NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

BRIEF: HEALTH AND HUMAN SERVICES

Prepared by the LFC staff

Key Points

- The Health Care Authority began its first fiscal year in July with the expectation that consolidation will lead to improved access, coverage, and oversight.
- Budget drivers include projected decreases in the federal matching rate, medical inflation, rate adjustments, and services for people with developmental disabilities.
- The authority received significant increases over the last few years.
- The request is $2.25 billion, a 12.8 percent increase from the general fund.

Health Care Authority Request $15.5 Billion

The Health Care Authority began its first fiscal year in July, combining the programs that used to comprise the Human Services Department with the Developmental Disabilities Support Program and the Division of Health Improvement from the Department of Health and the State Health Benefits Program from the General Services Department. Adding to this, enacted legislation moved the health care affordability fund from the Office of Superintendent of Insurance to the authority. The authority is requesting to make the fund its own program in FY26. With these and other changes, and the significant amount of funding the authority receives from the federal government, the authority is by far the largest agency in state government with a total budget of about $12.2 billion in FY25. Budget growth is expected in the next few years with projected medical inflation and the enactment of the Health Care Delivery and Access Act, projected to inject an additional $1.1 billion into the state's hospitals through Medicaid.

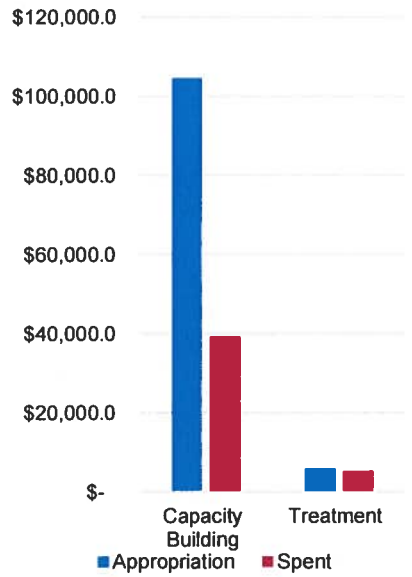
Health Care Authority Access, Coverage, and Oversight

Much of the reason for the creation of the authority was to improve the accessibility, coverage, and oversight of healthcare in the state. To improve access over the last several years, the Legislature prioritized physical and behavioral healthcare by creating the authority, injecting nonrecurring funding into capacity building efforts, and significantly increasing Medicaid rates paid to Medicaid providers for maternal and child health, physical health, behavioral health, developmental disability providers, and several other provider types to either create rate competitiveness or to ensure provider viability with the ultimate goal of increasing provider capacity through better recruitment and retention.

At this point, to improve coverage, the consolidation under the authority brings under one roof nearly half the state's population covered by Medicaid, nearly 60 thousand state employees and local government employees covered by state health benefits, and other low-income individuals with incomes too high to qualify for Medicaid but who are covered through the state's health insurance exchange with the help of healthcare affordability fund subsidies. The authority has signaled its intention to improve its market leverage, possibly by purchasing healthcare for some of these populations under a consolidated effort with the hope of driving down prices. The authority was also tasked by the Legislature with conducting a study to determine the feasibility of expanding Medicaid to cover these and possibly other populations.

Additionally, to improve healthcare oversight and regulation, the authority now oversees nearly all healthcare facilities—hospitals, long-term care facilities, behavioral health facilities, and community-based programs for people with developmental disabilities—through licensing and other oversight activities.

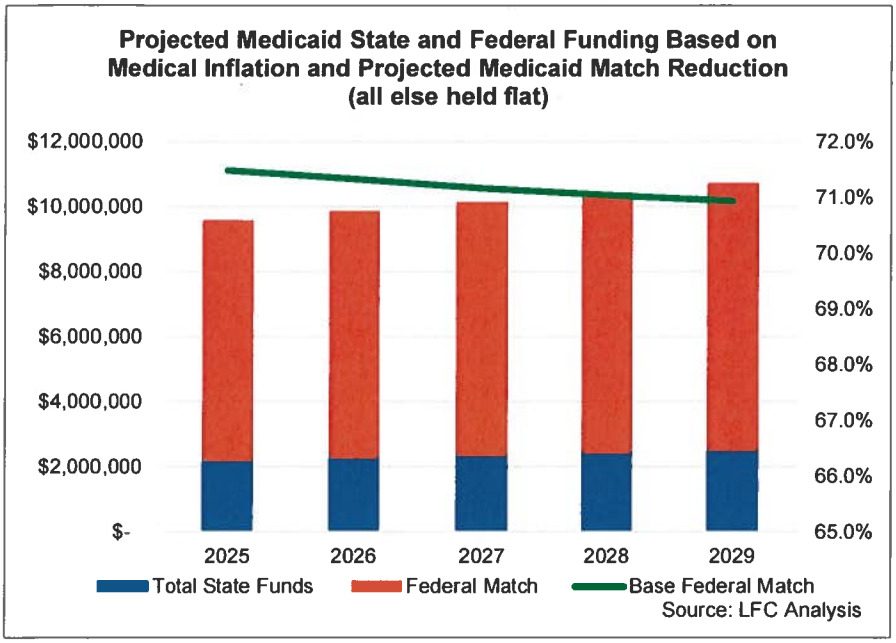
Health Care Authortiy Non Recurring Appropriations FY23 and FY24



Source: SHARE

October 24, 2024

Likewise, the authority is no longer just the payor for services for people with developmental disabilities; it now is also responsible for ensuring the smooth operation of these services and making sure people with developmental disabilities live fulfilling lives and participate in their communities.



Federal Medicaid Spending and Budget Growth

With its over 3.5-to-1 matching rate, the federal government's Medicaid funds exert a significant amount of pressure on the state to grow its overall Medicaid budget, composed of the Developmental Disabilities Support, Medicaid Behavioral Health, and Medical Assistance Divisions. Between FY19, the year prior to the pandemic, and FY25, Medicaid's total budget nearly doubled from $5.6 billion to $10.3 billion, with future growth likely because of a decreasing federal matching rate, continued 3 percent medical cost inflation, and the state's enactment of the Health Care Delivery and Access Act.

Decreasing Federal Match Rates. The base federal medical assistance percentage (FMAP), or the rate at which the federal government matches state Medicaid funds, is expected to decrease over the next few years, which may require the state to make up for the difference to maintain spending at current levels. Each year each state's FMAP is set based on how well the state is performing economically compared to all the other states as measured by per capita income. Through at least 2029, the state's economy is projected to improve when compared to the rest of the nation. This means that over the next five years the state's FMAP is projected to decrease by an average of about 0.14 percent per year, resulting in a general fund cost of roughly $4 million to $5 million annually.

Medical Inflation. Projected at an average of about 2.8 percent per year, medical inflation is also expected to exert pressure on the state to spend more general fund revenue. Medical inflation is caused by advancements in expensive medical technologies, increases in aging populations, rising rates of chronic diseases, escalating pharmaceutical costs, growing administrative expenses, higher wages for healthcare workers, hospital consolidations reducing competition, doctors defensively ordering unnecessary tests to avoid lawsuits, and regulatory and insurance design changes. Medical inflation is projected to add from $73 million to $75 million to the cost of Medicaid each year.

Recent and Upcoming Provider Rate Adjustments (Millions)*

Provider Type	FY24	FY25	FY26
**Maternal and Child Health and Primary Care	$222.5	$148.5	
***Hospital Rates	$105.9	$39.2	$1,361.4
Maternal Health Services	$29.6		
Phase III Providers		$42.6	
Prior Year Rate Maintenance		$116.6	
Rural Primary Care Clinics and FQHCs		$9.0	
Medicaid Home Visiting		$6.7	
Birthing Doulas and Lactation Councelors^		$26.0	
Total	$358.0	$388.6	$1,361.4

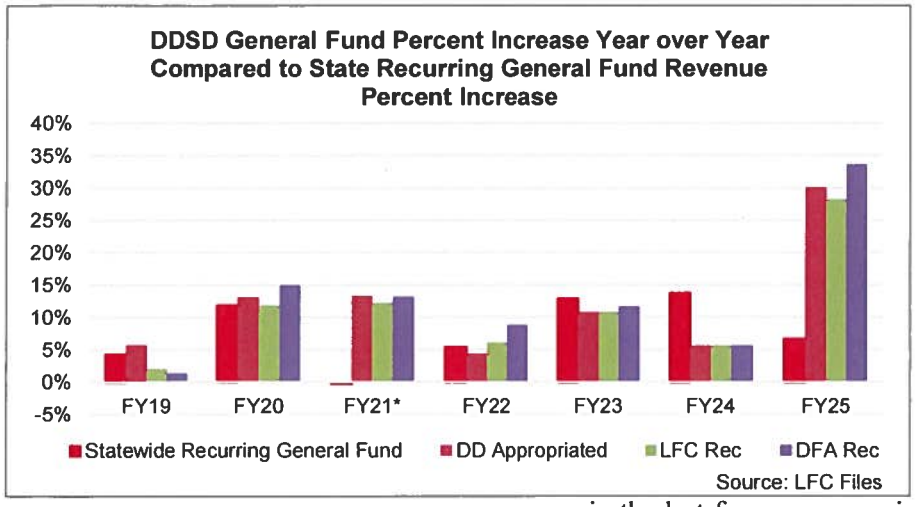
* Includes both state funds and federal match funds

** includes $5 million EC trust for maternal and child health

*** FY26 based on FIR for Health Care Delivery and Access Act

^$5.8 million from EC trust added this year

Hospital Rates. Although not expected to drive general fund spending growth directly, the state Health Care Delivery and Access Act is expected to drive up Medicaid spending in total. The act will inject an estimated $1.1 billion into the state's hospitals annually, likely starting in late FY25 or FY26. The act imposes an estimated $304 million in assessments on most hospitals, with the funds being used as the state match for federal Medicaid revenue and returned to the hospitals in the form of increased payments. The bill also devotes 40 percent of the funding generated by the assessment and matched Medicaid revenue for a newly established quality incentive program. Funding not used for quality incentives or administrative costs would be used for uniform payment rate increases. According to the hospital association, the first quarterly assessments are on track to be collected on March 10, 2025, and the first payments would be made on March 31, 2025. The directed payments will bring Medicaid reimbursement rates to hospitals up to the average commercial rate, the highest reimbursement allowed by Medicaid.



Services for People with Developmental Disabilities. Between FY22 and FY24, the state eliminated the waiting list for Medicaid waiver services for people with developmental disabilities and allocated about 2,500 people to the waiver program. When individuals are brought into the program, it typically takes a year or more for them to start spending the total amount available to them as they and their caregivers learn more about the services offered. Because of this, the authority is projecting there will be higher utilization among the population of 2,500 brought into the program in the last few years, causing higher costs. However, this may not be totally correct because the Legislature appropriated funding for the new enrollees at the average annual rate for all enrollees, knowing enrollees would need sustainable funding once budgets were fully utilized.

Prior Years' Budget

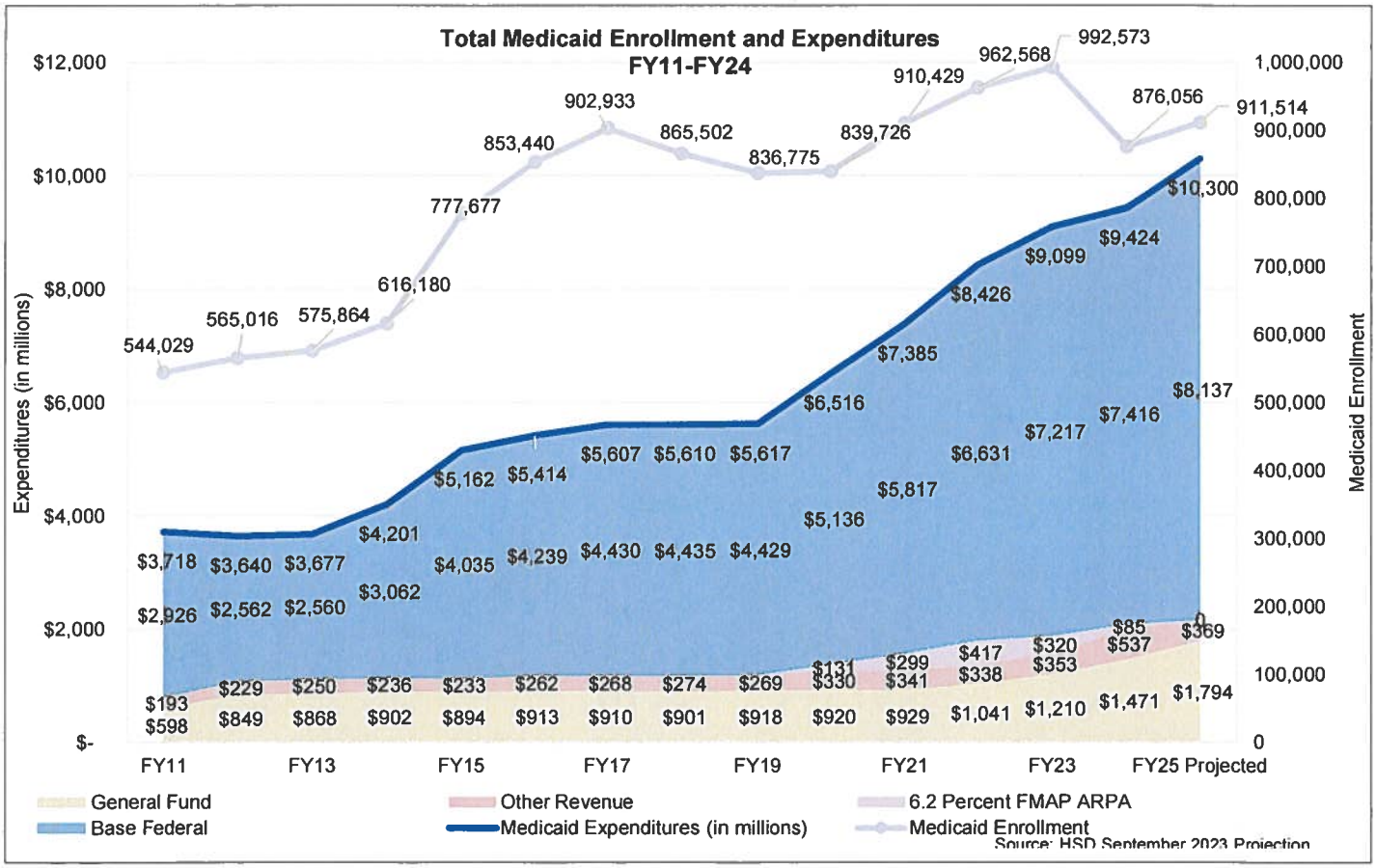
The $12.1 billion in total funds for the recurring FY25 budget includes $1.9 billion from the general fund and represents a 12.2 percent general fund increase, not accounting for increases from newly added programs. Aside from physical health, the authority's FY25 budget includes increases for behavioral health in both recurring and nonrecurring funding, increases in the social safety net, and expansions in the authority's administrative role.

Medicaid. In FY25, the three programs directly related to Medicaid received nearly $1.8 billion in recurring general fund revenue, an 11.6 percent increase. The need to sustain financial viability, improve access, and replace reductions in federal funds were the primary drivers of the FY25 Medicaid budget. Rate adjustments totaled $106.7 million in general fund revenue and, when matched with Medicaid, will total about $474.8 million. From general fund revenue, the largest rate adjustments included $28.1 million for maternal and child health and physical health, $26 million to maintain rate competitiveness for the rates adjusted

in FY24, $20.4 million for developmental disability providers, $11.3 million for the state's 20 smallest hospitals, and $7.1 million for behavioral health providers.

The authority is planning to increase rates for FY25 to an amount greater than they will be able to sustain in FY26 absent a legislative appropriation. The 2024 General Appropriation Act language for rate increases for maternal and child health and physical health permitted the department to increase rates "up to" 150 percent of Medicare rates. The Legislature included the permissive "up to" language knowing the amount appropriated was likely insufficient to get from the 120 percent enacted for FY24 to the 150 percent requested for FY25. Knowing the appropriation is not sufficient for a full year ,the department will increase rates to 150 percent starting on January 1, 2025, and will ask the Legislature for an additional appropriation to make the rate adjustment sustainable throughout FY26. If an additional appropriation is not forthcoming, the rates would have to be adjusted downward.

Nonrecurring Medicaid Funding. To improve financial viability and access, the Medicaid programs received $140 million in nonrecurring funding. These amounts included a total of $44 million for a nonfederal hospital in McKinley County, a primary care building in Taos County, the Epi Duran Regional Recovery Center in San Miguel County, and a hospital in Quay County. Another $50 million was set aside for subsidies to certain eligible healthcare facilities experiencing financial hardship, based on Chapter 44 (Senate Bill 161). An additional $46 million was included, adding to the $80 million appropriated in FY24, for grants to hospitals and other providers to defray the costs of starting up



or expanding new primary care, maternal and child health, and behavioral health services.

Income Support. The Income Support Program received a 26.4 percent increase in general fund revenue in FY25. The increase included $14.1 million to increase the Supplemental Nutrition Assistance Program's (SNAP) income threshold to 200 percent of the federal poverty level ($62,400 a year for a family of four) and to increase benefits for clients with higher incomes than SNAP supports and who are elderly or disabled from $32 monthly to $150 monthly. However, recent performance reporting from the authority indicates the agency may be struggling to serve its existing SNAP clients. Since June 2022, SNAP has not met the federal target of 95 percent of its applications processed within 45 days, indicating the program is having trouble serving all its existing clients in a timely manner. As of August 2023, only 39 percent of applications were processed within 30 days.

Health Care Authority FY26 Request

The Health Care Authority's FY26 request for $2.25 billion in general fund revenue is a 12.8 percent increase over the FY25 operating budget. Nearly all the increase is contained within the programs covering Medicaid, which includes continuing provider rate adjustments enacted in FY25 for the full fiscal year, healthcare inflation, enrollment growth, accommodation of federal Medicaid matching reductions, and new payment rate adjustments for the program for all inclusive care for the elderly and assisted living facilities. The authority also requested administrative funding for the ongoing costs of the Medicaid management information system replacement project, assuming it will go into operation in FY26, and additional amounts to reduce vacancies and implement appropriate placement salary adjustments authority wide.

Medicaid Request. The $2 billion general fund request for the Medical Assistance, Developmental Disabilities, and Medicaid Behavioral Health programs is a $229.4 million, or a 12.8 percent increase from the general fund. As stated previously, the authority is planning to increase rates to maternal and child health and physical health providers in January of FY25 to 150 percent of the Medicare benchmark for these rates. In FY25, the department only has sufficient funding for the increase for half the year, and to maintain the rates going forward for a full year, the department's request included an additional $49 million.

The authority also requested $40 million for healthcare inflation and an additional $17 million because of the projected continued decrease in the federal Medicaid matching rate. The authority also assumed enrollment in Medicaid will continue to increase by about 2 percent on top of adding 20 thousand enrollees between birth and age 19, who were permitted to maintain Medicaid enrollment following the end of the public health emergency. The request assumes the increase in enrollment will cost about $23.1 million in general fund revenue. However, the most recent enrollment reports do not support the department's assumption of continued enrollment growth. Enrollment has been trending downward for the previous year and there is no indication enrollment will increase.

For Medicaid Behavioral Health, the authority requested $5.8 million in general fund revenue to continue a third year of rate adjustments following the two

previous years of rate adjustments at a cost of about $7 million in general fund revenue each year.

Because of the elimination of the waiting list, and the enrollee delayed ramp up of service utilization, the authority requested $30 million in general fund revenue to fund an assumed increase in utilization within the Developmental Disabilities Support Division. Additionally, at an average enrollee cost of about 92 thousand, the request assumed nearly 200 would be enrolled into the Medicaid waiver programs for people with developmental disabilities, costing about $4 million in general fund revenue. The authority also requested $5.4 million to replace administrative funding it said it lost from the federal government and an additional $1.7 million to reduce vacancies.

Other Programs. The authority's request for general fund revenue for the other seven non-Medicaid programs totals about $26.3 million. The largest item, within the Income Support program, would increase salaries for income support workers by about $16.4 million, with an average salary adjustment for these workers of about 8 percent. The authority, in its budget request cover letter, stated 76 percent of its employees are below the mid-point in their salary bands and about 20 percent receive some sort of authority benefit, such as Supplemental Nutrition Assistance Program benefits. However, a recent salary study commissioned by LFC found, even though many of these positions are below their mid-point salary band, many of them are above or at the market rate. The authority would benefit from using this data to inform a more targeted adjustment of salaries.

The remainder of the request was to implement further salary adjustments authority-wide and to either upgrade existing IT systems within the department or to pay for the ongoing costs of operating new IT systems. Some of these costs are for support staff for these systems or for contractors to provide support. However, because the largest of the systems, the Medicaid Management Information System Replacement project, is several years behind schedule, the department may not need these staff by FY26.

Nonrecurring Funding Request

Health Care Authority Nonrecurring Funding Request

	General Fund
Certified Community Behavioral Health Clinics	$3,350
Food Assistance to Food Banks	$10,000
IT Updates for Income Support	$1,493
Income Support Staff Training	$1,451
Kevin S. Lawsuit Quality Review	$607
Developmental Disabilities Programmatic	$18,000
Developmental Disabilities Rate Adj.	$46,000
Boarding Homes	$5,000
Medicaid Initiatives for Criminal Justice and Other Needs	$32,000
Summer Electronic Benefits Transfer	$937
Shortfall	$54,300
Total	**$173,139**

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

Health Care Authority
General Fund Highlevel
(in thousands)

10/21/2024

		HCA Request	
1	**MEDICAL ASSISTANCE (MAD)**		1
2	**Prior Year OpBud**	**1,370,129.4**	2
3	Continue Half Year Rate Adjustments from FY25	49,400.0	3
4	Healthcare Inflation and Rebassing	39,900.0	4
5	Enrollment Growth	23,100.0	5
6	Fill Vacancies	2,000.0	6
7	FMAP Reduction	17,400.0	7
8	County-Supported Medicaid Reduction	11,700.0	8
9	Safety Net Care Pool		9
10	Tobacco Settlement Revenue	985.3	10
11	Program for All Inclusive Care Rates	5,299.3	11
12	Assisted Living Facilities Rates	4,999.6	12
13	MMISR Maintenance and Other Contractual Growth	19,300.0	13
14	Miscellaneous	(6,441.6)	14
16	**Subtotal Current Year Base**	**1,537,772.0**	16
17	**% Change from OpBud**	**12.2%**	17
18	**DEVELOPMENTAL DISABILITIES SUPPORT (DDSD) (Program from DOH)**		18
19	**Prior Year OpBud**	**252,678.6**	19
20	Increased Utilization	30,000.0	20
21	Enrollment Growth	4,000.0	21
22	Administrative Funding	5,400.0	22
23	Reduce Vacancies	1,700.0	23
24	Miscellaneous	860.4	24
25	**Subtotal Current Year Base**	**294,639.0**	25
26	**% Change from OpBud**	**16.6%**	26
27	**MEDICAID BEHAVIORAL HEALTH**		27
28	**Prior Year OpBud**	**171,892.6**	28
29	Behavioral Health Provider Rate Adjustments	5,799.5	29
30	Opioid Revenue	5,625.0	30
31	Miscellaneous	8,355.1	31
32	**Subtotal Current Year Base**	**191,672.2**	32
33	**% Change from OpBud**	**11.5%**	33
35	***Medicaid, Medicaid Behavioral Health, and DDSD Only***		35
36	**Prior Year OpBud**	**1,794,700.6**	36
37	**Medicaid, Medicaid Behavioral Health, and DDSD Change**	**229,382.6**	37
38	**Medicaid, Medicaid Behavioral Health, and DDSD Current Year**	**2,024,083.2**	38
39	***% Change from OpBud***	**12.8%**	39
41	**BEHAVIORAL HEALTH SERVICES**		41
42	**Prior Year OpBud**	**60,019.2**	42
43	Replace Opioid Settlement Revenue	2,520.0	43
44	Miscellaneous	492.7	44
45	**Subtotal Current Year Base**	**63,031.9**	45
46	**% Change from OpBud**	**5.0%**	46
47	**INCOME SUPPORT**		47
48	**Prior Year OpBud**	**78,080.2**	48
49	Eight Percent Salary Adjustment	16,408.8	49
50	Reduce Vacancies	2,355.5	
51	**Subtotal Current Year Base**	**96,844.5**	51
52	**% Change from OpBud**	**24.0%**	52
53	**PROGRAM SUPPORT**		53
54	**Prior Year OpBud**	**35,409.4**	54
55	Software Licenses and Support	830.2	55
56	Contracts and Office Space	232.1	56
57	Miscellaneous	982.1	57
58	**Subtotal Current Year Base**	**37,453.8**	58
59	**% Change from OpBud**	**5.8%**	59

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

Health Care Authority
General Fund Highlevel
(in thousands)

10/21/2024

60	**CHILD SUPPORT ENFORCEMENT**		60
61	**Prior Year OpBud**	**13,156.4**	61
62	Replace Federal Revenue with General Fund Revenue	400.0	62
63	Salary Adjustments	797.1	63
64	**Subtotal Current Year Base**	**14,353.5**	64
65	**% Change from OpBud**	**9.1%**	65
66	**DIVISION OF HEALTH IMPROVEMENT (Program from DOH)**		66
67	**Prior Year OpBud**	**11,513.9**	67
68	Incident and Case Management System Improvements	200.0	68
69	Salary Adjustments	1,208.7	69
70	**Subtotal Current Year Base**	**12,922.6**	70
71	**% Change from OpBud**	**12.2%**	71
72	**Health Care Affordability Fund**		72
73	**Prior Year OpBud**	-	73
74	6 FTE From OSF		74
82	**Subtotal Current Year Base**	-	82
83	**% Change from OpBud**		83
84	**STATE HEALTH BENEFITS (Program GSD)**		84
85	**Prior Year OpBud**	-	85
86	Eight Percent Increase in Employee Premiums		86
94	**Subtotal Current Year Base**	-	94
95	**% Change from OpBud**		95
96	**Total**		96
97	**Prior Year OpBud** (With DOH and GSD Programs Included)	**1,992,879.7**	97
98	**Base Increase** (Decrease) With New Programs Included	**255,809.8**	98
99	**Department Total**	**2,248,689.5**	99
100	**% Change from OpBud**	**12.8%**	100

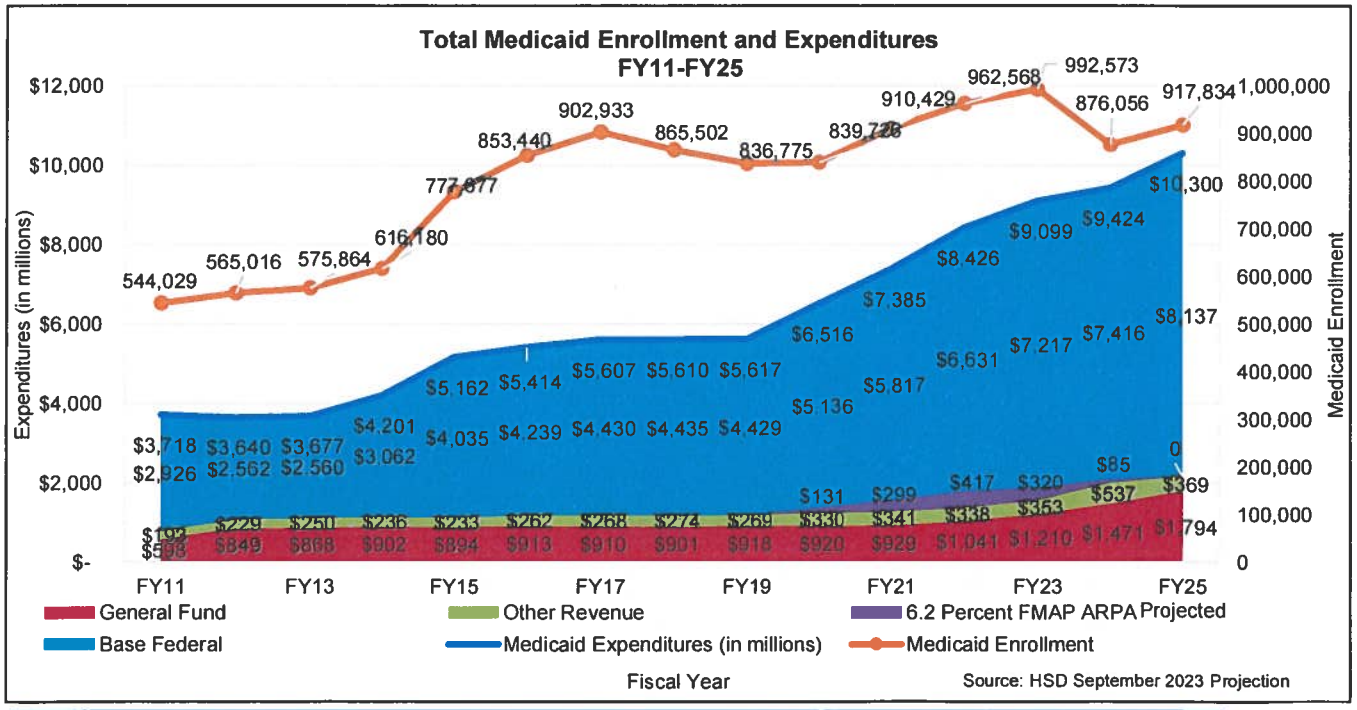
The Legislature invested significantly in Medicaid over the last decade, including hundreds of millions in the past five years for provider rate adjustments, with the most significant increases scheduled for FY25 including more than $1 billion for hospitals. However, many rates from FY24's legislative session will not be effective until January 2025 even though these rates were funded for the full year. With close to half of the state's population enrolled in the Health Care Authority's (HCA) Medicaid Program, ensuring rate adjustments reach the intended providers and improves access is a major lever the state must improve outcomes. However, given the investment, performance is marginally improving currently, and the state should maintain an expectation of more improvement over the next two years.

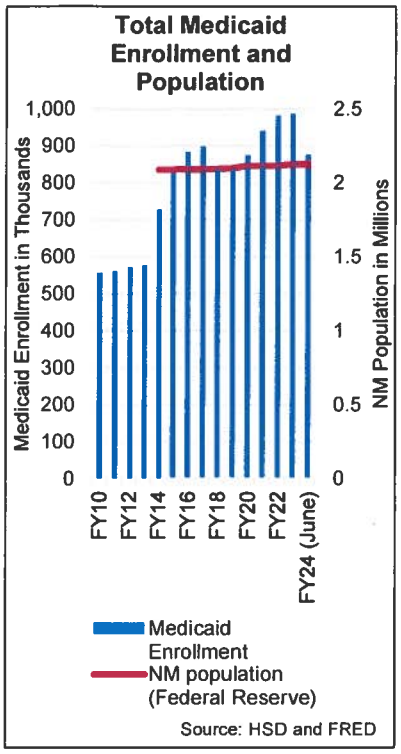
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

With these investments, the Legislature is expecting to see improvements in access to care through the expansion of MCO networks and improved provider recruitment and retention. The health challenges experienced by the state's Medicaid population will likely not improve if Medicaid enrollees continue having trouble making appointments.

Projecting Future Needs. The Health Care Authority's June 2024 monthly statistical report indicates there were 876,056 individuals that received Medicaid, 14.5 thousand fewer individuals than the department's July 2024 projection indicated. Available data continues to indicate enrollment is trending downwards given the end of the public health emergency and economic improvement, including increases in labor force participation. The FY25 budget was largely based on a higher January 2024 estimate of 938.2 thousand enrollees. In the future, to ensure funds are allocated appropriately, the department will need to work with LFC to develop more consensus around its budget projections.





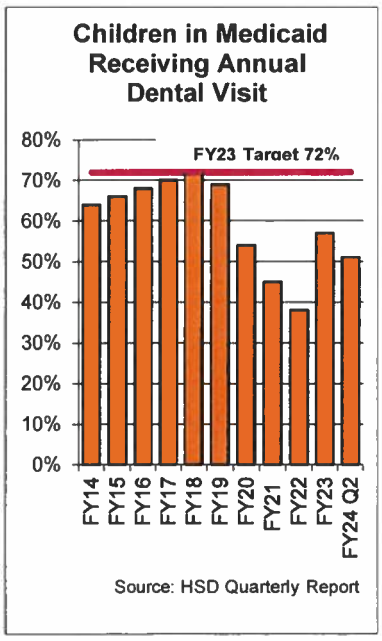
Medical Assistance

The state's Medicaid program improved on some of its performance for the fourth quarter including infant well-child visits and the care of people with diabetes. The department reports on several measures in a calendar year, cumulatively. So FY24 quarter 4 is the annual result for the measures marked with two asterisks. For well-child visits, each MCO discussed a strategy to improve these measures such as social media campaigns, text messages encouraging parents to schedule the visits, and meeting with providers on a regular basis. In previous quarters HCA directed MCOs to incentivize providers that offer after-hour and weekend appointments for Medicaid members to receive child wellness visits, including immunizations.

Budget: $8,163,501.1 **FTE:** 221

	FY22 Actual	FY23 Actual	FY24 Target	FY24 Actual	Rating
Infants in Medicaid managed care who had six or more well-child visits with a primary care physician during their first 15 months**	45%	63%	N/A	66%	G
Children and adolescents ages 3 to 21 enrolled in Medicaid managed care who had one or more well-care visits during the measurement year**	17%	44%	60%	45%	R
Children ages 2 to 20 enrolled in Medicaid managed care who had at least one dental visit during the measurement year**	38%	57%	68%	51%	R
Hospital readmissions for children ages 2 to 17 within 30 days of discharge	7%	7%	<5%	8%	Y
Hospital readmissions for adults 18 and over within 30 days of discharge**	11%	9%	<8%	9%	Y
Emergency department use categorized as nonemergent care	53%	57%	50%	57%	R
Newborns with Medicaid whose mothers received a prenatal care visit in the first trimester or within 42 days of enrollment in the managed care organization**	60%	80%	80%	78%	Y
Medicaid managed care members ages 18 through 75 with diabetes, types 1 and 2, whose HbA1c was >9 percent during the measurement year**	77%	52%	65%	52%	G
Program Rating	R	R			Y

**Measure is from the national health effectiveness data and information set (HEDIS) and is reported on a calendar year, cumulatively, and two quarters behind the state fiscal year. FY24's column is reporting CY23's final data.



Income Support

The Income Support Division (ISD) fell short of all performance targets. Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) caseloads continued to be a drag on the authority's performance. For FY25, the program received $14.1 million to expand the SNAP program. The expansion may further strain workloads leading to diminished performance. However, the authority reports that they implemented processes to improve performance. The federal government requires enrolling 95 percent of expedited cases within seven days. For the fourth quarter, ISD enrolled 84 percent of expedited SNAP cases within seven days, an improvement from 42 percent in the prior quarter. ISD has hired contract staff to work on Medicaid recertifications and applications to allow ISD staff to work on SNAP applications and

recertifications to improve expedited timeliness. Using this method, ISD is slated to increase the overall timeliness in all areas.

Budget: $1,327,713.6 **FTE:** 1,133

	FY22 Actual	FY23 Actual	FY24 Target	FY24 Actual	Rating
Regular Supplemental Nutrition Assistance Program cases meeting the federally required measure of timeliness of 30 days	96%	38%	98%	74%	R
Expedited Supplemental Nutrition Assistance Program cases meeting federally required measure of timeliness of seven days	92%	64%	98%	84%	R
Temporary Assistance for Needy Families recipients ineligible for cash assistance due to work-related income	2%	7%	37%	1%	R
Two-parent recipients of Temporary Assistance for Needy Families meeting federally required work requirements	3%	12%	60%	12%	R
All families receiving Temporary Assistance for Needy Families meeting federally required work requirements	3%	10%	37%	7%	R
Program Rating	R	R			R

Child Support Enforcement

The Child Support Enforcement Division (CSED) is modernizing the program to set accurate child support obligations based on the noncustodial parent's ability to pay, alongside increasing consistent and on-time payments to families, moving nonpaying cases to paying status, improving child support collections, and incorporating technological advances that support good customer service and cost-effective management practices. CSED expected performance to improve with these efforts and the program nearly met the target for child support owed that is collected and the percentage of cases with support orders in the fourth quarter. CSED reported child support collections totaled $119 million, resulting in collections falling short of the FY24 target of $145 million and sliding from prior year's collections.

F

	FY22 Actual	FY23 Actual	FY24 Target	FY24 Actual	Rating
Noncustodial parents paying support per total cases with support orders	52%	51%	58%	51%	R
Total child support enforcement collections, in millions	$130.3	$121	$145	$119	R
Child support owed that is collected	58%	58%	60%	59%	G
Cases with support orders	83%	84%	85%	83%	Y
Total dollars collected per dollars expended	$2.69	$2.43	$4.00	$2.46	R
Average child support collected per child*	$127.9	$124.5	N/A	$129	
Program Rating	R	R			Y

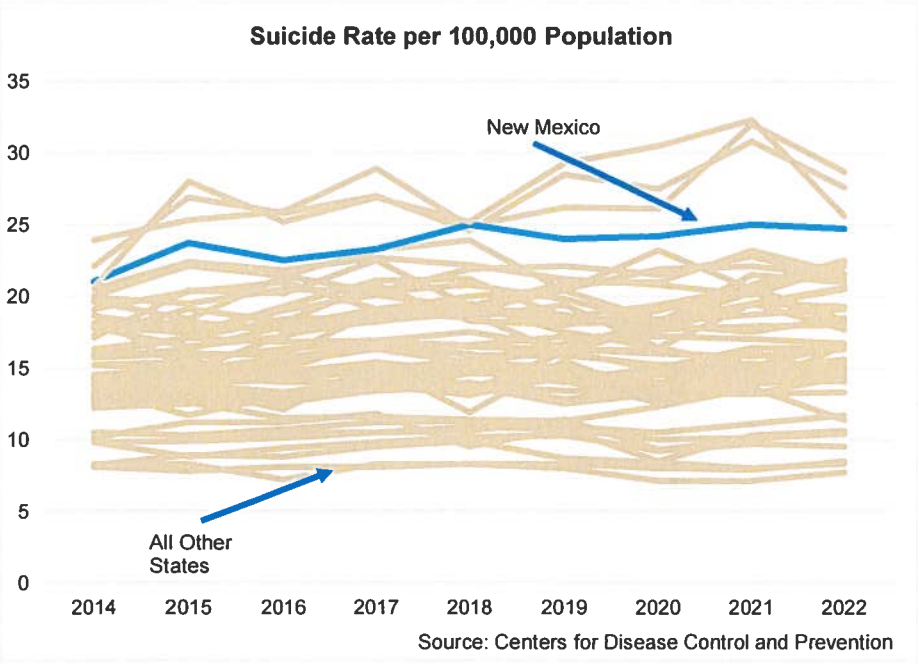
*Measure is classified as explanatory and does not have a target.

The August 2023 LFC progress report *Addressing Substance Use Disorders* stated that efforts to expand treatment have not kept pace with the increased magnitude of substance use needs. Overdose deaths nearly tripled between 2013 and 2021, with most of the increase occurring in the last few years. Collaborative agencies are budgeted to spend $1.1 billion in FY25 with $987 million of that in the Health Care Authority. Additionally, collaborative agencies received about $407 million in nonrecurring funding during the 2023 through 2025 sessions. Despite these investments, New Mexico has not yet been able to reverse trends in substance-related deaths or suicides.

When the Behavioral Health Collaborative (BHC) was established in 2004, the goal was to coordinate services for a system of behavioral health care. However, the collaborative has not met in nearly a year and there is no executive appointed to operate the collaborative. The collaborative's executive is responsible for ensuring coordination of services across agencies and to develop strategic and master plans. This is not currently happening.

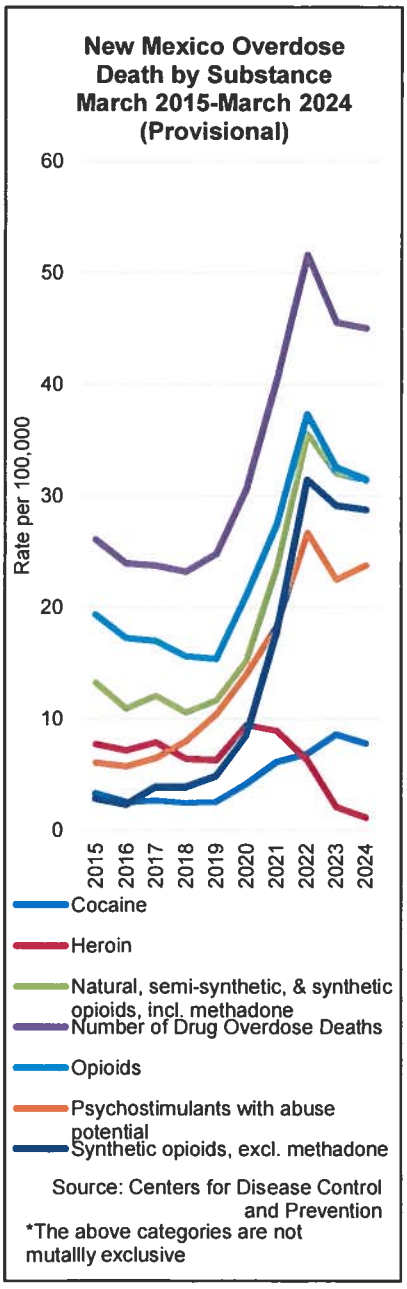
Existing Problem

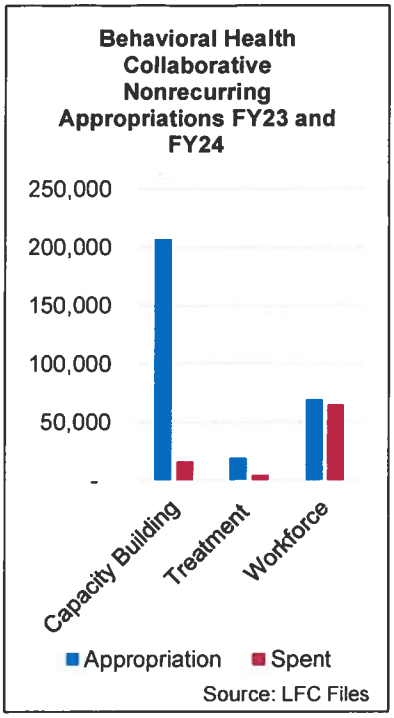
In 2023, according to Kaiser Family Foundation data, about 36 percent of adults in New Mexico reported anxiety or a depressive disorder. Concurrently, as of 2022, New Mexico had the fourth highest suicide rate in the nation, a rate of 24.7 per 100 thousand people. Kaiser also reported that in 2022, 31 percent of New Mexicans with anxiety or a depressive disorder had an unmet need for counseling or therapy while the federal government reported the percentage of need met for mental health professionals was 18.2 percent compared with the percentage met in the United States of 28 percent.

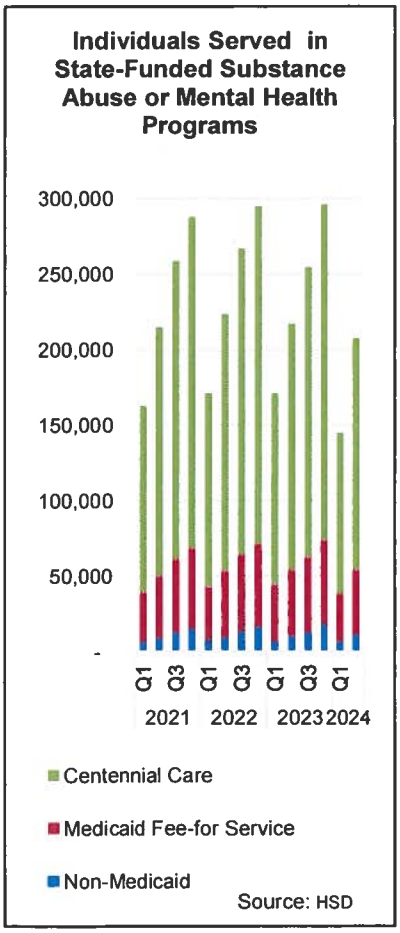


ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes







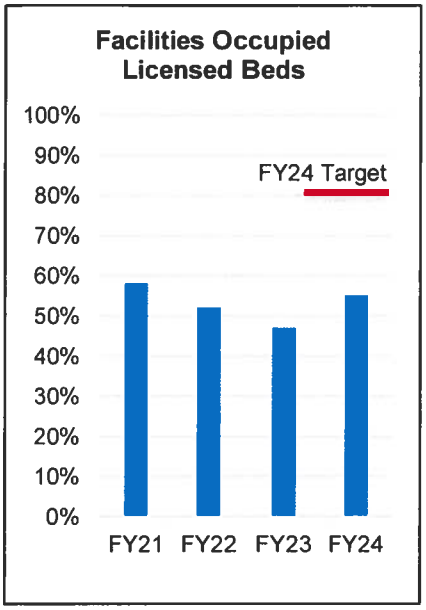
Drug overdose deaths increased in the state from 26 per 100 thousand in 2011 to 52 per 100 thousand in 2021. During that time, drug overdose death rates increased from 13.2 to 32.4 per 100 thousand nationally. In 2021, the Department of Health reported 1,029 drug overdose deaths in New Mexico, or about three people daily.

Behavioral Health System

In 2024, BHSD reports there are 7,754 prescribing and 5,149 nonprescribing Medicaid behavioral health providers in New Mexico. Behavioral health providers grew from 4,955 in 2022 to 5,511 in 2023, an increase of 556 providers. The total number of behavioral health encounters increased from about 2.5 million in 2020 to slightly over 3 million encounters in 2022. Approximately 75 percent of all people served were Medicaid managed care members, 19 percent were Medicaid fee-for-service members, and 6 percent were non-Medicaid beneficiaries. The top five behavioral health provider types were psychiatrists and other physicians; nurse/certified nurse practitioners (CNPs), which includes psychiatric certified CNPs; federally qualified health centers; licensed clinical social workers; and licensed professional clinical counselors.

Provision of Behavioral Health Services. In the fourth quarter of FY24, the percentage of Medicaid inpatient psychiatric hospitalization stays receiving a follow-up with community-based services at seven days improved over the prior year but was below the target of 51 percent. The division reports that it is a bigger challenge to accomplish community follow-up with the adult population than with the younger population. For example, follow up for people ages 6 through 17 exceeds the annual combined target of 51 percent. The division says the MCOs continue to develop interventions to maintain and improve performance on this measure, although the data does not currently reflect these efforts.

Budget: $99,404.8 **FTE:** 70	FY22 Actual	FY23 Actual	FY24 Target	FY24 Actual	Rating
Adult Medicaid members diagnosed with major depression who received continuous treatment with an antidepressant medication	43%	43%	42%	45%	G
Medicaid members discharged from inpatient psychiatric hospitalization stays of four or more days who receive follow-up community-based services at seven days	32%	35%	51%	42%	R
Number of persons served through telehealth in urban, rural, and frontier counties for behavioral health.	62,439	48,718	30,000	73,054	G
Readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	10%	10%	5%	11.9%	R
Individuals served annually in substance use or mental health programs administered by the Behavioral Health Collaborative and Medicaid	212,486	217,126	212,486	207,259	Y
Emergency department visits for Medicaid members ages 13 and older with a principal diagnosis of alcohol or drug dependence who receive follow-up visit within seven days and 30 days	12% 7 day; 20% 30 day	21% 7 day; 34% 30 day	25%	32%	R
Program Rating	R	R			Y



Department of Health FY26 Budget Request

The Department of Health (DOH) requested $243.9 million in general fund revenues for FY26. The department's general fund revenue request is a 21.3 percent increase above the FY25 operating budget. Most of the requests were for operational costs, such as reducing the vacancy rate, personnel pay, and other costs such as rent and utilities. Additionally, the department requested $2.6 million for food support, $2.3 million for public heath mobile unit staffing, $2.4 million for the DOH hotline, $1.1 million for a climate health program, $4 million for a substance use disorder program in San Miguel County, and $10.8 million for operational cost of the Behavioral Health Institute and Los Lunas Community Program.

Background

With the transfer of the Developmental Disabilities Supports (DDSD) and Health Certification, Licensing, and Oversight (DHI) programs to the Health Care Authority (HCA) in FY25, the Department of Health (DOH) has experienced a reduced shift in program oversight and revenues than in previous fiscal years. Post transfer, the department's portfolio consists of the following programs: Public Health, Epidemiology and Response, Laboratory Services, Facilities Management, Medical Cannabis, and Program Support.

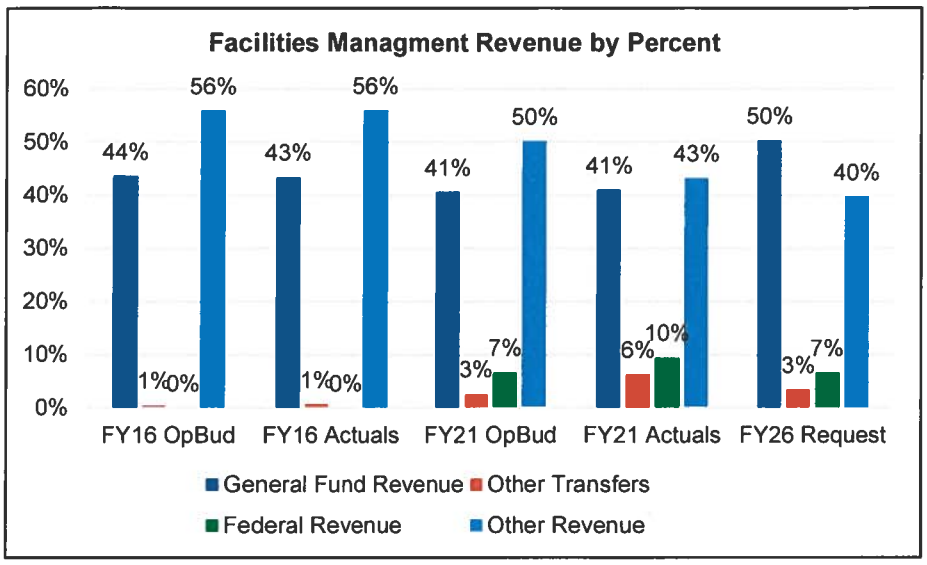
Key Points

- In FY25, the Department of Health (DOH) received a general fund increase of $13.4 million, or 7.3 percent, above the average growth of all state agencies of 5.9 percent.
- For FY26, the department requested a general fund revenue increase of $42.8 million, or 21.3 percent.
- Most of the requests were for operational costs such as reducing the vacancy rate, personnel pay, and other costs, such as rent and utilities

Facilities

The department's request for the Facilities Management Program (FMD) would increase general fund revenue by $21.8 million, or 25 percent. Of the total general fund request, $7.3 million was for personnel and operations and $5.5 million was for salary increases and to reduce the vacancy rate. The program also requested an increase in federal revenues far above FY24 actual spending, from $8.8 million to $14.4 million in FY26. Previously, the department has budgeted federal revenues significantly above what materialized resulting in financial instability.

Additionally, the department requested other revenue— such as government payments for Medicaid, Medicare, and similar programs— significantly above actual revenues, from $61.3 million to $86.1 million. These revenues have consistently underperformed the operating budget for several reasons, including low facility census and patient billing. If the department's rate of billing denials increases or its facility populations remain low, then the budgeted revenue authority does not materialize as actual revenue. At the close of FY24, 54 percent of beds were occupied. The program must increase census to address this issue.



Veteran's Home. The first phase of new facilities veterans' home facilities (NMVH) began operating in 2024. Construction costs are eligible for a 65 percent requested funding for this project, the department was expecting to be reimbursed for the project with federal revenues. However, as of October 2024, DOH has not been officially approved for VA funding for the new construction at NMVH. The initial construction appropriation was $60 million.

NMVH recently opened two of six small homes for residents, moving residents from the Old Main to these homes. At the beginning of FY25, the census was at 93 and as of October 2024 is 98, or 74 percent of licensed beds.

Expansion

The Department of Health requested an expansion of $7 million, with $4 million from the general fund. The expansion is to operate a substance use treatment center. The center will be in Las Vegas, New Mexico near Behavioral Health Institute, in a state-owned building. The county secured capital funding to renovate the building, which is projected to be complete in late 2024.

Low Census Facilities. The department has struggled with low census for several years. As of October 2024, facility-wide census for licensed beds was 60 percent. Facilities with the lowest census have been Fort Bayard Medical Center (53 percent), Sequoya Adolescent Treatment Center (56 percent), and Roswell Rehabilitation Center (16 percent).

Public Health

The Public Health Program requested over $11.2 million, including $5.1 million for personnel, $650 thousand for operational costs, $2.3 million for mobile public health services, $525 thousand for clinical services, and $2.6 million for food services.

In FY24, the department received $4 million in nonrecurring revenue for mobile public health services for the homeless. As of October 2024, all the revenue had been expended Additionally, the department received $1.5 million for mobile school-based health services which has also been mostly expended.

Epidemiology and Response Program

The Epidemiology and Response Program requested a general fund revenue increase of $5.8 million, or 37 percent. The request included $1.4 million for personnel and operations, $2.4 million for the public health hotline, $670 thousand for the all-payer claims database, and $1.1 million for a climate health program. Previously, for FY25 the program received over $1 million for the hotline.

Program Support

Program Support includes human resources, general counsel, office of the secretary, financial services, information technology, and other administrative services. The program requested a general fund increase of $3.3 million, or 34 percent, for personnel program operational costs.

Department of Health
General Fund High Level
(in thousands)

		Agency Request	FTE	
1	**Public Health P002**			1
2	**FY25 OpBud**	**77,882.9**	**818.5**	2
3	Rent, utilities, travel	650.3		3
4	Reduce vacancy rate	2,664.2		4
5	Appropriate Placement	2,478.0		5
6	STD clinical services	525.0		6
7	Food Services	2,600.0		7
8	Mobile units staffing	2,296.0	19.0	8
9	**Total FY26 Base**	**89,096.4**	**837.5**	9
10	**% Change from OpBud**	**14.4%**		10
11	**Epi & Response P003**			11
12	**FY25 OpBud**	**15,610.4**	**360.0**	12
13	Rent, utilities, travel	243.5		13
14	Reduce vacancy rate	660.4		14
15	Appropriate Placement	455.5		15
16	Emergency Response FTE	298.0		16
17	DOH Hotline	2,400.0		17
18	Operational Costs APCD	670.0		18
19	Climate Health Program	1,100.0	11.0	19
20	**Total FY26 Base**	**21,437.8**	**371.0**	20
21	**% Change from OpBud**	**37.3%**		21
22	**Laboratory Services P004**			22
23	**FY25 OpBud**	**10,440.8**	**139.0**	23
24	Rent, utilities, travel	265.8		24
25	Reduce vacancy rate	271.2		25
26	Appropriate Placement	115.0	-	26
27	**Subtotal FY26 Base**	**11,092.8**	**139.0**	27
28	**% Change from OpBud**	**6.2%**		28
29	**Facilities Management P006**			29
30	**FY25 OpBud**	**87,363.1**	**1,913.5**	30
31	Rent, utilities, travel	1,547.3		31
32	Reduce vacancy rate	3,406.2		32
33	Appropriate Placement	2,050.8		33
34	Operational Cost LLCP and BHI	10,800.0	-	34
35	**Subtotal FY26 Base**	**105,167.4**	**1,913.5**	35
36	**% Change from OpBud**	**20%**	**0%**	36
37	**Expansion**			37
38	San Miguel County SUD Program	4,000.0	30.0	38
39	**Total FY26**	**109,167.4**	**1,943.5**	39
40	**% Change from OpBud**	**25.0%**	**1.6%**	40
41	**Medical Cannabis P787**			41
42	**FY26 Opbud**	-	**18.0**	42
43	**Reorganization transfer to Public Health**	-	**(18.0)**	43
44	**Program Support P001**			44
45	**FY25 OpBud**	**9,814.4**	**188.0**	45
46	Administration	1,700.0		46
47	Rent, utilities, travel	200.1		47
48	Tribal Data Support	660.0		48
49	Reduce vacancy rate	680.0		49
50	Appropriate Placement	73.7	-	50
51	**Total FY26 Base**	**13,128.2**	**188.0**	51
52	**% Change from OpBud**	**33.8%**	**0.0%**	52
53	**Total**			53
54	**FY25 OpBud**	**201,111.6**	**3,437.0**	54
55	FY26 Base Increase:	**38,811.00**	**30.00**	55
56	Subtotal FY26 Base	**239,922.60**	**3,467.00**	56
57	FY26 Expansion:	**4,000.00**	**30.00**	57
58	**Total FY26**	**243,922.6**	**3,497.0**	58
59	**% Change OpBud**	**21.3%**	**1.7%**	59

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD: Fourth Quarter, FY24

Department of Health

The Department of Health (DOH) reported mixed results in performance across the agency at the close of FY24. State health indicators, particularly those related to substance use disorder, have contributed to overall declines in the health outcomes of at-risk populations in the state. Despite ongoing efforts, there remain significant challenges in addressing the social determinants of health that exacerbate these issues. DOH continues to focus on implementing interventions and community health initiatives aimed at improving public health infrastructure and access to care.

Public Health

The Public Health Division (PHD) mission is to work with individuals, families, communities, and partners to improve health, eliminate disparities, and ensure timely access to quality, culturally competent healthcare. The program reported mixed performance during the third quarter, with programs dedicated to smoking cessation activities continuing to report low performance. Research has shown that comprehensive tobacco cessation programs can significantly reduce smoking rates and improve health outcomes. Effective strategies include behavioral counseling, pharmacotherapy, and community-based interventions. The U.S. Centers for Disease Control and Prevention (CDC) also emphasizes the importance of policies, such as smoke-free laws, increasing the price of tobacco products, and mass media campaigns to discourage smoking. Additionally, the program did not meet targeted performance for overdose reversals, which is a harm reduction program. Drug harm reduction is a public health approach aimed at minimizing the negative health, social, and legal impacts associated with drug use.

Budget: $248,764.8 **FTE: 816.5**

	FY22 Actual	FY23 Actual	FY24 Target	FY24 Actual	Rating
Percent of female New Mexico department of health's public health office family planning clients, ages fifteen to nineteen, who were provided most or moderately effective contraceptives	86%	88%	88%	84%	R
Percent of school-based health centers funded by the department of health that demonstrate improvement in their primary care or behavioral healthcare focus area	91%	96%	95%	96%	G
Percent of New Mexico adult cigarette smokers who access New Mexico Department of Health cessation services	1.9%	1.3%	2.6%	0.9%	R
Number of successful overdose reversals in the harm reduction program	3,420	3,025	3,200	3,153	Y
Percent of preschoolers ages nineteen to thirty-five months indicated as being fully immunized	66%	69%	66%	72%	G
Number of community members trained in evidence-based suicide prevention practices	New	775	700	1,169	G
Program Rating	R	R			Y

Epidemiology and Response

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

DOH reported significant delays in executing tobacco cessation program contracts, resulting in a decline in FY24 performance. In FY24, a total of 3,059 adults in New Mexico utilized the NM Quitline for tobacco cessation services. This number was lower in comparison to previous years. Of those enrolled in the program, nearly 44 percent reported having one or more chronic health conditions and 55 percent reported having one or more behavioral health conditions.

According to the U.S. CDC, smoking remains the leading cause of preventable disease, disability, and death in the country.

Smoking cessation medications approved by the U.S. Food and Drug Administration and behavioral counseling are cost-effective cessation strategies.

According to the data from the Department of Health and the University of New Mexico Health Sciences Center, New Mexico's drug overdose death rate has been one of the highest in the nation for most of the last two decades.

New Mexico Overdose Death by Drug Class:

1. Fentanyl and analogues
2. Methamphetamine
3. Cocaine
4. Non-fentanyl Rx Opioids
5. Benzodiazepines
6. Heroin

Source: DOH

Medication-assisted treatment (MAT) is a key strategy the department is working to expand to reduce substance use disorder in the state. The department now offer MAT in 29 of 35 public health offices statewide. Patients are seen by a nurse for intake, urine drug screen, linkage to care.

The Epidemiology and Response Division (ERD) is dedicated to monitoring health, disseminating health information, preventing disease and injury, promoting healthy behaviors, responding to public health events, preparing for health emergencies, and providing emergency medical, trauma, and vital records services to New Mexicans. The program's performance metrics focus on improving health status, reducing substance use deaths, and preventing suicide. Despite these efforts, the program has consistently fallen short of meeting its key performance targets.

Budget: $64,501.3 **FTE: 363.0**

	FY22 Actual	FY23 Actual	FY24 Target	FY24 Actual	Rating
Number of people admitted to the emergency department of participating hospitals with a suicide diagnosis	New	294	300	228	R
Percent of New Mexico hospitals certified for stroke care	20%	18%	24%	19%	R
Percent of cities and counties with access and functional needs plans that help prepare vulnerable populations for a public health emergency	35%	37%	50%	41%	R
Number of older adults who participated in an evidence-based intervention falls program	New	444	800	544	R
Average time to provide birth certificate in days	5	5	4	10	R
Percent of death certificates completed by bureau of vital records and health statistics within ten days of death	50%	53%	64%	56%	R
Percent of hospitals with emergency department based self-harm secondary prevention programs	5%	2.7%	7%	Not Reported	R
Rate of persons receiving alcohol screening and brief intervention services	54%	25%	73%	Not Reported	R
Program Rating	R	R			

Scientific Laboratory

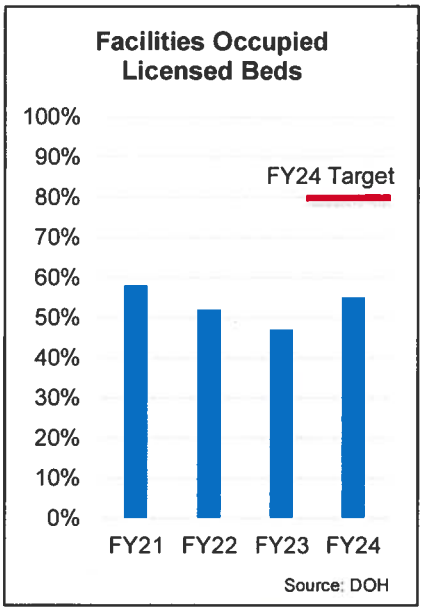
The Scientific Laboratory Division (SLD) provides a wide variety of laboratory services to programs operated by numerous partner agencies across New Mexico. The activities of SLD in support of state agencies are mandated in statute and are essential for the successful mission of the programs it supports. The program met its targeted performance.

Budget: $17,089.7 **FTE: 138**	FY22 Actual	FY23 Actual	FY24 Target	FY24 Actual	Rating
Percent of blood alcohol tests from driving-while-intoxicated cases completed and reported to law enforcement within fifteen calendar days	New	86%	80%	96%	G
Percent of blood alcohol tests from driving-while-intoxicated cases completed and reported to law enforcement within 30 calendar days	98%	99%	95%	99%	G
Percent of public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency within published turnaround times	98%	97%	96%	97%	G

Budget: $17,089.7 FTE: 138	FY22 Actual	FY23 Actual	FY24 Target	FY24 Actual	Rating
Percent of environmental samples for chemical contamination that are completed and reported to the submitting agency within 60 calendar days	93%	97%	92%	72%	R
Program Rating	G	G			Y

Facilities Management

The Facilities Management Division (FMD) supports the mission of the Department of Health by offering mental health, substance abuse, long-term care, and physical rehabilitation programs. These services are provided in both facility and community-based settings, serving as a safety net throughout New Mexico. FMD oversees six healthcare facilities and one community program, catering to individuals with complex medical conditions or behavioral health support needs. However, the occupancy of licensed beds in facilities statewide remains significantly below target levels. Lower than anticipated revenues combined with high personnel and contract costs continue to strain the program's finances.



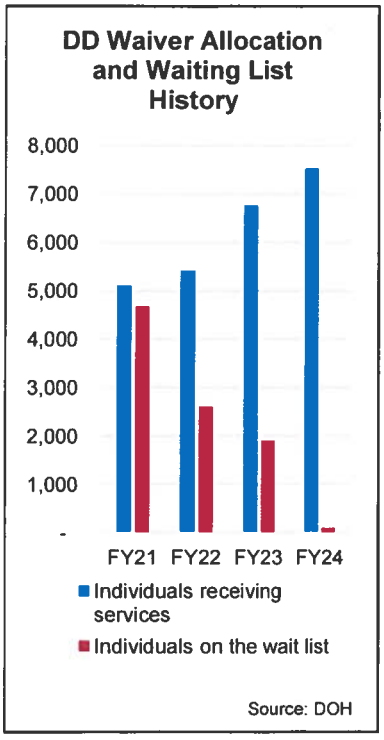
Budget: $191,130.7 FTE: 1,913.5	FY22 Actual	FY23 Actual	FY24 Target	FY24 Actual	Rating
Number of medication errors causing harm per one thousand patient days within identified categories	0.2	0	1	0	G
Percent of in-house acquired pressure ulcers for long-term care residents – long stays	8%	7%	2%	7%	R
Percent of medical detox occupancy at Turquoise Lodge Hospital	69%	76%	80%	28%	R
Percent of medication assisted treatment inductions conducted or conducted after referrals on alcohol use disorder	83%	73%	65%	100%	G
Percent of dementia only residents on antipsychotics	4%	11%	16%	47%	R
Percent of medication assisted treatment utilized in the management of opioid use disorders while at Turquoise Lodge Hospital	73%	100%	85%	100%	G
Percent of patients educated on medication assisted treatment options while receiving medical detox services	89%	83%	90%	100%	G
Percent of patients eligible for naloxone kits who received the kits	83%	52%	90%	100%	G
Percent of licensed beds occupied	52%	47%	80%	54%	R
Percent of eligible third-party revenue collected at all agency facilities	93%	89%	93%	88%	G
Program Rating	R	Y			Y

Developmental Disabilities Supports

The Developmental Disabilities Supports Division (DDSD) administers a system of person-centered community supports and services that promotes positive outcomes for all stakeholders. DDSD is the primary state agency that funds community services and supports for people with disabilities and their families in New Mexico.

Budget: $204,041.7 FTE: 192	FY22 Actual	FY23 Actual	FY24 Target	FY24 Actual	Rating

At the close of FY24, 7,522 individuals were receiving services through the developmental disabilities (DD) waiver. Additionally, the waiting list now consists of 111 individuals, far below previous fiscal years as more individuals have moved into services.

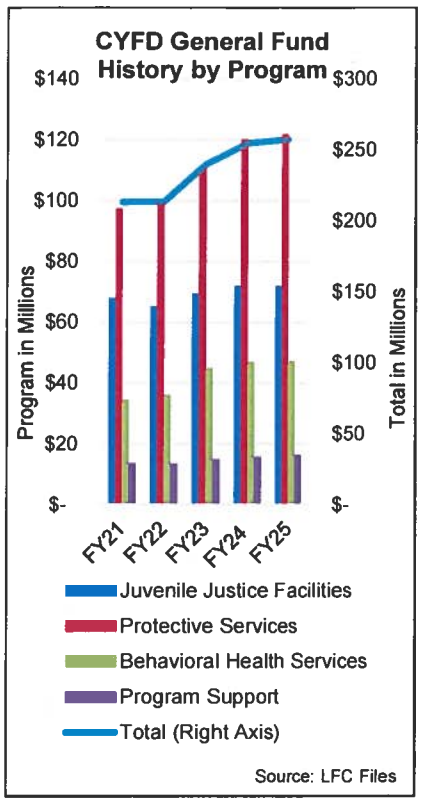


Percent of adults between ages twenty-two and sixty-two served on a developmental disabilities waiver (traditional or mi via) who receive employment supports	9.8%	9.5%	27%	9%	R
Percent of general event reports in compliance with general events timely reporting requirements (two-day rule)	85%	90%	86%	92%	G
Percent of developmental disabilities waiver applicants who have a services plan and budget in place within ninety days of income and clinical eligibility determination	96%	87%	95%	76%	R
Program Rating	R	Y			Y

Health Certification and Oversight

The Health Certification Licensing and Oversight Division ensures healthcare facilities, community-based Medicaid waiver providers, and community support services deliver safe and effective healthcare and community services in accordance with laws, regulations, and standards of practice.

Budget: $20,335.7 **FTE:** 203	**FY22 Actual**	**FY23 Actual**	**FY24 Target**	**FY24 Actual**	**Rating**
CMS: Percent of nursing home survey citation(s) upheld when reviewed by the Centers for Medicare and Medicaid Services and through informal dispute resolution process	88%	97%	90%	96%	G
IDR: Percent of nursing home survey citation(s) upheld when reviewed by the Centers for Medicare and Medicaid Services and through informal dispute resolution process	57%	51%	90%	66%	R
Percent of abuse, neglect, and exploitation investigations completed according to established timelines	95%	95%	95%	80%	R
Program Rating	Y	Y			Y



Children, Youth and Families Department FY26 Budget Request

The CYFD budget request totals $412.7 million, an increase of $23.6 million, or 6.1 percent over the agency's FY25 operating budget. The agency requested an increase of $37.8 million in general fund revenue, or 14.5 percent over the FY25 operating budget, and a net decrease of $14.2 million in federal revenue. General fund revenue increases are primarily proposed within the Protective Services program to hire additional case workers, maintain group homes which are ineligible for federal funding, create a new workforce training program, and fund GSD rate increases, including agency liability insurance premiums cost increases. The CYFD budget request also creates a new program, carving out prevention and early intervention services into the proposed Family Services Division, reorganizing funding and staff from existing programs into the proposed program.

Background

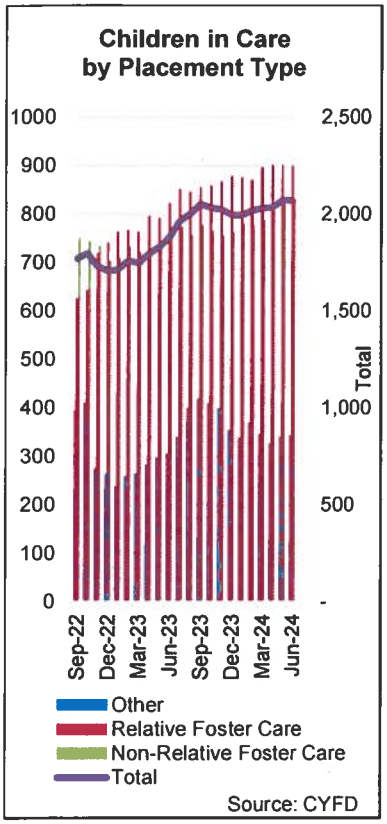
Between FY20 and FY24, general fund appropriations to CYFD grew by $49 million (24 percent), while spending at the agency did not keep pace. In FY23, CYFD's operating budget was $346 million, while actual expenditures were $326 million, and the agency's FY24 operating budget was $384.5 million. For this reason, during the 2024 session the Legislature appropriated an FY25 CYFD operating budget that was relatively flat ($389.2 million), compared to FY24. However, the Legislature also made a variety of three-year, targeted special appropriations through the Government Results and Opportunity (GRO) Fund, totaling $18.6 million, to address systemic challenges within the state's child welfare system, including workforce, community-based placements for foster youth, and evidence-based prevention and early intervention programs. Following the 2024 Legislative session, CYFD shared the Protective Services program was drawing down federal Title IV-E revenue at a level that was significantly below budgeted levels. As a result, CYFD ended FY24 with total spending of $347.9 million, well below the $384.5 million operating budget, but with a deficit of roughly $9.5 million in Protective Services. CYFD is seeking technical assistance to review the agency's Title IV-E reimbursement procedures and identify additional opportunities to maximize federal revenue, but the results of this review were not yet available to inform the agency's budget request.

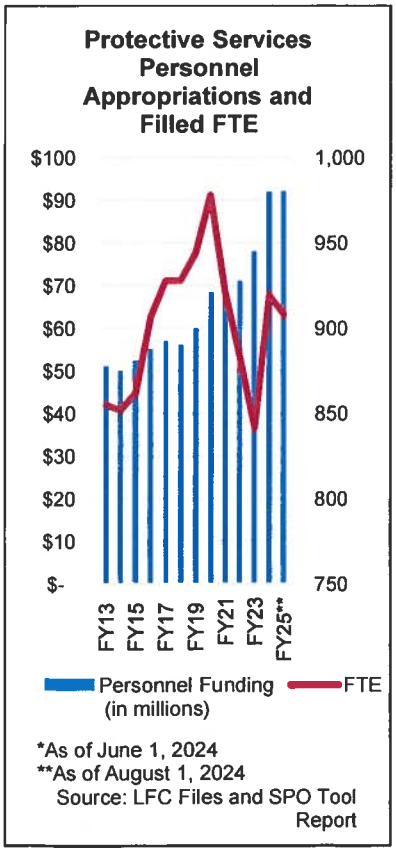
Key Points

- CYFD's budget request totals $412.7 million, or 6.1 percent over the agency's FY25 operating budget request, including an increase of $37.8 million in general fund, or 14.5 percent.
- Within Protective Services, CYFD requested $13 million in general fund to backfill federal revenue and $7 million to fill additional case worker positions, among other requests.
- CYFD proposed the creation of a new program, carving out prevention and intervention services and moving $64.5 million and 162 FTE to the Family Services Division.

Protective Services

The Protective Services budget request across all revenue sources totals $209.7 million, a $21.3 million or 9 percent decrease relative to the FY25 operating budget because of a proposed reorganization. First, CYFD proposes transferring 146 positions and $44.4 million, including $17.8 million in Temporary Assistance for Needy Families (TANF) revenue and $18.8 million in general fund revenue, to the proposed Family Services Division. In addition, CYFD requested a decrease of $16.5 million in federal funds, primarily Title IV-E, and requested $13 million in general fund to backfill federal revenue. Over the last few years, CYFD has projected increases in federal revenue while actual





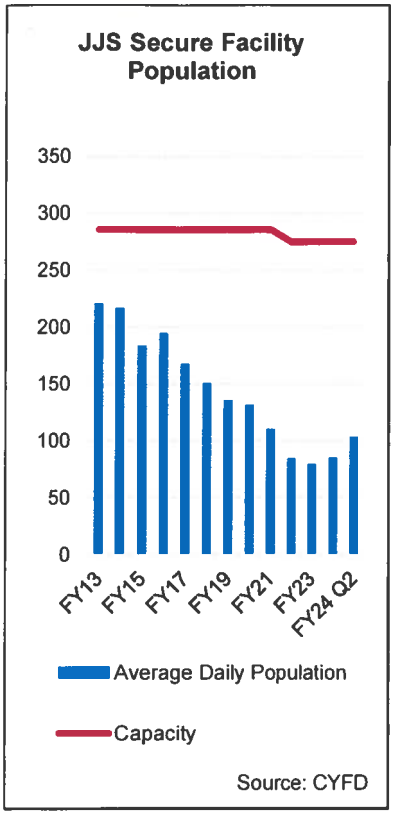
federal revenues collected have decreased. Finally, CYFD requested general fund increases totaling $19 million for a variety of purposes, including:

- $7 million to fill an additional 101 caseworker positions to meet Kevin S. settlement commitments and $2.3 million in associated operating costs, such as technology and travel
- $3.4 million to operate two group homes for hard-to-place foster youth (AMI Kids and YDI, Inc).
- $3 million to NMHU to develop a child welfare training academy
- $1.3 million for GSD rate increases, including liability insurance premiums, vehicle leases, and IT rates
- $935 thousand for 24-hour staffing at the receiving center, associated with office stays
- $545 thousand for *Kevin S.* implementation and monitoring
- $500 thousand for cultural activities for foster youth

Overall, CYFD requests an increase of $13 million, or 11 percent, from the general fund for Protective Services.

Prevention and Early Intervention: Family Services Division.
The CYFD request includes the creation of the Family Services Program, pulling funding and 162 FTE from other programs into a separate budget or program code, and totaling $64.5 million across all revenue sources. The proposed reorganization includes moving $18.8 million in general fund revenue and 146 FTE from the Protective Services Program, $518.1 thousand in general fund revenue and 11 positions from the Juvenile Justice Services program, and $16.5 million and 5 positions from the Behavioral Health Services program, including all domestic violence programs. CYFD also requested $3 million to back fill federal revenue for domestic violence programs as pandemic era ARPA grants end, $628.1 thousand in general fund revenue to support GSD rate increases for liability insurance, vehicles, and IT, and $641.8 thousand to operate a mobile family resource center unit. The Legislature funded a variety of prevention and early intervention programs through three-year, special appropriations in the Government Results and Opportunity (GRO) Fund, and CYFD has $4.4 million available to pilot and evaluate prevention programs and the implementation of differential response in FY26. The FY26 operating budget request does not assume the collection of federal Title IV-E prevention funding, as the state has still not been approved for a Families First Prevention Services Act plan, despite multiple submissions. As a result, the state is missing out of federal Title IV-E revenue that could support the implementation of evidence-based prevention and early intervention programs.

Behavioral Health Services Program
For FY26, CYFD requested a decrease of $19.6 million, or 37 percent, across all revenue sources within the Behavioral Health Services Program, as a result of the proposed reorganization. This decrease includes $16.5 million from the general fund to transfer programs and funding to the proposed Family Services Program. The proposed reorganization includes moving 5 FTE and all funding for domestic violence services from the Behavioral Health Services Program to the proposed Family Services Program. The request also includes a general fund increase of $76.6 thousand for GSD rate increases for services like vehicle leases and liability insurance. The general fund request for the Behavioral Health Services program totals $30.8 million.



Juvenile Justice Services

The Juvenile Justice Services program FY26 budget request includes a net decrease of $482 thousand, or 1 percent, across all revenue sources. The budget proposes moving $518.1 thousand in general fund and 11 positions from the Juvenile Justice Services program to the proposed Family Services program. The request also includes an increase of $903.8 thousand in general fund for GSD rate increases for liability insurance premiums, IT, and vehicle leases. In recent years, the Juvenile Justice Services budget has authorized the use of fund balance for operating expenses, and the CYFD request reduces the budgeted use of fund balance by $1.2 million. In recent years, Juvenile Justice Services actuals have fallen well below budgeted levels; in FY24 Juvenile Justice Services had an operating budget of $81.1 million and actual spending was $74.1 million. The total general fund request for the Juvenile Justice program totals $72.3 million.

Program Support

Program support houses administrative and operational functions of the agency. The Program Support request is a net increase of $395.5 thousand across all revenue sources over the FY25 operating budget. The request includes a decrease of $871.9 thousand in federal revenue, offset by an increase of $796 thousand in transfer revenue from Medicaid. The Program Support budget request also includes a general fund increase of $250 thousand to fill positions to perform data analysis and reporting associated with the *Kevin S.* settlement and $221 thousand for GSD rate increases for liability insurance, IT rates, and vehicle leases.

(in thousands)

		Agency Request	FTE	
1	**Program Support (P-576)**			1
2	**FY25 OpBud**	**16,773.9**	**188.0**	2
3	GSD rate increases (risk, vehicle, DoIt)	221.4	-	3
4	Reduce vacancy rate to support Kevin S. (data and reporting)	250.0	-	4
5	Reducing contractual services and the other category	(4,423.1)		5
6	Increasing personne budget (last year's compensation increases for federally-funded positions)	4,423.1	-	6
7	*Subtotal - BFY25 Base*	*17,245.3*	*188.0*	7
8	**FY26 Expansion**	-	-	8
9	*Subtotal - Expansion*	-	-	9
10	**FY26 Program Total**	**17,245.3**	**188.00**	10
11	**% Change from FY25 OpBud**	**2.8%**	**0.0%**	11
12	**Juvenile Justice Facilities (P-577)**			12
13	**FY25 OpBud**	**71,886.9**	**739.5**	13
14	Reorganization to Family Services (move 11 FTE to Family Services)	(518.1)	(11.00)	14
15	GSD rate increases (risk, vehicle, DoIt)	903.8	-	15
16	*Subtotal - FY26 Base*	*72,272.6*	*728.5*	16
17	**FY25 Expansion**	-	-	17
18	*Subtotal - Expansion*	-	-	18
19	**Program Total**	**72,272.6**	**728.50**	19
20	**% Change from FY25 OpBud**	**0.5%**	**-1.5%**	20
21	**Protective Services (P-578)**			21
22	**FY25 OpBud**	**125,050.0**	**1,229.0**	22
23	Reorganization (Move $18.7 million and 146 FTE)	(18,775.4)	(146.00)	23
24	General Fund to backfill decrease Title IV-E revenue	13,000.0	-	24
25	Increased GSD rates (risk, DoIt, and vehicles)	1,331.4	-	25
26	Fill 101 positions to meet Kevin S. caseload standards	7,000.0	-	26
27	Operating expenses for 101 positions	2,317.4	-	27
28	Two group homes (AMI Kids and YDI)	3,400.0	-	28
29	Cultural activities for foster youth	500.0	-	29
30	Kevin S. implementation and monitoring (fill vacant FTE)	545.0	-	30
31	24- hour staffing at the receiving center (office stays)	935.0	-	31
32	Training academy at NMHU	3,000.0	-	32
33	*Subtotal - FY25 Base*	*138,303.4*	*1,083.0*	33
34	**FY26 Expansion**	-	-	34
36	*Subtotal - Expansion*	-	-	36
37	**Program Total**	**138,303.4**	**1,083.00**	37
38	**% Change from FY24 OpBud**	**10.6%**	**-11.9%**	38
39	**Family Services Division (P-581) NEW PROGRAM**			39
40	**FY25 OpBud**	-	-	40
41	Reorganization from Behavioral Health (5 FTE and all domestic violence programs)	16,515.5	5.00	41
42	Reorganization from Protective Services (146 positions and $44.4 million)	18,775.4	146.00	42
43	Reorganization from Juvenile Justice (11 positions)	518.1	11.00	43
44	GSD rate increases (risk, vehicle, DoIt)	628.1	-	44
45	Mobile family resource center	641.8	-	45
46	Replace lost federal (ARPA) revenue for domestic violence programs	3,000.0	-	46
47	*Subtotal - FY26 Base*	*40,078.9*	*162.0*	47
48	**FY26 Expansion**	-	-	48
49		-	-	49
50	*Subtotal - Expansion*	-	-	50
51	**Program Total**	**40,078.9**	**162.00**	51
52	**% Change from FY25 OpBud**	**NA**	**NA**	52
53	**Behavioral Health Services (P800)**			53
54	**FY25 OpBud**	47,258.2	**123.0**	54
55	Reorganization to Family Services (Move 5 FTE and funding for domestic violence services)	(16,515.5)	(5.0)	55
56	GSD rate increases (risk, vehicle, DoIt)	76.6	-	56
57	Replace lost federal revenue (ARPA) for domestic violence programs	-	-	57
58	*Subtotal FY26 Base*	*30,819.3*	*118.0*	58
59	**FY26 Expansion**	-	-	59
60	*Subtotal - Expansion*	-	-	60
61	**Program Total**	**30,819.3**	**118.00**	61
62	**% Change from FY26 OpBud**	**-34.8%**	**-4.1%**	62
63	**Total**			63
64	**FY25 OpBud**	**260,969.0**	**2,279.5**	64
65	FY26 Base Increase	37,750.5	-	65
66	FY26 Expansion:	-	-	66
67	**Total FY25**	**298,719.5**	**2,279.50**	67
68	**% Change from FY26 OpBud**	**14.5%**	**0.0%**	68

New Mexico consistently ranks among the top six states for repeat maltreatment occurring within 12 months of the initial allegation, and in FY24 the state's reported rate of repeat maltreatment worsened to 15 percent. The state has enacted legislation and significantly increased appropriations for evidence-based approaches to reduce and prevent maltreatment, though these strategies have largely not yet been implemented. In FY24, the number of children in foster care increased over FY23, reversing prior trends. The department continues to face challenges recruiting and retaining a professional social worker workforce, though turnover in Protective Services improved in FY24. Other indicators of Protective Services performance are trending in a negative direction. While several indicators in juvenile justice are trending in a positive direction, the number of youths in juvenile justice facilities has increased after years of decline.

Protective Services

Prevention. Prevention and early intervention are key to reducing maltreatment and repeat child maltreatment, and several evidence-based options for preventing repeat maltreatment could be expanded and leveraged to garner more federal revenue and improve outcomes. Between FY18 and FY23, CYFD preventive services expenditures grew significantly, though these expenditures remain less than 5 percent of all protective services spending. In FY24 repeat maltreatment increased to 15 percent, well above the national benchmark of 9 percent. The repeat maltreatment measure is an indicator of how successfully CYFD is facilitating families' engagement in secondary prevention and intervention services. The greatest opportunity to intervene and prevent repeat maltreatment exists near the initial case, and the repeat maltreatment data reflects organization practice roughly a year prior. Within Protective Services, CYFD also reports the agency launched a Safety Practice Quality Assurance Team to review investigation cases to ensure safety practice, reduce risk, and build infrastructure to reduce repeat maltreatment. The agency is using the safe systems tool to review all child fatality cases that involve prior CYFD contact and other critical incidents and has reviewed 28 cases to date.

Previous LFC reports have noted New Mexico is missing out on federal revenue to fund evidence-based programs to prevent and reduce child maltreatment because New Mexico does not have an approved Families First Prevention plan. CYFD reports continuing work to submit a plan that will be approved by the federal government, though the timeline for re-submission and approval is unknown.

Foster Care. The number of children in foster care in New Mexico steadily declined from FY17 to FY23, when the trend reversed. In FY24, 872 youth entered foster care, and 542 youth exited foster care. The percentage of children who achieved permanency within 12 months has declined since FY22. In addition, 249 youth were placed in short stays, a foster care placement of less than 30 days, a figure that, if counted with foster care entries, would total 22 percent. In June 2024, 2,072 children were in foster care. The department reports restructuring Protective Services to include a team dedicated to foster (resource) family

ACTION PLAN

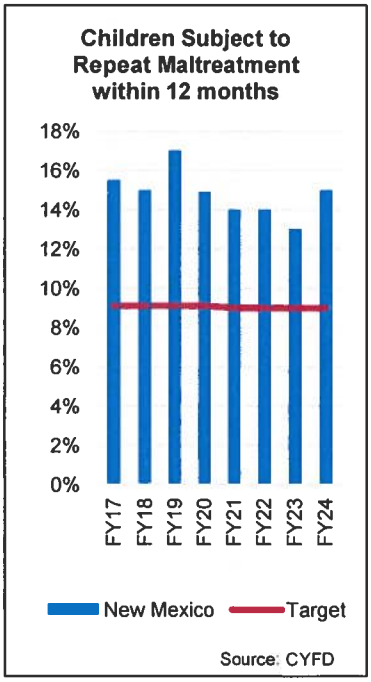
Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

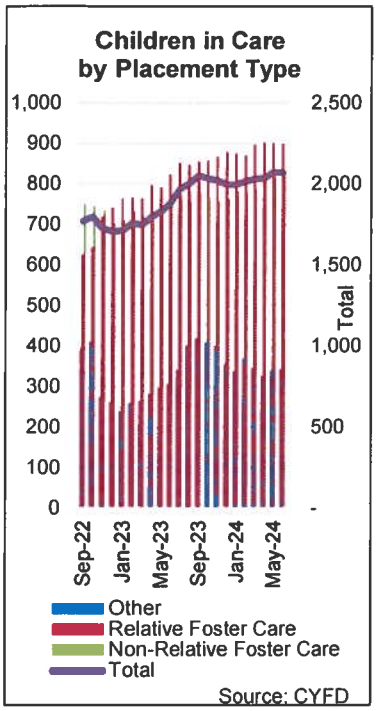
***Kevin S., et al. v. Blalock and Scrase* Lawsuit Settlement**

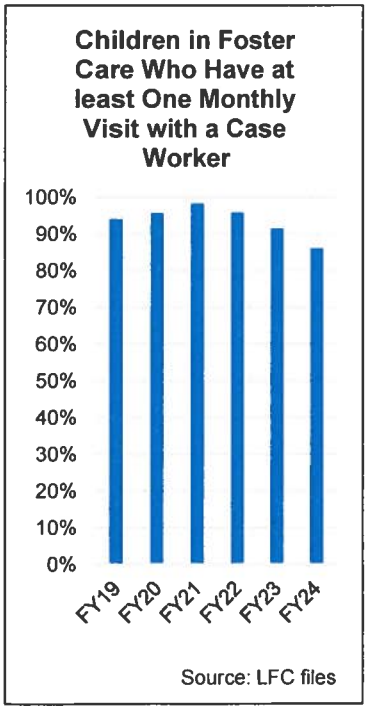
The lawsuit against CYFD alleged:

- Systemic failures resulting in harm to children in foster care,
- Lack of stable placements,
- Behavioral health needs unmet,
- No trauma sensitive system, and
- Little behavioral health capacity.

A settlement agreement committed CYFD to improve Protective Services caseloads, increase the number of resource (foster care) and community-based placements, expand access to children's behavioral health services, among other commitments.





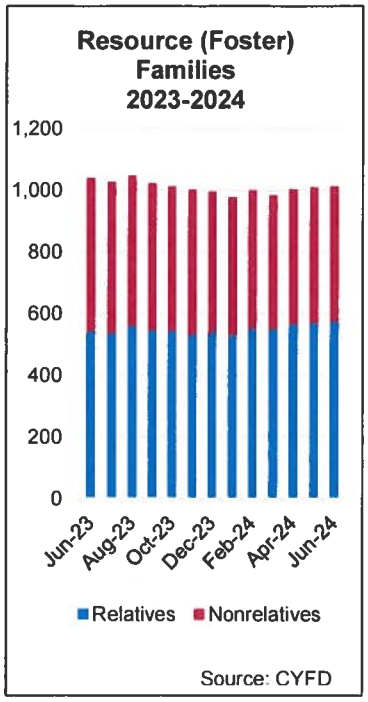


recruitment and retention. Nevertheless, the FY24 rate of 8.1 moves per 1,000 days of care is well above the performance target of four placement moves, and the number of foster care (resource) homes remained flat over the year. In addition, metrics related to time-to-permanency worsened in FY24.

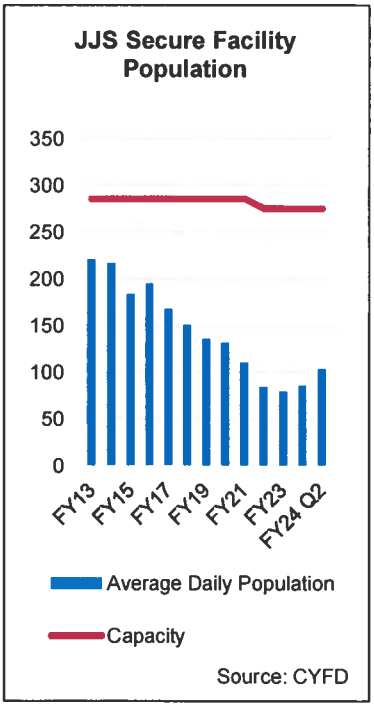
Budget: $226,884.3 **FTE:** 1,171	FY22 Actual	FY23 Actual	FY24 Target	FY24 Actual	Rating
Maltreatment					
Percent of children in foster care who have at least one monthly visit with their case worker*	98%	92%	None	86%	NA
Children who were victims of a substantiated maltreatment report who were victims of another substantiated maltreatment allegation within twelve months of their initial report	14%	13%	9%	15%	R
Rate of maltreatment victimizations per one hundred thousand days in foster care within a rolling twelve month period	14.7	13.0	8.0	10.03	Y
Families that participated in in-home services or family support services and did not have a subsequent substantiated report within the next twelve months	75%	80%	70%	74%	G
Fatalities or near-fatalities in a rolling twelve-month period that had protective services involvement in the twelve months preceding the incident	Reported differently	Reported differently	5%	57%	R
Average statewide central intake call center wait time (in seconds)	30	29	3	76	R
Foster Care					
Turnover rate for protective services workers	37%	37%	25%	34%	R
Of the children who enter care during a 12-month period and stay for greater than 8 days, placement moves rate per 1,000 days of care	5.7	7.6	4.1	8.1	R
Children in foster care more than eight days who achieve permanency within twelve months of entry into foster care	36%	33%	42%	34%	Y
Children removed during a rolling twelve-month period who were initially placed with a relative or fictive kin	New	New	50%	32%	R
Children in foster care for twenty-four months or more at the start of a twelve-month period who achieve permanency within twelve months	38%	31%	42%	25%	R
Foster care placements currently in kinship care settings	49%	52%	55%	48%	R
Children in foster care for twelve to twenty-three months at the start of a twelve-month period who achieve permanency within those twelve months	42%	34%	50%	34%	R
Program Rating	R	R			R

Juvenile Justice Services

Over the last decade, the number of youths incarcerated in secure juvenile justice facilities has steadily decreased from the state's peak as CYFD has implemented evidence-based practices. However, during FY24, the number of youths in secure Juvenile Justice Services (JJS) facilities has increased, from an average census of 80 in FY23 to an average census of over 100. This increase may be due, in part, to changes CYFD has made to override a validated risk assessment tool and an increase in the number of youths charged with violent crimes in the 2nd Judicial District. The average daily census remains below capacity in the state's two secure juvenile justice facilities, the Youth Diagnostic and Development Center in Albuquerque and the J. Paul Taylor Center in Las Cruces. Several metrics reflected positive trends compared to the prior quarter, including a reduction in turnover among youth care specialists, an increase in the rate at which clients successfully complete informal probation and reductions in physical assaults within secure facilities.



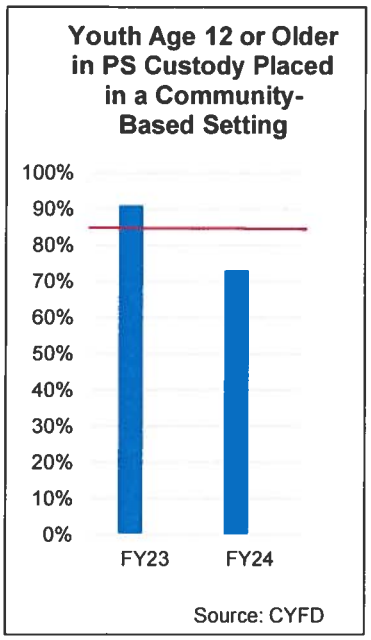
Budget: $81,145.7 **FTE:** 754.5	FY22 Actual	FY23 Actual	FY24 Target	FY24 Actual	Rating
Turnover rate for youth care specialists	39%	16%	21%	34%	R
Percent of clients who successfully complete formal probation	87%	93%	87%	90%	G
Percent of clients who successfully complete informal probation	Not reported	Not reported	80%	91%	G
Percent of youth confined for over six months whose math skills increased between admission and discharge	44%	57%	56%	58%	G
Percent of youth confined for over six months whose reading skills increased between admission and discharge	33%	49%	56%	62%	G
Number of substantiated complaints by clients of abuse or neglect in juvenile justice facilities	2	4	3	0	G
Percent of youth discharged from active field supervision who did not recidivate in the following two-year period	85%	87%	88%	86%	Y
Rate of physical assaults per one thousand days youth spent in facilities	0	Not reported	3.75	5.5	Y
Percent of youth discharged from a secure facility who did not recidivate in the following two-year time period	65%	55%	45%	34%	Y
Youth served by juvenile justice who are placed in a less-restrictive, community-based setting	New	New	93%	94%	G
Program Rating	R	R			Y



Behavioral Health Services

CYFD is on track to increase the number of community-based behavioral health personnel by 50 percent. However, the agency did not fully leverage resources available to expand behavioral health provider capacity. In FY24, the department received $963.4 thousand to establish three more community behavioral health clinician teams. While the Behavioral Health Services program is near the target for ensuring targeted juvenile justice clients receive consultation from a

community behavioral health clinician, the department is far from meeting targets for clinician consultations for youth in foster care. In addition, only 73 percent of youth in Protective Services custody over the age of 12 were placed in a least restrictive environment, 12 percent below the performance target and 18 percent below FY23 actuals.



Budget: $54,529.3 **FTE:** 121	**FY22 Actual**	**FY23 Actual**	**FY24 Target**	**FY24 Actual**	**Rating**
Infant mental health program participants showing improvement developmentally through clinical assessment and observation	100%	NA	90%	93%	G
Domestic violence program participants who agree or strongly agree that because of their participation in the program as a parent, they have a better understanding of the impact that domestic abuse/ violence can have on children	Reported differently	94%	85%	96%	G
Percent of youth aged twelve or older in protective services custody who are placed in a less restrictive, community-based setting	Reported differently	91%	85%	73%	R
Percent of domestic violence program participants who agree or strongly agree that staff and advocates regularly discuss their safety needs, including specific things they can do to keep themselves safe	93%	90%	95%	92%	Y
Clients enrolled in multisystemic therapy who demonstrate improvement in one or more behavioral health outcomes	90%	89%	75%	92%	G
Percent of protective services-involved youth in the target population who receive consultation from a community behavioral health clinician	Reported differently	66%	75%	15%	R
Percent of juvenile-justice involved youth in the estimated target population who have received consultation from a community behavioral health clinician	Reported differently	Reported differently	80%	63%	Y
Program Rating	Y	Y			Y