



HEALTH CARE
AUTHORITY



HCA FY26 BUDGET REQUEST OVERVIEW

SEPTEMBER 19, 2024

INVESTING FOR TOMORROW, DELIVERING TODAY.



HEALTH CARE
AUTHORITY

MISSION

We ensure New Mexicans attain their highest level of health by providing whole-person, cost-effective, accessible, and high-quality health care and safety-net services.

VISION

Every New Mexican has access to affordable health care coverage through a coordinated and seamless health care system.

GOALS



LEVERAGE purchasing power and partnerships to create innovative policies and models of comprehensive health care coverage that improve the health and well-being of New Mexicans and the workforce.



BUILD the best team in state government by supporting employees' continuous growth and wellness.



ACHIEVE health equity by addressing poverty, discrimination, and lack of resources, building a New Mexico where everyone thrives.



IMPLEMENT innovative technology and data-driven decision-making to provide unparalleled, convenient access to services and information.

TOPICS

- Health Care Authority Update
 - 2024 Legislation
 - HCA Successes & Challenges
- FY26 Base Budget Request*
- FY26 Nonrecurring Requests*
- FY26 Other Requests
 - Health Care Affordability Fund
 - State Health Benefits



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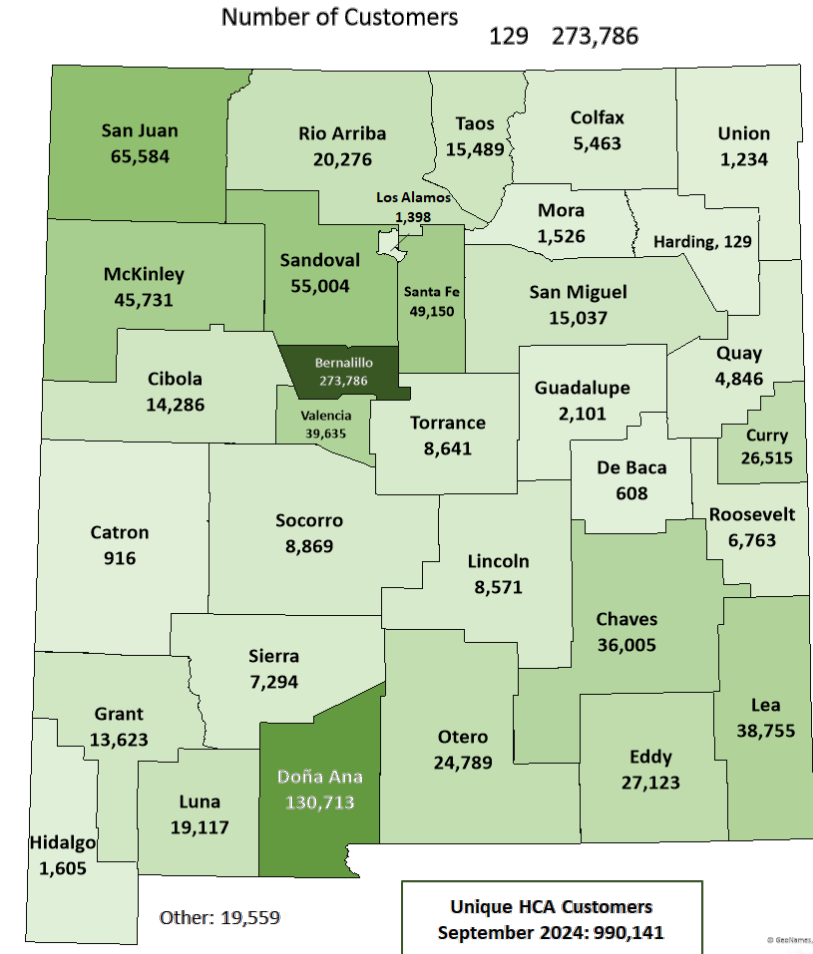


HEALTH CARE AUTHORITY SERVES 50% OF NEW MEXICANS ⁴

The HCA includes

- All existing units from Human Services Department
- From Department of Health:
Developmental Disabilities Supports Division, Division of Health Improvement
- From General Services Department: State Health Benefits, formerly known as Employee Benefits Bureau
- From Office of Superintendent of Insurance: Health Care Affordability Fund

Unique HCA Customers, September 2024



Map Source: <https://www.hca.nm.gov/>



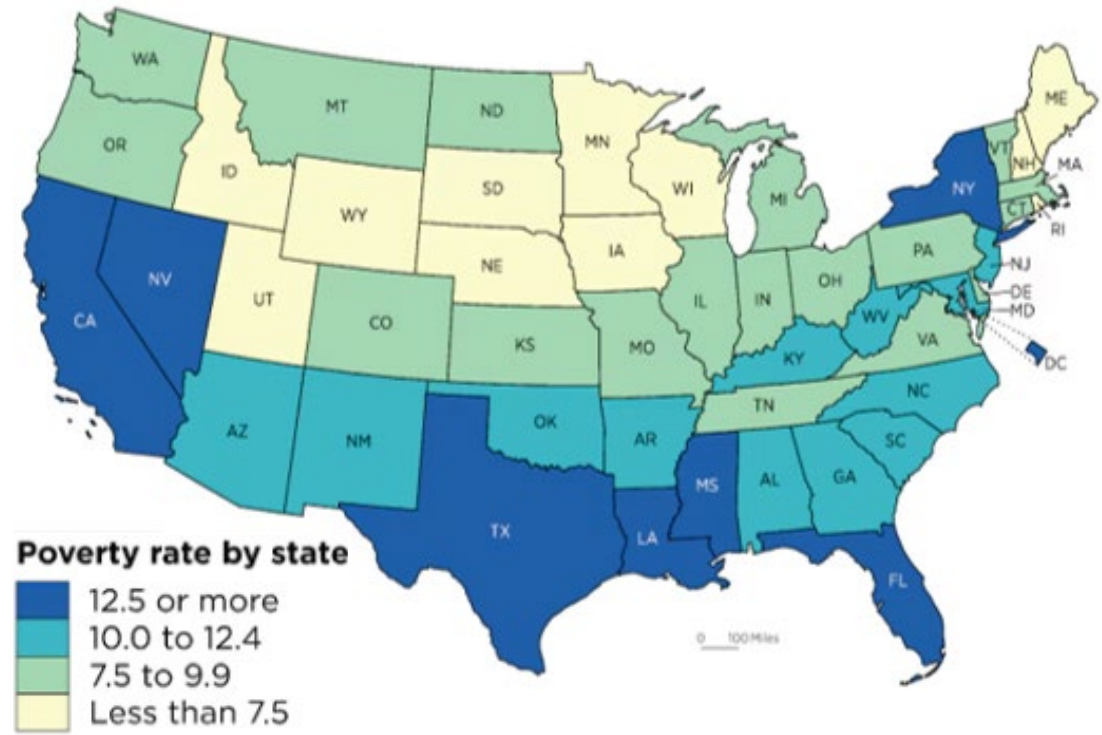
HCA SUCCESSES

- Increased collaboration between Developmental Disabilities Services Division (DDSD) and Medicaid to streamline DD waiver rate increases and improve DD provider engagement.
- Division of Health Improvement (DHI) leveraging additional \$2.7M in federal funds to support its operations.
- Incorporating DHI investigation data with Medicaid data to more accurately tie nursing facility quality payments to performance.
- ALTSD, DHI and Medicaid coordinating to ensure member safety and successful care transitions during nursing facility closure and partnering in complex discharge planning.
- Leveraging Medicaid's expertise to improve State Health Benefits (e.g., conducting actuarial analysis, and projections, strategizing on procurement).
- Child Support program received national award for its multilingual campaign designed to help families establish parentage and orders and find jobs.
- HCA received SPO Board approval for Office of Data and Analytics staff positions, recruitment of 11 FTE in progress.
- HCA Selected for National Behavioral Health Policy Academy to identify and implement policy, payment, delivery, and financing strategies.
- Medicaid leveraging Behavioral Health Services Division's (BHSD) expertise to shape Turquoise Care behavioral health policies and services and hold MCOs accountable.
- Increased collaboration between DDSD and Income Support Division (ISD) resulting in more streamlined customer service, allowing waiver families to have information and supports more quickly.



SAFETY NET REDUCES NM CHILD POVERTY TO 8.9%, RANKING NM 22nd IN NATION AND BETTER THAN NATIONAL AVERAGE OF 10.4%

Supplemental Poverty Rate by State, 2024



SNAP's Positive Impact on State Economy

The Supplemental Nutrition Assistance Program (SNAP) helps families to afford a basic diet.

Participants use their benefits in grocery stores, supermarkets, and food retailers of all kinds to purchase food.

248,000 stores

With about 248,000 retailers participating in SNAP nationwide, the program represents an important public-private partnership.

\$56 billion

Retailers accept SNAP as a form of payment for food purchases, and redeemed a total of about \$55.6 billion in benefits in 2019.

In New Mexico, 1,545 authorized retailers participate in SNAP. They redeemed about \$632.9 million in SNAP benefits in 2019.

For a complete list of retailers in this state see https://www.cbpp.org/snap-retailers-database/#New_Mexico

Many Types of Stores Participate in SNAP

Local small businesses to large national corporations participate in SNAP. Store types range from:

Superstores
(including 4,600 Wal-Mart and 500 Costco stores)

Supermarkets
(including 900 Safeway stores)

Convenience stores
(including 8,000 CVS and 8,300 7-Eleven stores)

Specialty stores
such as farmer's markets, dairies, and butchers also participate in the program

SNAP participants redeem over 80 percent of their benefits at superstores and supermarkets.

SNAP boosts local economies. Because most households redeem their monthly SNAP benefits quickly, SNAP is one of the most effective forms of economic stimulus during a downturn.

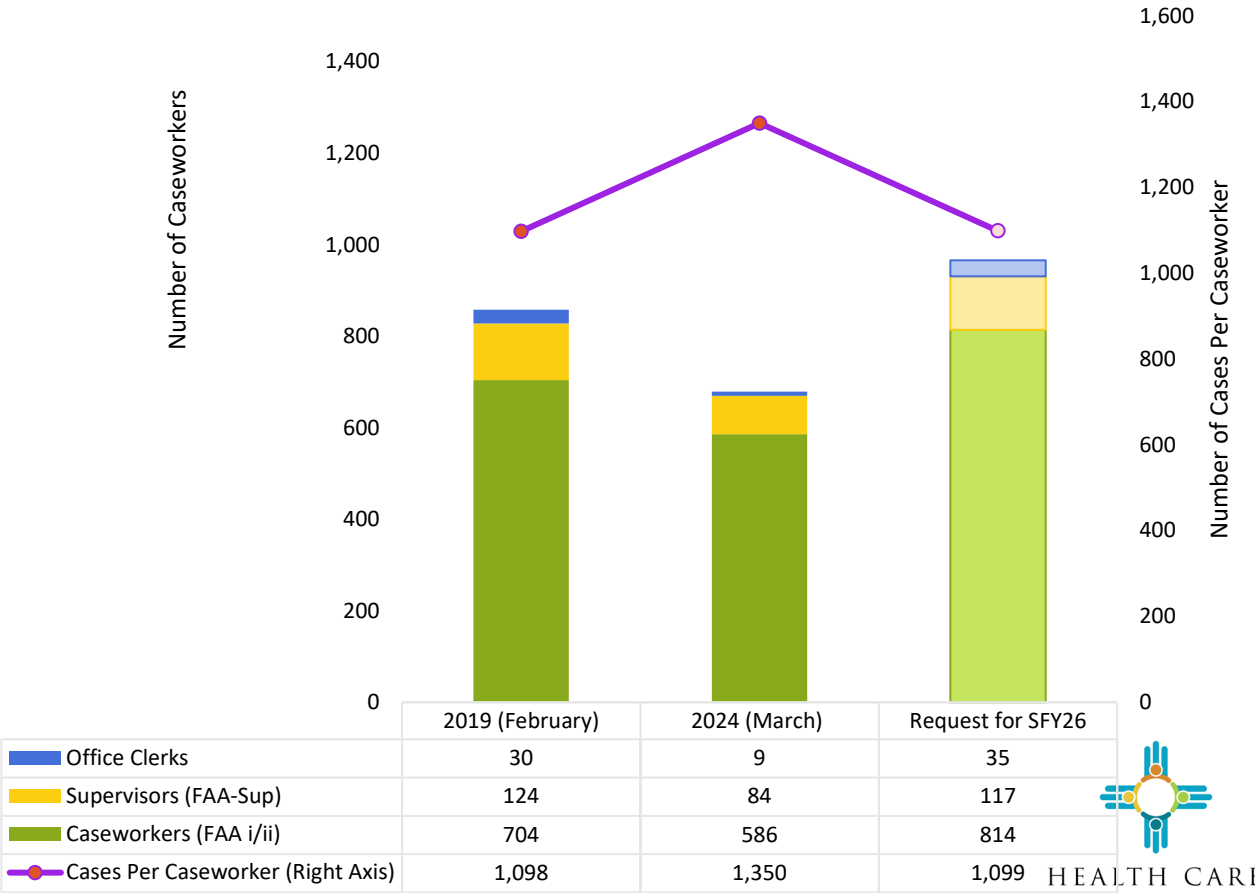
In 2009, the peak year of the recession:
\$50 billion in benefits = \$85 billion in local economic activity

Sources: [https://www.census.gov/library/stories/2024/09/supplemental-poverty-measure-states.html#:~:text=The%20SPM%20broadens%20the%20official,state%20taxes%20and%20necessary%20expenses.](https://www.census.gov/library/stories/2024/09/supplemental-poverty-measure-states.html#:~:text=The%20SPM%20broadens%20the%20official,state%20taxes%20and%20necessary%20expenses.;); <https://www.nmvoices.org/archives/19439>; <https://www.cbpp.org/research/food-assistance/snap-state-by-state-data>

HCA CHALLENGES

- Budget request process allows HCA to incorporate current and historical data to forecast future resources needed to serve customers effectively.
- Projected 13.0% increase in SNAP and Medicaid customers in FY26.
 - As of March 2024, each caseworker responsible for 1,350 cases, a 20% increase since 2019.
 - If HCA unable to meet federal SNAP timeliness and accuracy standards, U.S. Department of Agriculture could withdraw 100% of federal funds supporting ISD Administration (\$82M in FY25).
- Many HCA employees experience salary disparities.
 - 19.5% (369) of HCA employees receive at least one HCA benefit (e.g., SNAP, Medicaid).
 - Many managers with decades of experience earn disproportionality less than newer hires.

Income Support Division Caseworkers and Number of Cases Per Caseworker, February 2019, March 2024 & FY26 (projection)



HCA FY26 BUDGET REQUEST STRENGTHENS ESSENTIAL SERVICES AND COMPLETES KEY INVESTMENTS

- FY25 HCA OpBud \$12.2 B, with 83.6% FF.
 - 13.2% (\$264 M) of HCA’s FY25 OpBud funds otherwise allocated to DOH for DDSD and DHI.
- FY26 budget request (base and expansions) \$15.4 B, 85.7% FF.
- FY26 GF base request \$2.1 B, \$186 M increase from FY25 – 9.3% increase.
 - Base request cost drivers: Medicaid program (\$159 M); developmental disabilities services (\$34 M); income support (\$16 M).
- \$23.3 M in FY26 expansions (\$1.2% increase over FY25 OpBud).
- FY 24 HSD Reversion rate: 1.7%.
- August 2024 funded vacancy rate: 2.6%. (ISD: -14.3%)

HCA	FY25 OPBUD	FY26 REQUEST	Base Inc.	% Base Inc.	Expansion Inc.	TOTAL FY26 REQUEST	TOTAL % Diff. FY25-26
General Fund	\$1,992,879.7	\$2,178,922.4	\$186,042.7	9.3%	\$23,342.3	\$2,202,264.6	10.5%
Federal/Other Funds	\$10,193,413.9	\$13,191,735.2	\$2,875,506.4	28.2%	\$51,197.6	\$13,242,932.9	29.9%
GRAND TOTAL	\$12,186,293.6	\$15,370,657.6	\$3,061,549.1	25.1%	\$74,539.9	\$15,445,197.5	26.7%
200-PS & EB	\$195,784.8	\$232,705.5	\$36,806.9	18.8%	\$16,275.8	\$248,981.3	27.2%
300 - Contracts	\$368,709.3	\$482,716.1	\$113,106.8	30.7%	\$0.0	\$482,716.1	30.9%
400 - Other	\$11,387,669.7	\$14,387,021.6	\$2,877,550.8	25.3%	\$58,264.1	\$14,445,285.7	26.9%
500 - Other Financing Uses	\$234,129.8	\$268,214.3	\$34,084.5	14.6%	\$0.0	\$268,214.3	14.6%
GRAND TOTAL	\$12,186,293.6	\$15,370,657.6	\$3,061,549.1	25.1%	\$74,539.9	\$15,445,197.4	26.7%



FY26 HCA* GF BASE BUDGET REQUEST BY DIVISION

Division	FY26 GF Request	FY26 FF Request	FY26 Total Request	% GF Increase FY25-26	Main FY26 Request Cost Drivers
Income Support Admin (P525)	\$60,180.8	\$113,657.3	\$173,838.1	37.5%	Continue 8% salary retention incentive for caseworkers beyond SNAP settlement; customer contact center; reduce funded vacancy rate by 158 FTE.
Behavioral Health Services Program (P767)	\$49,042.0	\$26,411.6	\$75,453.6	5.4%	Replace nonrecurring opioid settlement revenue with GF.
Information Technology Division (P522)	\$28,504.6	\$56,703.8	\$85,208.4	3.0%	Increased costs related to licenses and contracts.
Child Support Services (P523)	\$13,355.4	\$27,268.2	\$40,623.6	3.1%	Replace nonrecurring federal revenue with GF.
Program Support (excluding IT) (P522)	\$7,967.0	\$19,777.7	\$27,744.6	3.0%	Increased costs related to contracts and office space.
Division of Health Improvement	\$11,714.0	\$10,579.0	\$22,293.0	1.7%	Required improvements to incident and case management, and data reporting systems.
Medical Assistance Division Admin	\$34,118.5	\$141,552.5	\$175,671.0	11.8%	Increase in contract costs. Funding for FTE to support new programs and oversight. Funding for appropriate placement of staff.

*FY26 Medicaid and Developmental Disabilities Services Division budget requests will be discussed in detail at future LFC interim hearings



FY26 MEDICAID PROGRAM GF BASE BUDGET COST DRIVERS

- \$12,597,081.0 total computable budget need with expansions
- \$166,528.0 GF growth in base (without expansions)
- \$182,600.0 GF growth with expansions

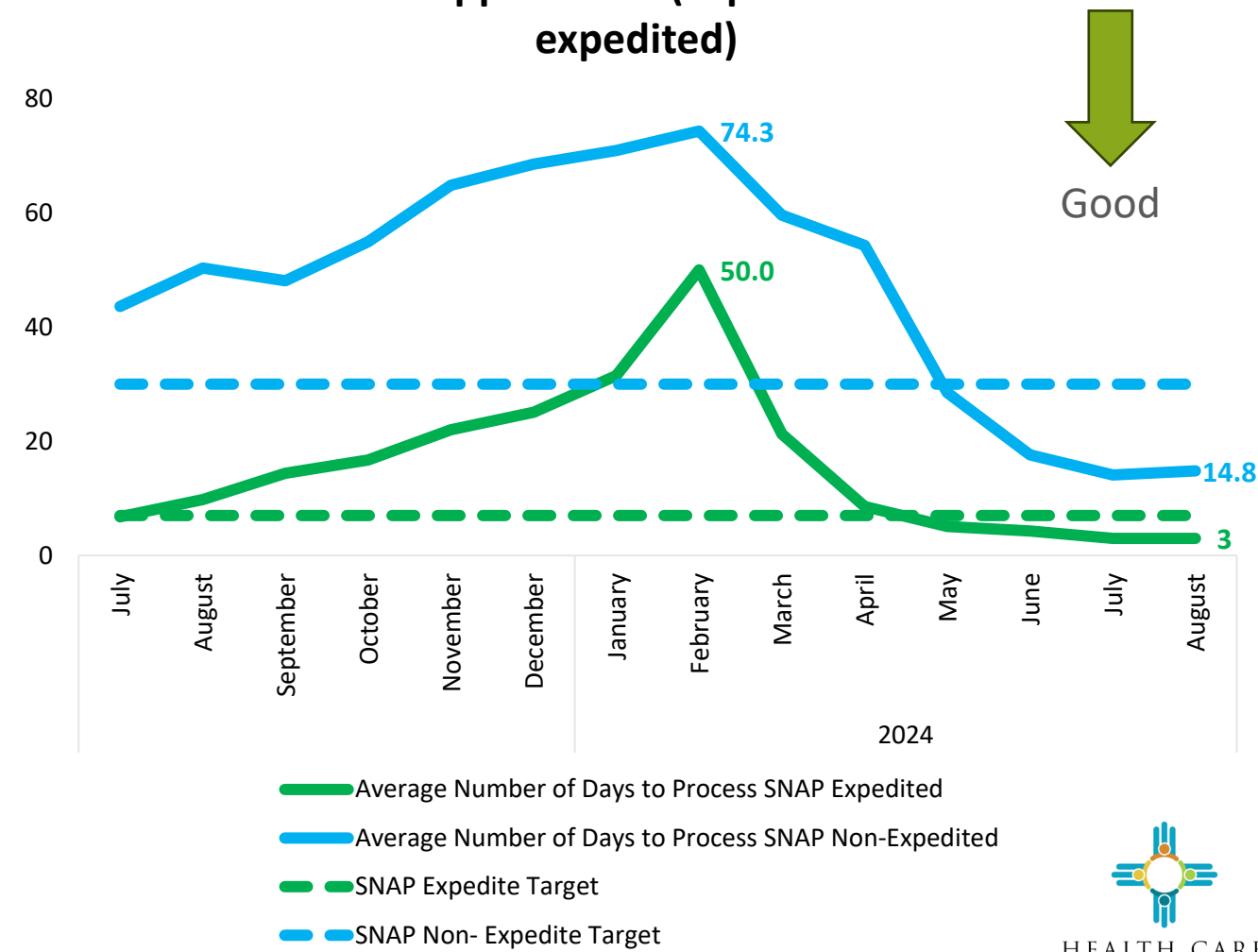
Major Medicaid Base Growth Component Drivers (in GF) Based on June 2024 Budget Projection	GF Request
Rates benchmarked to 150%/100% of Medicare	\$49M
3.1% projected medical cost growth	\$40M
2.0% projected enrollment growth (estimated July 2026 enrollment of 956,000 members)	\$28M
<ul style="list-style-type: none"> • Continuous eligibility for children under age 6, reinstatement of 19,525 children, and re-enrollment of adults <100% FPL, resulting in July 2024 enrollment of 911,514 members • 45% of New Mexicans who were procedurally disenrolled during the Public Health Emergency unwinding have re-enrolled 	
Contract changes (new legislation; optimizing match by shifting contracts from ISD; MMISR project shift from development to maintenance with go-live)	\$20M
Projected Reduction in County-Supported Medicaid Funds	\$11.7M
FMAP changes	\$11M
TOTAL	\$463.7M



MAINTAINING ISD WORKFORCE NEEDED TO MEET FEDERAL TIMELINESS & ACCURACY STANDARDS

- In FY25 request, HCA proposed shifting some costs to contracts, including staff augmentation to assist in the backlog of Medicaid renewals related to Public Health Emergency unwinding.
- In FY24, Income Support Division onboarded 348 FTE.
- To ensure SNAP timeliness standards, ISD used Division reserves to hire additional merit staff needed to process SNAP and Medicaid/SNAP combo cases.
 - August 2024 ISD funded vacancy rate: -14.3%.
- HCA FY26 budget request includes \$7,147.9 GF to keep 158 ISD merit staff.
- Additional funding in ISD FY26 requests continue 8% salary retention incentive for caseworkers beyond Federal SNAP settlement (\$865.0 GF) and supports customer contact center (\$2,714.6 GF).
- Nonrecurring requests support caseworker training to improve accuracy and retention.

Average Number of Days to Process New SNAP Applications (Expedited and Non-expedited)



FY26 HCA* NONRECURRING BUDGET REQUESTS

Division	FY26 GF Request	FY26 FF Request	FY26 Total Request	Description
Income Support Program	\$10,000.0	\$0.0	\$10,000.0	Funding for NM food banks. (Special)
Division of Health Improvement	\$5,000.0	\$0.0	\$5,000.0	Collaborate with interested, unlicensed boarding homes to promote licensure and improved safety standards for residents. (Special)
Behavioral Health Services Program (P767)	\$3,350.0	\$1,943.5.0	\$5,293.5	Additional funding to support implementation of 7 Certified Community Behavioral Health Clinics, launching in January 2025. (Special)
Income Support Admin (P525)	\$1,493.4	\$0.0	\$1,493.4	ASPEN enhancements to improve the delivery of benefits and services (e.g. SNAP Employment Verification systems, Disaster SNAP automation). (Special)
Income Support Admin (P525)	\$1,451.3	\$0.0	\$1,451.3	Training and support for frontline staff and supervisors that will contribute to accuracy, timeliness, job satisfaction and retention. (Special)
Behavioral Health Services Program (P767)	\$303.7	\$303.7	\$607.4	Evaluation tool to improve protective services and behavioral health services programming serving children in state custody. (Supplemental)
Income Support Admin (P525)	\$468.5	\$468.4	\$936.9	Issuance of new EBT cards to families eligible for Summer EBT (families with eligible school-aged children to receive \$120 per child to buy groceries during the summer). (Supplemental)

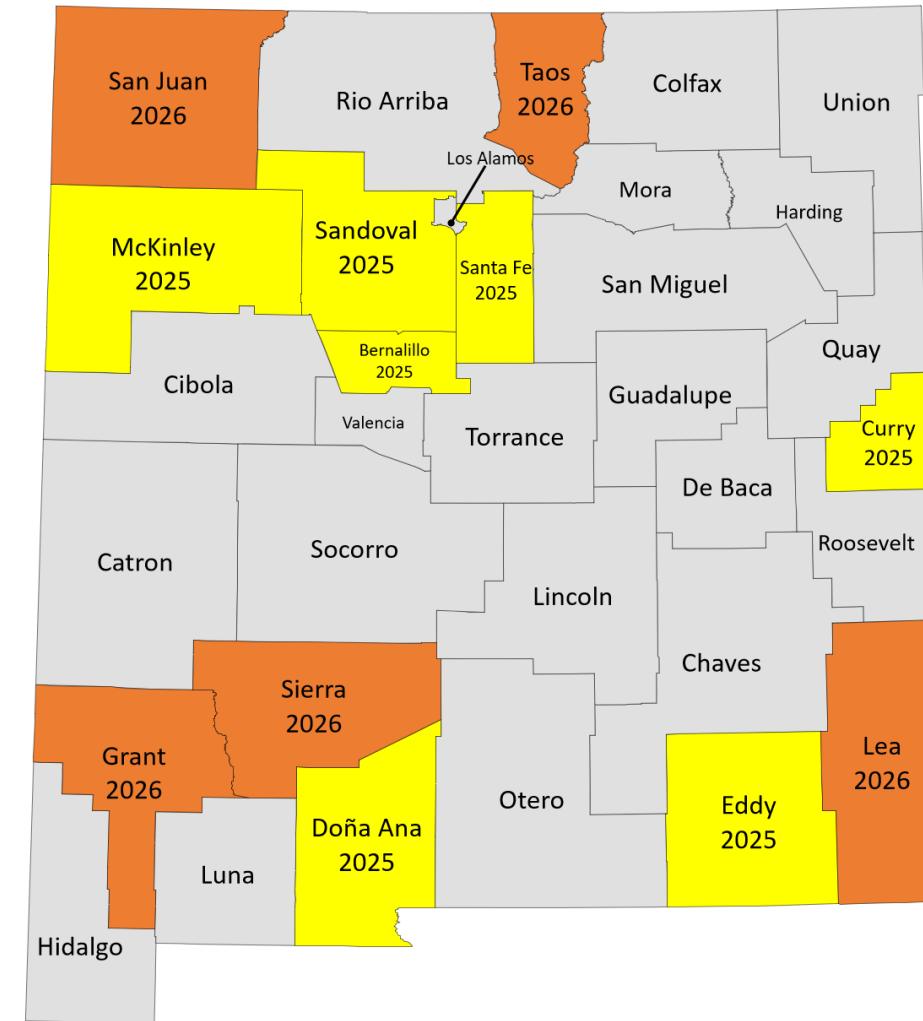
*FY26 Medicaid and Developmental Disabilities Services Division budget requests will be discussed in detail at future LFC interim hearings



CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINICS (CCBHCS)

- CCBHCs provide range of outpatient mental health, substance use disorder, and primary care screening services, serving all ages, regardless of diagnosis, insurance, place of residence, or ability to pay. CCBHCs:
 - Ensure access to integrated services including 24/7 crisis response and medication-assisted treatment.
 - Meet stringent criteria regarding timeliness of access, quality reporting, staffing, and coordination with social services, judicial, and education systems.
- Data from the [National Council for Mental Wellbeing](#) show people who receive care at CCBHCs experience a 72% reduction in hospitalization, a 40.7% reduction in homelessness, and 60.3% less time in jails.
- FY26 request (\$3,350.0 GF) secures additional federal Medicaid match needed to support implementation of 6 CCBHCs, launching in January 2025.

CCBHC County Catchment Areas by Opening FY



SUPPORTING BOARDING HOME LICENSURE

- In 2020, NMDOH enacted emergency rules to regulate boarding homes, which provide affordable shared housing for people who need supportive environments, such as older adults, people with disabilities, and individuals in recovery.
- 2022 DHI analysis estimated 37 unlicensed boarding homes in NM.
- Due to financial barriers, meeting life and safety requirements is difficult for many unlicensed boarding homes.
 - HCA requests FY26 \$5 M GF nonrecurring appropriation to support boarding home licensure, providing funding to interested facilities requiring repairs and upgrades.
- Increasing the number of licensed boarding homes provides safe hospital discharge options and alternative housing options.

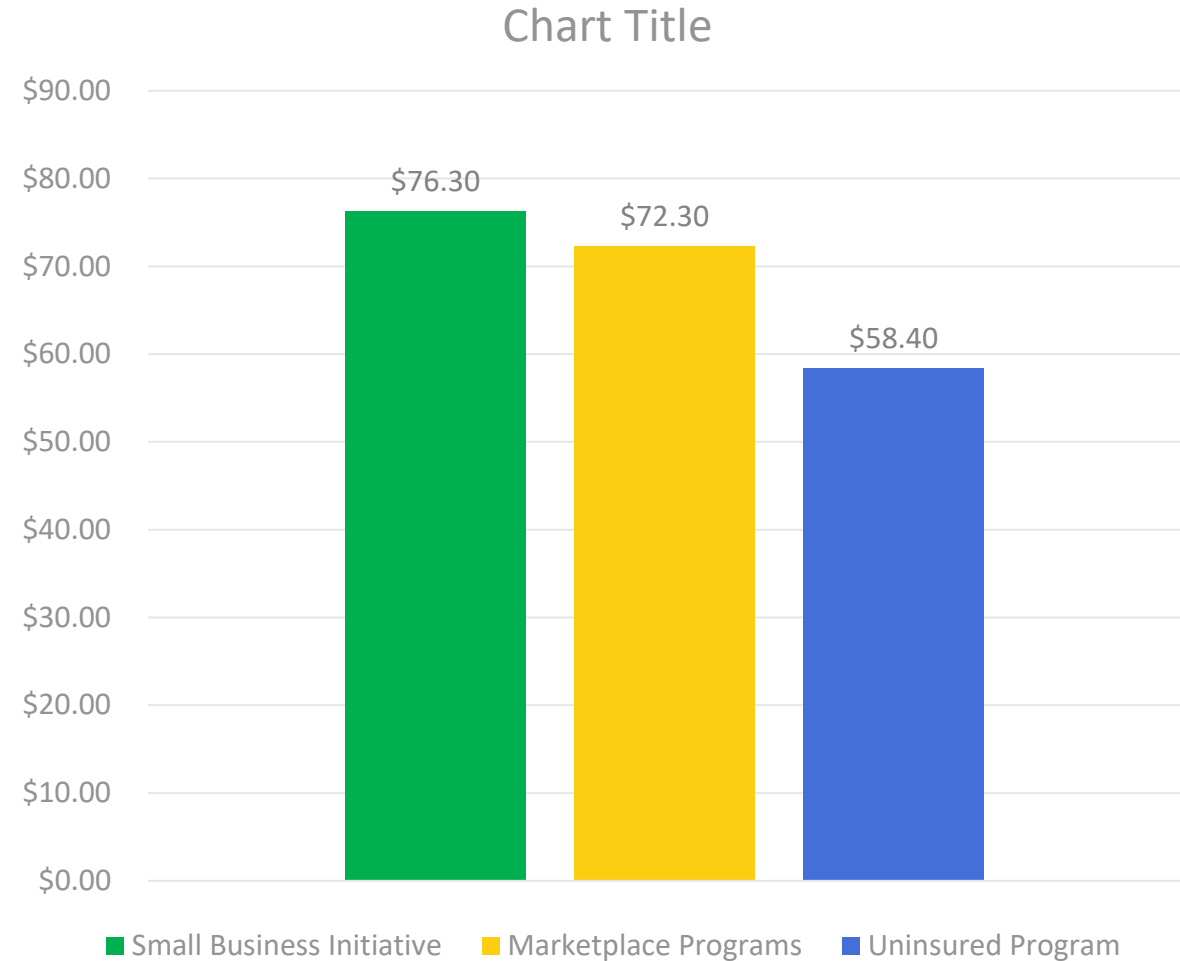


Source: <https://www.houstonchronicle.com/news/houston-texas/housing/article/Its-really-sad-Legislation-takes-aim-at-16159340.php>



FY26 HEALTH CARE AFFORDABILITY FUND (HCAF) INVESTMENTS

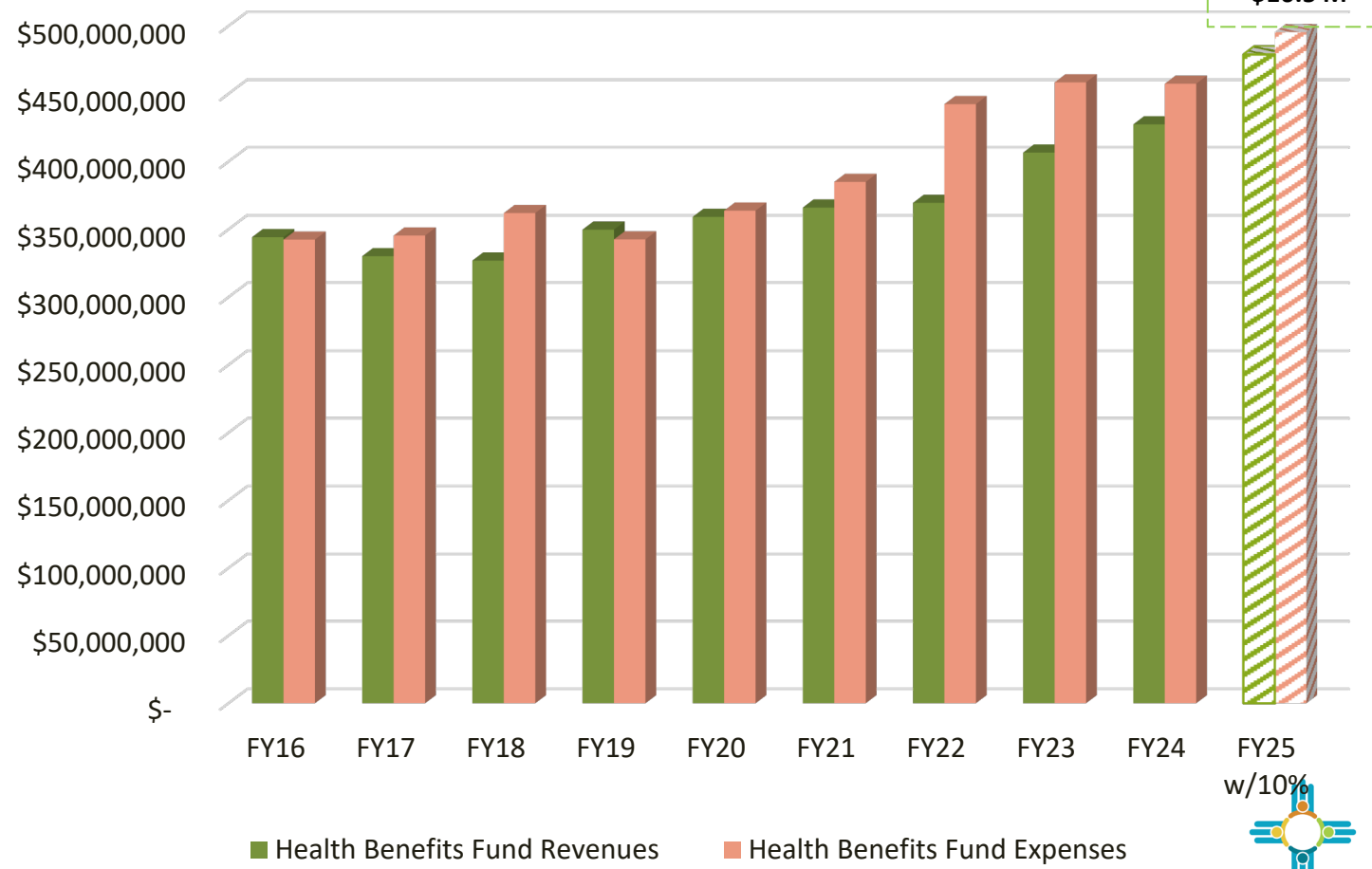
- HCAF FY26 revenues projected reaching \$214,650.0.
- FY26 HCAF request includes expenditure increase of \$121,801.1, for total request of \$206,900.0 to:
 - Support uninsured coverage program;
 - Protect BeWell enrollees from premium increases if Congress does not extend supports in 2025;
 - Improve oral health by making dental coverage more affordable; and,
 - Strengthen small business health coverage affordability, providing more assistance for health plans with lower deductibles.



ACTIONS TO IMPROVE STATE HEALTH BENEFITS

- Leverage other revenue sources to pay for certain administrative costs to protect the fund for employee health care.
- Complete an actuarial analysis to produce recommendations to guide the next procurement, pricing, and contracting strategy.
- Begin claims integrity audit.
- Review current procurement and contracts using expert consultants to recommend favorable contract terms and advise on options for the next procurement.
- Separate carrier billing for state employees and LPBs.
- Standardize carrier contracts; provide HCA clear access to, and use of, data; standardize performance and penalties; guarantee minimum personnel to ensure contractor requirements are carried out.
- Consider potential statutory changes.
- Convene executive team of IBAC decision-makers to develop contracting/purchasing strategy.

State Health Benefits Revenue and Expenses, FY16 - FY25 (early projection with 10% premium increase)





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QUESTIONS & COMMENTS

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