Interim Committee Report

Legislative Health and Human Services Committee

June 25-27, 2025 | Santa Fe, NM

# Executive Summary

The Legislative Health and Human Services Committee met from June 25 to 27, 2025, at the New Mexico State Capitol in Santa Fe to discuss a broad range of health and human services issues. Topics included Medicaid and behavioral health system reforms, developmental disabilities services, child welfare legislation, healthcare workforce challenges, early childhood education, opioid settlement programs, and support services for the unhoused. Legislators heard presentations from state agencies, local officials, and policy experts that emphasized long-term planning, structural changes, rate adjustments, access improvement, and integrated approaches to care and service delivery. Several key investments and legislative outcomes were highlighted, including the creation of Medicaid and behavioral health trust funds, expansion of services for individuals with opioid use disorder, and growing use of mobile and telehealth units for school-based and rural care. Ongoing concerns about provider shortages, high turnover, federal funding uncertainty, and the need for data-informed, community-driven solutions were recurring themes across the multi-day session.

## Agenda Item 1: Recap of Legislation Endorsed by the LHHS During the 2024 Interim

Presenters: Zander Dawson, Staff Attorney, LCS; Andrea Lazarow, Bill Drafter, LCS

Committee staff reviewed the status of the 27 pieces of legislation endorsed by LHHS ahead of the 2025 session. Out of 29 proposals considered, 27 were endorsed, and 24 were introduced in the session. Eight of these bills were enacted into law, while the remaining either failed to pass or were not signed by the governor. Enacted measures addressed public health, workers' compensation, behavioral health trust funds, expanded authority for physician assistants, and supported decision-making alternatives to guardianship.

Some notable bills signed into law include House Bill 54 (AEDs in schools), House Bill 56 (Medicaid reimbursements for birth centers), and Senate Bill 1 (creation of the Behavioral Health Trust Fund). Among the bills not enacted were efforts to create a "Traveling with Dignity" act, expand legal services for domestic violence victims, and improve suicide prevention training in schools. The committee also reviewed two joint resolutions that failed to advance, including one proposing a new Children, Youth and Families Commission.

### Key Takeaways

27 pieces of legislation were endorsed; 8 were enacted into law.

New laws include measures on AEDs in schools, Medicaid reimbursement, and supported decision-making.

Several mental health and disability-related bills stalled in the appropriations process.

Joint resolutions on environmental rights and child welfare governance did not pass.

## Agenda Item 2: Developmental Disabilities Overview

Presenter: Alice Liu McCoy, Executive Director, NM Developmental Disabilities Council

Alice Liu McCoy provided an in-depth briefing on the current landscape of developmental disabilities (DD) services in New Mexico. She began by defining developmental disabilities as severe, chronic conditions that manifest before age 22 and cause substantial functional limitations in three or more areas of life activity. The federal DD Act mandates three key systems: DD Councils, university centers for excellence, and protection and advocacy agencies.

New Mexico's DDC houses three programs: the Center for Self-Advocacy, the Office of Guardianship, and the Office of the Special Education Ombud. McCoy highlighted the need for inclusive policymaking, stressing that people with lived experience should guide service design. She also expressed concern about federal proposals that could weaken funding and protections.

The discussion included a detailed review of Medicaid waiver programs such as the DD Waiver, Mi Via Waiver, Supports Waiver, and Medically Fragile Waiver. These programs differ in flexibility and comprehensiveness but are all central to service delivery. The presenter emphasized the importance of early intervention programs, employment services through DVR, and access to assistive technology through programs like NMTAP.

Guardianship services drew special attention. The DDC's Office of Guardianship supports over 1,000 individuals and faces high demand and long waitlists. Recent legal changes have tightened the process for emergency guardianships to prevent abuse. The Office of the Special Education Ombud, created in 2021, was praised for bridging support gaps between families and schools. Legislators raised concerns about compliance in schools and called for continued oversight.

### Key Takeaways

* Developmental disabilities are defined by federal and state law and linked to functional limitations and support needs.
* NM DDC oversees self-advocacy, guardianship, and special education ombud programs.
* Medicaid waiver programs are central to service delivery, with varying levels of flexibility and oversight.
* The Office of Guardianship serves over 1,000 New Mexicans; long waitlists persist.
* The Ombud Office is a first-of-its-kind program advocating specifically for students and families.
* Legislators expressed concern about outreach, school compliance, and support for underserved groups including tribal communities and individuals with brain injuries.

# Agenda Item 3: Federal Actions Pertaining to Health and Human Services

Presenter: Zander Dawson, Staff Attorney, Legislative Council Service

Mr. Dawson provided a detailed overview of federal executive actions initiated since President Trump took office in January 2025. To date, 298 actions have been issued, with key executive orders and memoranda directly impacting healthcare and related services in New Mexico. Notably, Executive Order 14148 rescinded several Biden-era orders, affecting coordination on COVID-19 policies and environmental agreements. EO 14155 withdrew the U.S. from the World Health Organization.

Recent initiatives include EO 14273, aimed at lowering drug prices through measures like boosting generic approvals and reviewing pharmacy benefit managers (PBMs). EO 14212 established the "Make America Healthy Again" Commission to address childhood chronic diseases. Other actions targeted COVID-19 vaccine mandates in schools, access to in vitro fertilization, and most-favored-nation drug pricing strategies.

Dawson also discussed the proposed One Big Beautiful Bill Act (H.R. 1), a budget reconciliation effort that could significantly reshape Medicaid and the ACA insurance marketplace. Potential impacts include Medicaid work requirements, funding cuts, reduced enrollment, and restrictions on gender-affirming care. Committee members raised concerns about limits on state authority to regulate AI in healthcare and the threat of major funding losses for state programs.

### Key Takeaways

* 298 presidential actions issued in 2025; several impact healthcare.
* EO 14148 rescinded key Biden-era health and environmental orders.
* EO 14273 and EO 14297 target drug pricing transparency and regulation.
* Proposed Medicaid changes could reduce eligibility and funding.
* Committee members expressed bipartisan concern about AI regulation and access to healthcare services.
* Up to 80,000 New Mexicans could lose coverage under proposed federal changes.

# Agenda Item 4: Healthcare Workforce Update

Presenter: Harry Rommel, Principal Analyst, Legislative Finance Committee

Harry Rommel presented an overview of New Mexico's healthcare workforce data, highlighting ongoing shortages, especially in rural areas. Rommel stressed the importance of understanding both the scale and distribution of healthcare providers. Primary data sources include state and federal systems, although access to some critical data (e.g., All-Payer Claims Database) remains limited.

Rommel outlined the designations and severity of Health Professional Shortage Areas (HPSAs) across all but one New Mexico county. He showed how these designations inform policy for recruitment and retention initiatives. Mental health and dental care are among the most under-resourced fields, with severe shortages in addiction specialists and rural behavioral health support.

Future projections indicate a significant demand for registered nurses and various physician specialties by 2030. However, the state may see a surplus of nurse practitioners and physician assistants, which could help fill gaps in primary care access. Maldistribution of providers remains a significant concern, with overconcentration in urban counties like Bernalillo and Santa Fe.

### Key Takeaways

* + 82% of top job postings in NM are in health or personal care.
	+ Every NM county but one has some HPSA designation.
	+ Behavioral health workforce shortages are acute, particularly for addiction care.
	+ By 2030, NM will need over 5,700 RNs; surplus projected in nurse practitioners.
	+ Data access remains a challenge; lack of access to APCD limits analysis.
	+ Maldistribution of providers undermines service delivery in rural areas.

# Agenda Item 5: Administrative Office of the Courts (AOC) Behavioral Health Update

Presenters: Esperanza Lucero, Behavioral Health Integration and Reform Administrator, AOC; Karl Reifsteck, Director, AOC

Lucero and Reifsteck updated the committee on the implementation of the Sequential Intercept Model (SIM) for behavioral health and justice system coordination. The AOC is leading efforts to map service needs and response strategies across various intercept points—from community services to reentry and community corrections.

Completed regional mapping efforts include Bernalillo, Doña Ana, Otero, Santa Fe, and Rio Arriba counties, with additional mapping planned in rural and underserved regions. The AOC is collaborating with the University of New Mexico Health Sciences Center (UNMHSC) to provide training, readiness assessments, and regional workshops. A 13-month planning and reporting timeline is in place, aiming for finalized regional plans by July 2026.

### Key Takeaways

* + SIM framework helps identify intervention points across justice and health systems.
	+ Mapping completed in several counties; others scheduled through 2026.
	+ UNMHSC assisting with training, readiness assessments, and data collection.
	+ Behavioral health needs and gaps are guiding regional planning.
	+ Final reports expected by mid-2026 with ongoing stakeholder input.

# Agenda Item 6: Services for the Unhoused in Santa Fe County

Presenter: Henri M. Hammond-Paul, Director of Community Health and Safety, City of Santa Fe

Henri Hammond-Paul outlined the City of Santa Fe's Emergency Homelessness Action Plan, a short-term intervention strategy aimed at addressing immediate public safety concerns and improving outcomes for individuals experiencing homelessness. Santa Fe’s homelessness issues intersect with housing, public health, addiction, and safety. With only 280 shelter beds available and an estimated unhoused population as high as 1,600, the city faces a significant gap in services.

The city has committed to expanding non-congregate shelter options like tiny home communities, improving outreach and navigation services, and developing a professionalized and coordinated emergency response system. A notable contract with Urban Alchemy, a nonprofit employing formerly incarcerated individuals, is central to this response. Santa Fe is also transitioning away from congregate shelters and planning to build a new micro-community specifically for families with children.

The presentation highlighted six high-level objectives in the plan: safety and stability; shelter expansion; improved outreach; day services; cross-sector coordination; and data-driven policy improvements. The city is seeking broader partnerships with counties, the state, and philanthropy to scale these efforts.

### Key Takeaways

* Santa Fe estimates its actual unhoused population to be up to 4x higher than official counts.
* The city is investing in non-congregate micro-communities and is phasing out congregate shelter models.
* A four-year, $8M contract with Urban Alchemy will bring in professional outreach teams, many of whom are formerly incarcerated.
* The first new tiny home village will focus on families with children and expand bed capacity by 30–50 units.
* Santa Fe Public Schools report over 740 homeless youth in 2024, a growing trend.
* City officials stressed the need for regional and state collaboration, especially around housing and behavioral health.

# Agenda Item 7: Recap of Child Welfare Legislation Passed During the 2025 Legislative Session

Presenter: Rachel Mercer-Garcia (LFC), Zander Dawson (LCS), Andrea Lazarow (LCS)

The presenters provided a legislative update on child welfare reforms passed in the 2025 session, with a focus on Senate Bill 42. The bill makes sweeping changes across three main areas: data privacy and transparency, response to abuse and neglect, and prevention and early intervention.

Senate Bill 42 includes provisions to modernize CYFD’s use of technology and mandates the use of department-issued devices for child welfare work to ensure record retention. The bill also revamps the CARA program, transferring oversight to the Human Services Department (HSD) and requiring plans of safe care for substance-exposed newborns.

The Families First strategic plan component of SB 42 aims to comply with federal law (Family First Prevention Services Act) and expand federal funding for foster care prevention. The bill sets deadlines for implementation starting in August and September 2025.

Data from 2023 revealed a high rate of child maltreatment in New Mexico, with neglect being the most common form. CYFD also continues to struggle with repeat maltreatment, high workforce turnover (39% in Q3 FY25), and a shortage of licensed foster homes. The state reported 1,062 licensed resource homes in April 2025.

### Key Takeaways

* Senate Bill 42 overhauls CYFD operations in privacy, response, and prevention.
* CARA oversight shifts to HSD with mandatory plans of safe care for newborns.
* CYFD must finalize a federally compliant Families First plan by August 1, 2025.
* Repeat maltreatment in NM remains high at 14% in Q3 of FY25.
* Protective Services turnover exceeded 50% in April 2025.
* Foster care capacity remains low relative to demand.

# Agenda Item 8: Early Childhood Education and Care Department (ECECD) Update

Presenter: Elizabeth Groginsky, Cabinet Secretary, ECECD

Secretary Elizabeth Groginsky presented an overview of the Early Childhood Education and Care Department (ECECD), including updates on strategic priorities and service expansion. Created in 2020, ECECD has rapidly scaled operations and now administers programs in child care, PreK, early intervention, home visiting, and family supports.

Key components of the agency’s strategy include the "Florecer" 2022–2027 strategic plan, the "Moments Together" family outreach campaign, and "Developing Futures," a career development platform. Strategic pillars include equity, partner engagement, program support, and systems of accountability.

ECECD programs show significant reach: 18,623 children projected to be served by PreK in FY25, and 30,733 children via child care assistance. The department aims to improve access and quality across all services, with a special focus on underserved rural and tribal communities. Funding for FY26 shows a significant increase to nearly $1B, up from $816M, driven largely by new transfers from TANF and the Early Childhood Trust Fund.

### Key Takeaways

* ECECD oversees child care, PreK, home visiting, FIT, nutrition, and family programs.
* The FY26 budget request is $997M, a $181M increase from FY25.
* 61% of child care assistance funds will go to 0–5-year-olds in FY26.
* 66% of eligible families will be reached by home visiting services.
* New micro-credentialing and career support initiatives aim to strengthen the early childhood workforce.
* The department is actively expanding services through local coalitions and tribal partnerships.

## Agenda Item 9: Opioid Settlement Update

Presenters: Julie Meade, General Counsel, State Department of Justice Wade, Ellis, Deputy Warden, Santa Fe County Adult Detention Facility, Rebecca Otero Granger, Psychiatric Nurse Practitioner, SFCADF, Derek Williams, Warden, SFCADF, Department of Health (DOH), Joshua Swateck, Policy Manager, Policy and Communications Division, DOH

Julie Mead, General Counsel for the New Mexico Department of Justice, provided an overview of both national and independent opioid settlements. Settlement money must be used for opioid abatement or remediation. The NM Opioid Allocation Agreement splits funds 55% to local governments and 45% to the state, with all recipients required to follow approved uses and maintain dedicated funds subject to audit.

Santa Fe County Warden Derek Williams and Psychiatric Nurse Practitioner Rebecca Otero Granger presented their data-driven programming at the Adult Detention Facility. 87% of those booked tested positive for at least one drug, with fentanyl present in nearly half of all drug-positive screenings. The county uses funds to expand MOUD programs, the Matrix sobriety program, reentry services, recovery housing, job pathways, and quarterly reentry fairs.

Joshua Swateck of the Department of Health discussed the state’s $3.5M in annual opioid settlement funding, used to expand MOUD treatment in 37 public health offices and support tribal partners. Funds also help pay for medication for uninsured patients.

### Key Takeaways

* Settlements fund both state and local opioid abatement efforts, with audits required.
* Santa Fe County uses funds for a wide range of treatment, reentry, and data-tracking programs.
* State DOH is expanding MOUD access, especially in rural areas, and supports tribal efforts.
* Employment support and job readiness are emerging priorities for reentry populations.
* Legislators raised interest in using funds for pilot job training programs and injectable opioid treatments.

## Agenda Item 10: School-Based Health Centers Update

Presenters: Nancy Rodriguez, Executive Director, New Mexico Alliance for School-Based Health Care, Kristin Oreskovich, D.N.P., C.N.P., Clinical Operations Manager, School-Based Health Center Program, Public Health Division, DOH

Kristin Oreskovich (DOH) and Nancy Rodriguez (NMASBHC) presented an update on New Mexico’s School-Based Health Centers (SBHCs). Since 2018, SBHCs have grown from 47 to 100, with nearly half delivered via telehealth or mobile units. SBHCs provide primary care, behavioral health, and sometimes dental services to students with consent, and in some locations, to staff and community members.

Evaluation data shows that SBHC users are less likely to be chronically absent and more likely to graduate on time. Those who receive behavioral health or multiple visits see the most gains. DOH and NMASBHC are collaborating on food access, basic hygiene needs, SBIRT training for substance use, and partnerships with APS to expand mobile units.

### Key Takeaways

* SBHCs have more than doubled since FY18 and now include mobile/telehealth models.
* Students who use SBHCs show better attendance and graduation rates.
* SBHCs address both health and social needs, such as food insecurity and hygiene.
* State and nonprofit partners are coordinating SBIRT training and mobile expansion.
* Albuquerque Public Schools is piloting a mobile model serving middle school feeders.

## Agenda Item 11: Health Care Affordability Fund Evaluation

Presenters: Matt Goodlaw, Program Evaluator, LFC, Alex Castillo Smith, Deputy Secretary, Health Care Authority (HCA), Colin Baillio, Director, Health Care Coverage Innovations, HCA

The Legislative Finance Committee presented an evaluation of the Health Care Affordability Fund (HCAF), which is funded by a surtax on health insurance premiums. The fund has outpaced demand, with large reserves accumulating. Programs funded include subsidies for individuals using the BeWell exchange and small business health insurance relief.

Colin Baillio (HCA) and Alex Castillo Smith (HCA) discussed how HCAF supports premium and cost-sharing subsidies for low to moderate-income individuals, small businesses, and Native American populations. Challenges ahead include rising costs if federal subsidies expire and the launch of a Coverage Expansion Program for the uninsured.

### Key Takeaways

* HCAF is generating more revenue than needed, with reserves averaging $146.6M.
* Programs include subsidies for individual premiums, small businesses, and tribal populations.
* Upcoming federal changes may increase state costs by $72–189M.
* HCA is refining performance metrics and outreach strategies.
* A new Coverage Expansion Program could cost $63.6M annually.

## Agenda Item 12: HCA Developmental Disabilities Supports Division (DDSD) Update

Kari Armijo, Secretary, HCA

Secretary Kari Armijo and DDSD Director Jennifer Rodriguez presented a comprehensive update on the status of the Developmental Disabilities Supports Division. The presentation covered five major areas: FY26 funding, provider reimbursement rate changes, federal engagement, network and workforce strengthening, and notable accomplishments from FY24 and FY25.

The committee learned about the impact of legislation such as HB395, which mandates regular provider rate studies and informed the recent $26.2 million general fund appropriation for FY26. The DDSD implemented rate increases based on a study conducted in FY24, which were enacted in FY25 and included a 5.32% cost-of-living adjustment. A follow-up study, contracted with Health Management Associates, began in June 2025.

The DDSD oversees waiver programs that serve more than 8,000 New Mexicans, with rates increasing across several services including supported living, nursing, and therapies. Data on the direct support workforce revealed high vacancy rates, limited benefits, and a heavy reliance on individuals earning between $12–$17 per hour. Concerns were raised about provider capacity, recruitment, and the need for robust services as the waiver system adapts to serve more children and complex needs.

### Key Takeaways

* + DDSD implemented FY25 rate increases averaging 16.5%, funded by both state and federal sources.
	+ FY26 study launched to inform FY27 budget with strong provider engagement built in.
	+ DDSD serves 8,147 individuals through multiple waiver programs; Mi Via allows for self-directed care.
	+ Direct Support Professionals face high turnover, low wages, and limited benefits.
	+ Committee discussion included impact of rate adjustments and long-term funding sustainability.

## Agenda Item 13: Opioid Settlement Update

Nick Boukas, Director, Behavioral Health Services Division, HCA

Nick Boukas, Director of the Behavioral Health Services Division, provided a presentation on the use of opioid settlement funds by the Health Care Authority. The two primary initiatives discussed were the Fresh Start Rental Assistance (FSRA) program and the expansion of Medication for Opioid Use Disorder (MOUD) services in public health offices.

FSRA began in December 2023 using settlement funds and serves individuals with Opioid Use Disorder who are either homeless or precariously housed and participating in recovery services. The program provides up to nine months or $10,000 in rental support, plus an additional $1,000 stipend for household necessities. FSRA currently works with nine providers across 13 counties.

MOUD expansion included statewide telehealth services and clinical training in public health offices. By mid-2025, 35 offices were participating. This effort aims to improve access to treatment in rural and underserved areas and reduce barriers to care. The committee discussed participation rates, provider allocations, and opportunities for continued expansion.

### Key Takeaways

* + FSRA supported housing needs for individuals with OUD, using $2.4M in FY25 funds across 13 counties.
	+ MOUD expansion brought telehealth treatment to 35 public health offices statewide.
	+ FSRA funding for FY26 will be allocated based on county population and prior provider activity.
	+ Behavioral health services for uninsured clients remains a high priority.
	+ Public health outreach continues to reduce stigma and expand treatment access.

## Agenda Item 14: Recap of Appropriations Made During the 2025 Legislative Session

Eric Chenier, Principal Analyst, LFC, Kelly Klundt, Principal Analyst, LFC, HCA

Eric Chenier and Kelly Klundt, Principal Analysts from the Legislative Finance Committee, presented a detailed breakdown of appropriations made during the 2025 Legislative Session relating to health and human services. The session focused on sustained investments into Medicaid, behavioral health, maternal and child health, primary care, and services for individuals with developmental disabilities.

The creation of trust funds for Medicaid and behavioral health marked a major structural shift in funding strategy. The Behavioral Health Reform and Investment Act established both the Behavioral Health Trust Fund and the Behavioral Health Program Fund, seeded with $100 million and projected to grow through redirected revenues from the Early Childhood Education and Care Fund. A parallel Medicaid Trust Fund was also created, with no appropriations to be made until the fund balance reaches $500 million.

Total Medicaid expenditures were projected at $10.96 billion for FY25. Rate increases totaling $62.6 million in general fund dollars were allocated to sustain provider participation across key care categories. The Health Care Authority received more than $350 million in nonrecurring appropriations, with $292 million going toward behavioral health investments, including housing services, regional behavioral health facilities, and community clinics.

### Key Takeaways

* + Behavioral Health Trust Fund and Medicaid Trust Fund were created with significant new state investments.
	+ Medicaid rate increases focused on provider viability and recruitment.
	+ HCA received over $350 million in one-time funds, including $50 million for regional behavioral health priorities.
	+ $28 million allocated for transitional facilities and certified clinics.
	+ Appropriations built on multi-year rate adjustment and access improvement strategies.

## Agenda Item 15: Overview of Behavioral Health and Medicaid Systems in New Mexico

Eric Chenier, Principal Analyst, LFC,

Eric Chenier presented an overview of the Medicaid and behavioral health systems in New Mexico. Medicaid serves over 814,000 individuals and covers nearly 38% of the state’s population. It operates through a blend of managed care and fee-for-service models, with the recent transition from Centennial Care to Turquoise Care, which added new benefits including supportive housing and expanded behavioral health services.

Chenier highlighted Medicaid’s major cost drivers: enrollment, managed care organization (MCO) payments, utilization, and healthcare inflation. In FY25, Medicaid’s blended FMAP rate is 77.71%, with each state dollar drawing $3.45 in federal matching funds. The presentation also discussed Medicaid’s cost structure—about 77% of total spending goes to managed care, followed by long-term care and fee-for-service payments.

Behavioral health expenditures were identified as a growing share of Medicaid spending. As part of the Behavioral Health Reform and Investment Act, structural reforms included replacing the Interagency Behavioral Health Purchasing Collaborative with a new executive committee and mandating sequential intercept mapping by the courts. Medicaid rate changes and waiver expansions also aim to improve access and stabilize service delivery.

### Key Takeaways

* + Medicaid now serves over 814,000 New Mexicans; nearly 38% of the population.
	+ Transition to Turquoise Care included expanded benefits and added MCOs.
	+ Medicaid FMAP rate of 77.71% allows $3.45 in federal funds per state dollar spent.
	+ Behavioral health reforms included new oversight structure and regional planning.
	+ Medicaid expenditures totaled over $10.9 billion in FY25, with $7 billion in managed care spending.

# Next Meeting

July 21- 23, 2025 in Las Vegas, NM