><u>MEDICAL ASSISTANCE (MAD)</u></b>	
2 <b>Prior Year OpBud</b>	1,363,990.8
3 <b>Base Adjustment</b>	(96,268.6)
4 <b><u>Medicaid Spending Changes</u></b>	
5 Enrollment Reduction due to HR1	(20,107.3)
6 Phase II Nursing Facilities Rebasing	9,000.0
7 Medicare Premium and Enrollment Increases	11,097.3
8 Traditional Healing (\$71.4 Federal Funds)	28.6
9 Fee for Service	580.0
10 Personal Care Services Rate Adjustment	10,000.0
Occupational Therapist Rate Parity	3,700.0
11 <b><u>Revenue Changes</u></b>	
12 Increase Drug Rebate Revenue	(30,000.0)
13 Drug Rebates non-recurring revenue from fund balances	
14 FMAP Decrease -0.35 percent (Actual -0.19 percent)	8,152.6
15 County-Supported Medicaid	1,800.0
16 Safety Net Care Pool	(17,500.0)
17 Tobacco Settlement Revenue	(5,158.4)
18 <b><u>Administrative and Other</u></b>	
19 Upgrade IT Systems for HR1 Compliance (Funded in Special Session)	
20 Personnel Costs for HR1 Compliance (Funded in Special Session)	
21 Personnel Costs of Filled Positions	1,000.0
22 MMISR Maintenance and Operations	
23 Miscellaneous	(6,158.1)
24 <b>Subtotal Changes</b>	<b>(129,833.9)</b>
25 <b>Subtotal Current Year Base</b>	<b>1,234,156.9</b>
26 <b>% Change from OpBud</b>	<b>-9.5%</b>



# Health Care Authority FY27 Budget: Developmental Disabilities Support

<b>27</b>	<b><u>DEVELOPMENTAL DISABILITIES SUPPORT (DDSD)</u></b>	
<b>28</b>	<b>Prior Year OpBud</b>	<b>306,583.2</b>
<b>29</b>	Provider Rates 18 Percent Increase	-
<b>30</b>	Residential Services Rate Increase	6,300.0
<b>31</b>	FMAP Decrease -0.35 percent (Actual -0.19 percent)	1,528.0
<b>32</b>	Mi Via GRT	4,216.7
<b>33</b>	FY26 Projected Shortfall	2,158.1
<b>34</b>	Increased Utilization	15,000.0
<b>35</b>	Personnel Costs	73.8
<b>36</b>	Replace HCAF Insurance Premium Revenue	245.3
<b>37</b>	Contractual Increase	184.2
<b>38</b>	Two New Leases	500.0
<b>39</b>	<b>Subtotal Changes</b>	<b>30,206.1</b>
<b>40</b>	<b>Subtotal Current Year Base</b>	<b>336,789.3</b>
<b>41</b>	<b>% Change from OpBud</b>	<b>9.9%</b>

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# Health Care Authority FY27: Medicaid Behavioral Health

42	<b>MEDICAID BEHAVIORAL HEALTH</b>	
43	<b>Prior Year OpBud</b>	<b>177,692.1</b>
44	Personnel Costs	
45	Phase II Nursing Facilities Rebasing	
46	Move 20 Percent of Health Care Quality Surcharge to MBH Admin Budget	
47	FMAP Reduction	
48	Enrollment Reduction due to HR1	(2,856.0)
49	CARA Care Coordination Portal Maintenance and Operations	1,100.0
50	CARA Care Coordinators in Hospitals	1,595.9
51	Other CARA Expenses	1,245.1
52	Managed Care Capitation Payments	23,599.6
53	Other	247.0
54	<b>Subtotal Changes</b>	<b>24,931.6</b>
55	<b>Subtotal Current Year Base</b>	<b>202,623.7</b>
56	<b>% Change from OpBud</b>	<b>14.0%</b>
58	<b><i>Medicaid, Medicaid Behavioral Health, and DDSD Only</i></b>	
59	<b>Prior Year OpBud</b>	<b>1,848,266.1</b>
60	<b>Medicaid, Medicaid Behavioral Health, and DDSD Change</b>	<b>(74,696.2)</b>
61	<b>Medicaid, Medicaid Behavioral Health, and DDSD Current Year</b>	<b>1,773,569.9</b>
62	<b>% Change from OpBud</b>	<b>-4.0%</b>



# Health Care Authority FY27 Budget: Income Support

<b>73</b>	<b><u>INCOME SUPPORT</u></b>	
<b>74</b>	<b>Prior Year OpBud</b>	<b>93,054.0</b>
<b>75</b>	Replace HCAF Insurance Premium Revenue	1,069.8
<b>76</b>	SNAP Employment and Training	
<b>77</b>	SNAP Supplement for Elderly and Disabled to \$100 Monthly (Funded in Special Session)	6,629.1
<b>78</b>	Staff Augmentation (Funded in Special Session)	
<b>79</b>	IT System Enhancements (Funded in Special Session)	
<b>80</b>	SNAP Chip Cards	1,063.0
<b>81</b>	Increase Staffing by 260 FTE (Funded Additional Staff in Special Session)	3,500.0
<b>82</b>	Accenture HR1 Increase (Funded in Special Session)	
<b>83</b>	Space, Security and IT for 250 FTE (Funded Additional Staff in Special Session)	2,500.0
<b>84</b>	New SNAP Administration Matching Rate 75%-25%	24,000.0
<b>85</b>	Miscellaneous	661.1
<b>86</b>	<b>Subtotal Changes</b>	<b>39,423.0</b>
<b>87</b>	<b>Subtotal Current Year Base</b>	<b>132,477.0</b>
<b>88</b>	<b>% Change from OpBud</b>	<b>42.4%</b>



# Health Care Authority FY27 Budget: Health Care Affordability Fund

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- The FY27 budget for the HCAF includes:
  - \$40 million for coverage for excluded immigrants losing Medicaid Coverage
  - \$38.1 million for people above 400 percent of the federal poverty level who lost subsidies on the health insurance exchange
  - \$25 million health insurance exchange marketplace affordability
  - Additional smaller recurring appropriations for other immigrants losing federal subsidies on the exchange



# Health Care Authority FY27 Budget: Other Programs

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## **Program Support**

- Received a \$16.3 million, 43.8 percent increase in revenue from the general fund, over the FY26 operating budget. Much of the increase is related to increased SNAP administrative matching rate.

## **Behavioral Health Services**

- Received a \$9.9 million, 16.5 percent increase from the general fund, primarily for the 988 crisis and access line and the Linkages program for housing for people with serious mental illness.

## **Child Support Enforcement**

- Received a \$791.2 thousand, 5 percent increase from the general fund, primarily to maintain personnel costs.

## **Division of Health Improvement**

- Received a \$1.4 million, 10 percent increase from the general fund, primarily to transfer CYFD licensing division to the Authority.



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# Children, Youth and Families Department



# Children, Youth and Families Department FY27 Budget

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- Total FY27 operating budget: \$411.8 million, a \$14.6 million (3.7 percent) increase
  - General fund: \$284 million, a \$14.9 million (5.6 percent) increase
  - Federal funds: \$84.5 million, a \$10.4 million (11 percent) decrease
  - Transfers: \$33.4 million, a \$5.8 million (21 percent) increase
  - Other state funds: \$9.9 million, a \$4.2 million (74.2 percent) increase
- New FY27 nonrecurring appropriations: \$72.7 million
  - Specials: \$38.5 million
  - GRO: \$16.5 million
  - SB273: \$17.7 million



## FY27 Operating Budget – Protective Services

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- The total FY27 operating budget for Protective Services is \$241.5 million, a \$7.1 million (3 percent) increase
- General fund appropriations total \$139.2 million, an \$11 million (8.5 percent) increase
- TANF funding transfers from HCA total \$22.8 million, a \$5 million (28 percent) increase
- Increases are concentrated in personnel, driving a 14 percent increase



# FY27 Operating Budget – Juvenile Justice

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- The total FY27 operating budget for Juvenile Justice is \$93.5 million, a \$7.3 million (8.5 percent) increase
- General fund appropriations total \$77.2 million, a \$3 million (4 percent) increase
- Other increases include the use of fund balance to support education within secured facilities and community-based programs for youth



# FY27 Operating Budget – Behavioral Health

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- The total FY27 operating budget for Behavioral Health is \$52.7 million, a roughly 1 percent decrease
- General fund appropriations total \$49.4 million, a \$400 thousand (0.8 percent) increase
- In FY27, behavioral health licensing and certification functions will transfer from CYFD to HCA



# FY27 Nonrecurring Funding

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- Specials
  - \$20 million for Protective Services personnel
  - \$10.5 million multi-service homes
  - \$3 million for emergency shelter placements
  - \$2.5 million for *Kevin S.* co-neutral services
  - \$2.5 million for Foster Care Plus
- GRO\*
  - \$12 million for SafeCare in-home services delivery
  - \$4.5 million for community-based services for high-risk youth
- SB273
  - \$9.7 million supplemental for FY26
  - \$8 million for CCWIS (NM Impact) IT project in FY27

\*In FY27, CYFD will receive \$32.6 million in GRO funding appropriated during the 2024 and 2025 legislative sessions



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# Department of Health



# Department of Health FY27 Budget

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- In FY27, the Department of Health (DOH) will receive a total budget of \$689.9 million, a \$93.4 million, or 15.6 percent increase from FY26. Of the increase:
  - \$9.8 million is from general fund revenue, a 4.5 percent increase;
  - \$24 million is from transfers from other agencies, a 53 percent increase;
  - \$34.7 million is from increases in federal funds an 18 percent increase; and
  - \$25.9 million is from other revenue DOH generates, an 18.8 percent increase.

Of the general fund appropriation increases, \$5.8 million is for health insurance, risk insurance rates, and other fixed costs while \$4 million is for expansion of DOH operations.



# DOH: Laboratory Services and Facilities Management FY27 Budget

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- DOH's Laboratory Services Program will receive an 8 percent increase for operational increases for expanded toxicology blood testing in DWI cases due to Laws 2025, Chapter 4, expanding law enforcement authority to obtain search warrants for blood tests in misdemeanor DWI cases.
- The Facilities Management Program, which runs several hospitals and other facilities, will receive a \$2 million increase for operating the New Mexico State Veterans' Home. Most of the increase is to reduce the staff vacancy rate at the facility, with the rest of the funding to hire contractual healthcare workers, a staffing approach DOH has historically relied on to operate its facilities. In addition to funding increases, the Legislature included language provisions in the program's budget to require DOH to utilize existing funds to reimburse hospitals that care for civil committed individuals when the department is unable to place those individuals in a state facility, though this was vetoed by the governor.



# DOH: Nonrecurring Appropriations

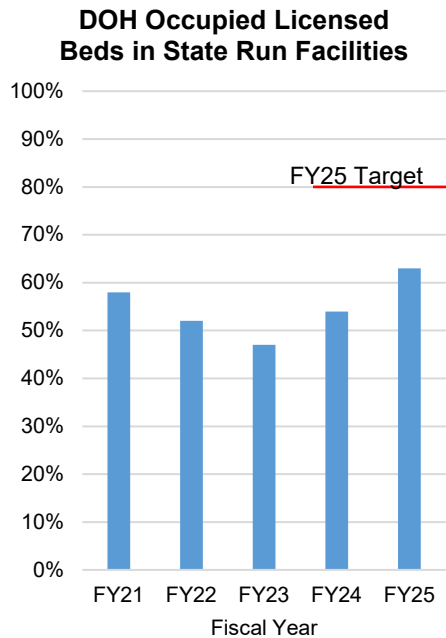
Appropriation	Amount (in thousands)
For mosquito surveillance, prevention and mitigation. The department of health may use up to one million five hundred thousand dollars (\$1,500,000) to provide grants to local governments and state educational institutions enumerated in Article 12, Section 11 of the New Mexico constitution for mosquito surveillance, prevention and mitigation projects. Any unexpended balances remaining at the end of fiscal year 2027 shall not revert and may be expended in fiscal year 2028	\$1,800.0
For an opioid addiction prevention program that addresses the root cause of the opioid crisis by improving pain management protocols for surgical patients and providing personalized nurse navigation and evidence-based clinical implementation support.	\$1,500.0
To manage operation of the Comprehensive Addiction and Recovery Act program	\$2,500.0
For instruments and equipment for the toxicology bureau.	\$2,200.0
For facilities repair and maintenance.	\$2,000.0
For rural and tribal health councils.	\$4,000.0
To expand women, infants and children and senior farmers' market nutrition program benefits.	\$1,000.0
For a public service campaign on shaken baby syndrome	\$165.0
To recruit, train and provide stipends to medical and behavioral health preceptors in medically underserved areas. Any unexpended balances remaining at the end of fiscal year 2027 shall not revert and may be expended through fiscal year 2029	\$3,000.0
<b>Total:</b>	<b>\$18,165.0</b>

Additionally, DOH will receive \$75 million in capital outlay appropriations for the new forensic unit at the New Mexico Behavioral Health Institute.



# DOH Facility Census

- Turquoise Lodge: 16**
- New Mexico Behavioral Health Institute (NMBHI): 157**
- NMBHI Meadows: 116**
- New Mexico Rehabilitation Center: 19**
- Sequoyah Adolescent Treatment Center: 23**
- New Mexico Veterans' Home: 129**
- Fort Bayard Medical Center: 135**
- Los Lunas Community Program: 73**



Source: DOH

Facility	% Licensed Beds
FBMC	67.5%
LLCP	93.6%
NMBHI	70.4%
NMBHI - Meadows	71.6%
NMRC	44.2%
NMSVH	98.5%
SATC	63.9%
TL	40.0%
<b>Total</b>	<b>73.2%</b>

\*As of 05/29/26

Source: DOH

The occupancy of licensed beds in facilities statewide remains below target levels; however, facility census has increased by approximately 20 percent from FY25, particularly in the state's long-term care facilities, with overall census continuing to increase. The program oversees six healthcare facilities and one community program, catering to individuals with complex medical conditions or behavioral health support needs.



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# Aging and Long-Term Services Department



# Aging and Long-Term Services FY27 Budget

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- The Aging and Long-Term Services Department (ALTSD) will receive \$77.4 million in general fund appropriations in FY27, a \$2.3 million, or 3.1 percent, general increase, from the prior fiscal year. While the department will primarily receive increases due to fixed costs, its Aging Network Program will receive a \$1.6 million, or 3.5 percent, budget increase for meal delivery costs as well as for expansion of senior service programs.
- Overall, the department will maintain similar budget from federal revenue, and use of fund balance from the Kiki Saavedra Senior Dignity Fund, other transfers, and other revenues commensurate with ALTSD's FY26 budget.



# ALTSD: Nonrecurring Appropriations

- While ALTSD will receive a modest base budget increase, the department is slated to receive various special nonrecurring appropriations, including \$26.3 million in capital outlay funding.

Appropriation	Amount (in thousands)
For emergencies, disaster preparedness, urgent supplemental programmatic needs and planning to serve seniors and adults with disabilities. The other state funds appropriation is from the Kiki Saavedra senior dignity fund.	\$600.0
To the Kiki Saavedra senior dignity fund, <del>contingent on the department of finance and administration creating a fund in the statewide human resources, accounting and management reporting system.</del>	\$3,000.0
To expand the New MexiCare program	\$2,000.0
For the New Mexico grown program for senior citizens. The other state funds appropriation is from the Kiki Saavedra senior dignity fund.	\$1,500.0
* To the Aging and Long-Term Services Department for the department's New MexiCare program	\$6,000.0
<b>Total</b>	<b>\$13,100.0</b>

\*Appropriation is from Senate Bill 273 (2026) separate from the General Appropriation Act appropriations to the department



# ALTSD: New MexiCare

The New MexiCare program is a caregiver support service through a participant-centered and self-directed model of service delivery, and offers incentives, services, and support to those caring for family members through financial assistance, training, and support. Each participant is provided with an individualized allotment that can be used for home care, respite, adult day services, chores, transportation, and equipment. As part of the program evaluation required by the government results and opportunity funding, LFC staff rated the first year of the New Mexicare program as green, or successful, overall

In nonrecurring funding alone, ALTSD will have \$11.1 million available for New MexiCare in FY27.

Funding Source	Amount (in thousands)	Language
2024 GAA, third year of GRO Pilot Project	\$3,125.0	For the New Mexicare program and to fund a <u>randomized control</u> study of the program
2026 GAA, Section 5	\$2,000.0	To expand the New <u>MexiCare</u> program
2026 Senate Bill 273	\$6,000.0	To the Aging and Long-Term Services Department for the department's New <u>MexiCare</u> program
<b>Total Available FY27</b>	<b>\$11,125.0</b>	





### For More Information

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