Health Care Affordability Fund Annual Report to State Legislature

HEALTH CARE AUTHORITY

Presented by:
Health Care Affordability Bureau
October 31, 2025

Contents

Executive Summary and Introduction **3-7**
Health Insurance Marketplace Affordability Program **8-27**
Background 9
2025 Program Parameters 11
BeWell Enrollment and Premium Assistance Uptake 15
Turquoise Plan Enrollment 17
Enrollment by County 19
Cost Savings for Enrollees 20
State Comparisons 22
National Comparison of Marketplace Out-of-Pocket Costs 23
Clear Cost Plans 25
Small Business Health Insurance Premium Relief Initiative **28-33**
Program Parameters and Participating Carriers 29
Small Group Enrollment 30
Cost Savings for Small Businesses 32
Coverage Protection Programs **34-36**
Federal Changes Are Putting Coverage at Risk 35
Programs for New Mexicans at Risk of Losing Coverage 36
HCAF Finances and Administration **37-45**
The Impact of HCAF Programs on Health Insurance Enrollment 38
HCAF Public Outreach and Communication 38
HCAF Administration and Operations 39
Acknowledgements 44

Executive Summary and Introduction

Dear Members of the Legislative Finance Committee and Legislative Health and Human Services Committee,

Like millions of Americans across the country, New Mexicans are facing unprecedented cuts to critical health care programs and significant changes in health insurance coverage eligibility. The loss of the enhanced Premium Tax Credit (PTC) would cause premiums to skyrocket for tens of thousands of New Mexicans who rely on BeWell, New Mexico's Health Insurance Marketplace, for affordable coverage. Public Law No. 119-21 (also known as H.R. 1) restricts eligibility for the federal PTC) for many lawfully present individuals and families. And federal rule changes have caused Deferred Action for Childhood Arrivals (DACA) recipients to lose access to the Marketplace altogether. These changes to federal laws, regulations, and budget priorities have shifted significant costs to working families and created new administrative barriers to coverage.

Despite these significant federal changes, New Mexico's Health Care Affordability Fund (HCAF, the Fund) Programs have made the state a national leader in coverage affordability. Since HCAF programs launched, New Mexico's affordability initiatives have saved individuals, families, and small businesses millions of dollars in premiums and out-of-pocket costs. The Small Business Health Insurance Premium Relief Initiative saved small businesses and their employees $110 million. New Mexico is the only state directly supporting small businesses with the growing costs of health insurance. (FY26 appropriations will allow small businesses to leverage greater discounts.) The Health Insurance Marketplace Affordability Program (MAP) makes New Mexico's individual marketplace the most affordable in the nation, providing a glidepath from Medicaid into private coverage for thousands of New Mexicans.

While this report is primarily focused on the programs that improved coverage affordability in 2025, the Health Care Authority (HCA) believes it is critical to set the context for what the Fund can do to protect New Mexicans from massive premium increases and coverage loss. Upon the issuance of this report, the federal government remains shut down due to a lack of consensus on the enhanced federal PTC. Thanks to actions taken by Governor Michelle Lujan Grisham and the State Legislature, New Mexico is prepared to maintain the current affordability standards that New Mexicans rely on regardless of what happens in Washington, D.C. This was made possible not only by funding the legislature provided during the 2025 regular session to prepare for this situation for those under 400% of the Federal Poverty Level (FPL), but also by the October special session to extend state support for those over 400% FPL. In addition, the HCA is implementing programs to ensure DACA recipients and low-income lawfully present residents do not lose access to coverage on January 1, 2026.

This report highlights the work of the HCA to ensure that your constituents have access to quality, affordable coverage. The HCA thanks state leaders for their foresight to prioritize affordable health care and coverage for New Mexicans.

Sincerely,

Kari Armijo
Cabinet Secretary
New Mexico Health Care Authority

The HCAF programs prioritize support for small businesses and New Mexicans in need of affordable coverage who do not qualify for other coverage by providing subsidies to households based on household income. The HCA's strong partnership with BeWell is critical to the success of these programs. Enrollment in the Marketplace has reached a record high with 75,408 enrollees, with 41,813 benefiting from state premium assistance, and 54,013 benefiting from state out-of-pocket assistance.

- The New Mexico Premium Assistance (NMPA) program, Native American Premium Assistance (NAPA) program, and State Out-of-Pocket Assistance (SOPA)/Turquoise Plan program reduce premiums and out-of-pocket health care costs for New Mexicans who qualify for coverage on BeWell, saving New Mexicans a projected $89.5 million in Fiscal Year 2026 (FY26);
- Medicaid Transition Premium Relief (MTPR) prevents coverage disruption and provides financial protection for individuals transitioning from Medicaid to private health insurance on the Marketplace by covering the first month's premium;
- Clear Cost Plans share the same out-of-pocket costs for covered benefits, which allows consumers to compare offerings from each health insurance carrier "apples-to-apples," and they lower out-of-pocket costs for high value services like primary care visits;
- The Small Business Health Insurance Premium Relief Initiative (Small Business Initiative) reduces premiums for small businesses and their employees by 10-15%, saving small businesses $50 million in FY26; and
- HCA's Coverage Protection Programs (CPPs) will help prevent significant coverage loss for those at risk of becoming uninsured due to federal changes.

Marketplace Affordability Programs

On average, the Marketplace Affordability Programs provide additional reductions in premiums and out-of-pocket costs compared to the average subsidy from the federal government. For those eligible for NMPA in October 2025, the monthly reduction in premiums per enrollee is an average of $52.75 while the monthly reduction per enrollee receiving NAPA an average of $28.36. New Mexico's SOPA program directly reduces how much enrollees pay for services when they go to the doctor or fill prescriptions.

As of October 2025, 75,408 individuals are enrolled in medical plans through BeWell, the highest level of enrollment since the Affordable Care Act launched in 2014. Enrollment is up 26% year-over-year and 121% since the state's affordability programs launched.

- According to BeWell data, 41,813 enrollees representing just over 55% of the Marketplace medical enrollments are benefiting from New Mexico's HCAF-funded premium assistance programs.
- Native American enrollment in BeWell has increased substantially between 2024 and 2025, from 1,803 enrollments in 2024 to 2,723 enrollments in 2025.
- A total of 54,013 New Mexicans are currently enrolled in a Turquoise plans in Oct. 2025, 71.6% of total BeWell enrollment.
- For consumers enrolled in a Turquoise 2 plan (between 150-200% FPL) in 2024, the average national deductible is eight times higher than the average deductible in New Mexico ($92) for those with the same income in other states.

Small Business Health Insurance Premium Relief Initiative

The Small Business Initiative continues to provide a 10% premium reduction to Bronze and Silver plan premiums while the premium reduction for Gold and Platinum plans increased to 15% on July 1, 2025. The program continues to provide substantive cost savings to small businesses who continue to offer employees health insurance. The Small Business Initiative provides an average per member per month savings of $83.32 as of July 2025 to 4,130 small businesses.

Coverage Protection Programs

In response to unprecedented federal cuts, HCA has prioritized minimizing coverage loss. Several programs are scheduled to launch in 2026 and HCA has included appropriations requests for FY27 that will provide the necessary resources to keep New Mexicans covered. In addition, the State Legislature has appropriated funds to ensure the loss of enhanced federal premium tax credits does not negatively impact New Mexicans who rely on BeWell for coverage.

Introduction

In 2021, the New Mexico Legislature passed, and Governor Michelle Lujan Grisham signed, Senate Bill 317 which placed a moratorium on out-of-pocket costs for mental health services for state-regulated health plans and created the HCAF to lower health care costs for New Mexicans.

The statute allows the Fund to be used to:

1. Reduce premiums and out-of-pocket health care costs for New Mexicans who qualify for coverage on BeWell, New Mexico's Health Insurance Marketplace (the Marketplace);
2. Reduce premiums for small businesses and their employees;
3. Provide resources for planning, design, and implementation of health care coverage initiatives for uninsured New Mexico residents;
4. Provide resources for the administration of state health care coverage initiatives for uninsured New Mexico residents;
5. Cover a portion or all of the net premium for health benefit contributions for state government employees enrolled plans covered by the Health Care Purchasing Act who do not qualify for Medicaid and have a modified adjusted gross income up to 250% of the Federal Poverty Level (FPL); and
6. Cover a portion or all of the net premiums for members of the New Mexico National Guard who qualify for a federal TRICARE reserve select policy.

The Fund and its programs were previously managed by the New Mexico Office of Superintendent of Insurance (OSI). Per Senate Bill 14 (2024), as of July 1, 2024, the Fund and its programs are now managed by the New Mexico Health Care Authority (HCA). Throughout this report, "OSI" will be referenced historically or as appropriate, and the "HCA" will be referenced prospectively or as appropriate. The resources provided by the Fund help the HCA address critical health care affordability issues that are widely cited as barriers to care and cause economic burdens on New Mexico's families and businesses.

There are three categories of programs that have been launched or are on track to launch:

1. The Health Insurance Marketplace Affordability Program started January 1, 2023
2. The Small Business Health Insurance Premium Relief Initiative started July 1, 2022
3. The Coverage Protection Programs launched October 1, 2025.

The development of these programs involved working with consumers, community groups, small business owners, and health care industry stakeholders. The HCA contracts with experts and firms to study policy options to develop and refine programs each year.

New Mexico has been nationally recognized for its efforts to improve the affordability of health care. The HCA is grateful to the New Mexico State Legislature and Governor Michelle Lujan Grisham, whose support has been critical to the success of these initiatives.

Health Insurance Marketplace Affordability Program

The Health Insurance Marketplace Affordability Program

The Patient Protection and Affordable Care Act (Affordable Care Act) reduced the uninsured rate through two major programs: Medicaid Expansion for individuals under 138% FPL and the creation of health insurance marketplaces with subsidized private health plans for individuals without access to affordable employer-sponsored insurance, Medicare, Medicaid, or other forms of Minimum Essential Coverage (MEC). New Mexico launched its own fully state-operated marketplace (BeWell) in the fall of 2021. While the Affordable Care Act expanded coverage to millions of people nationwide and established critical consumer protections, enrollees reported affordability challenges related to both premiums and out-of-pocket costs that have caused many states to provide resources to lower costs further.

In 2023, 63.2% of uninsured adults ages 18-64 said they were uninsured because coverage is not affordable, making it the most common reason cited for being uninsured. (KFF, October 2025)

According to a study commissioned by the New Mexico Human Services Department in 2020, more than a quarter of uninsured New Mexicans qualified for subsidies on the Marketplace. In 2020, 57,000 people eligible for subsidies remained uninsured. Research by the Commonwealth Fund found only 1/3 of the uninsured visited the Marketplace, with those who did not visit the Marketplace citing perceptions of unaffordability as the main reason. A 2022 study by the Commonwealth Fund found that 46% of uninsured individuals cited premium costs as the main reason they lost or dropped coverage. Among those who had shopped for individual market coverage in the past three years but did not buy a plan, 63% cited premiums as the main barrier to getting covered (see fig. 1).

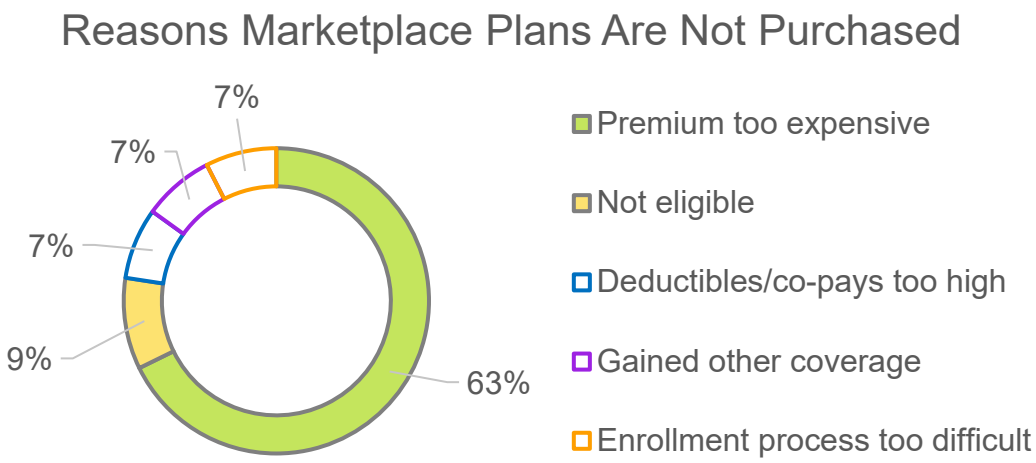


Figure 1. Reasons uninsured shoppers visited the Marketplace but did not buy. (Source: Commonwealth Fund, 2022)

While premiums remain a barrier to having health coverage, out-of-pocket costs are also a growing concern. A national survey by the Commonwealth Fund in 2022 found that 23% of non-elderly adults are "underinsured," meaning they are covered but face out-of-pocket costs that hinder access to care or impose significant financial burdens. While 29% of people with employer coverage were underinsured, 44% of individual market enrollees were underinsured. For individual market enrollees under 200% FPL, 52% were underinsured. 61% of underinsured individuals reported a cost-related access problem,

compared to 32% who were not considered to be underinsured. 60% of the underinsured reported having problems paying medical bills, getting sent to collections, changing their way of life to pay bills, or being burdened with medical debt that they are paying down over time.

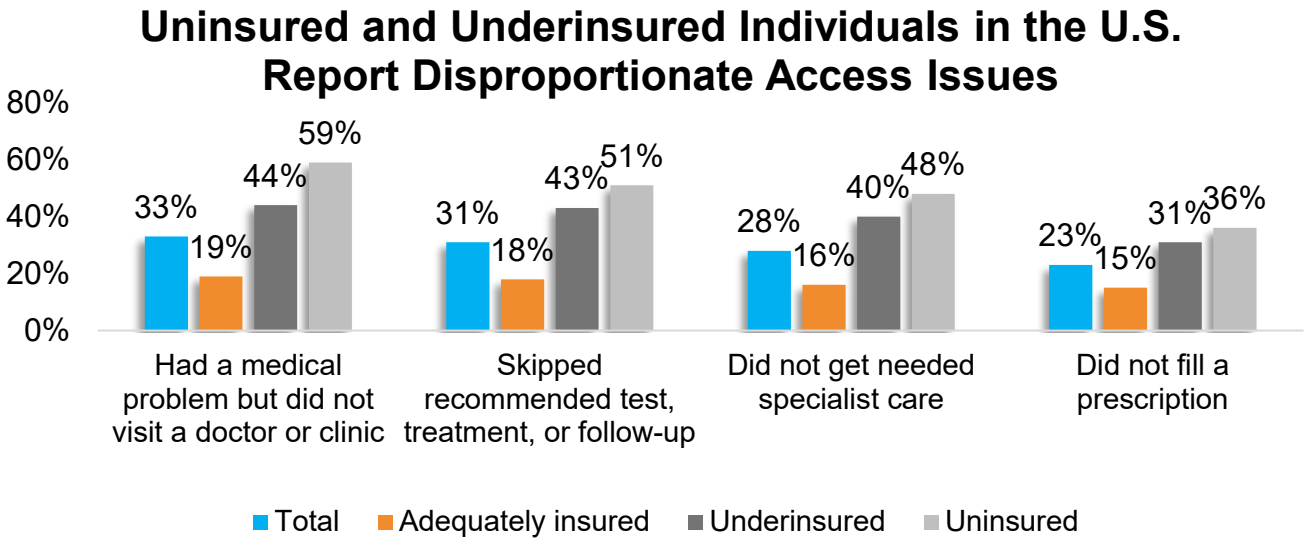


Figure 2. Percentage of adults ages 19-64 who in 2021 that had any of four problems accessing care because of cost the United States.(Source: Commonwealth Fund, 2022)

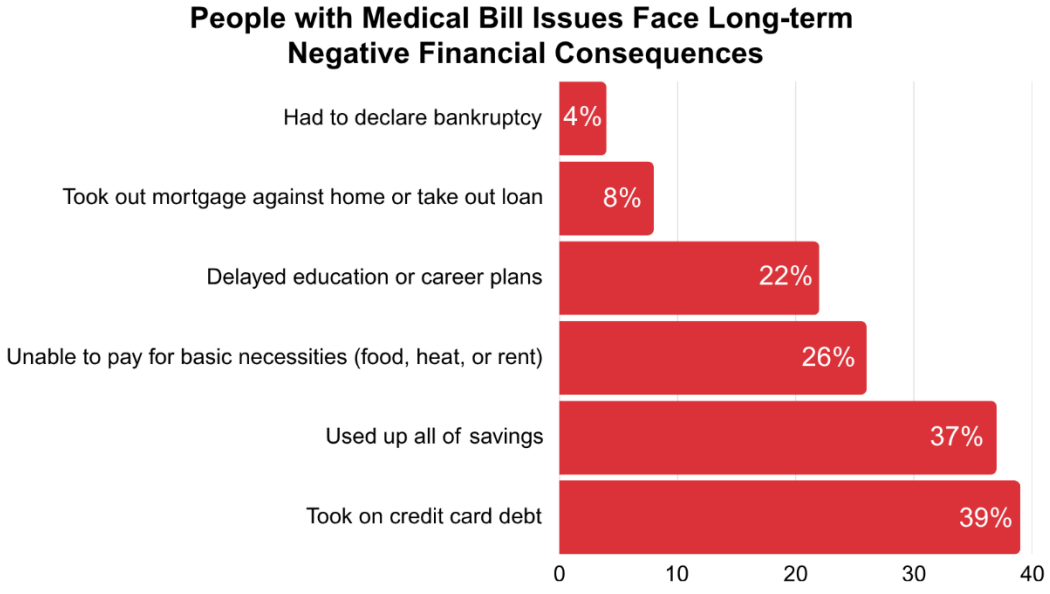
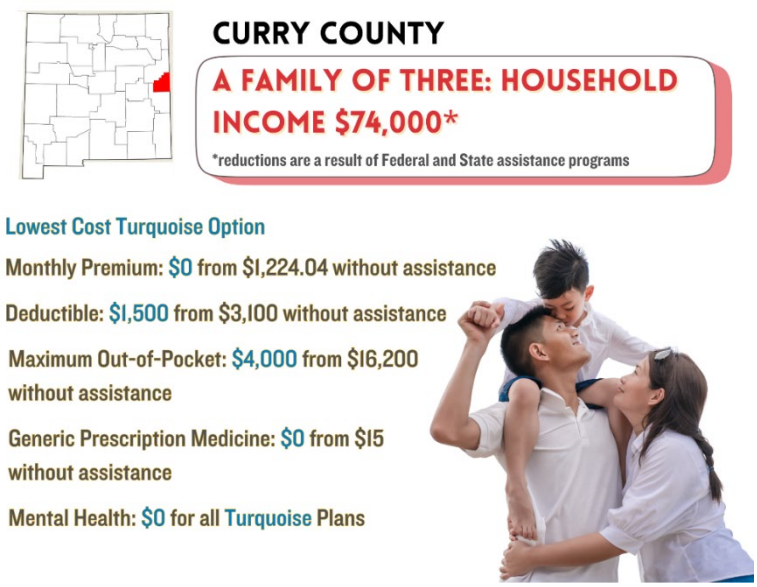


Figure 3. Types of long-term consequences faced due to high medical bills.

Marketplace premium affordability challenges were partly mitigated by the passage of enhanced premium subsidies under the Federal American Rescue Plan Act in 2021 and the extension of those subsidies through 2025 under the Federal Inflation Reduction Act (more on this below). Since these subsidies were

implemented, states have seen significant increases in enrollment, particularly states that have not yet expanded Medicaid. Enrollment reached record highs in 2024, as the pandemic-era Medicaid Continuous Coverage Requirement was phased out.

The HCAF was designed to directly address these affordability challenges. New Mexico's Health Insurance Marketplace Affordability Program builds on top of the federal financial assistance available on BeWell to offer qualifying individuals and families lower-cost coverage. To qualify for the program, consumers must: 1) be eligible to purchase a Qualified Health Plan (QHP) on the Marketplace, 2) qualify for the federal Premium Tax Credit (PTC), and 3) meet income criteria established annually by the Secretary. New Mexico has developed programs to address both premium and out-of-pocket cost issues on the state's Marketplace.



Federal Context

The American Rescue Plan Act, which was passed by Congress in 2021, provided an enhanced and expanded PTC to eligible consumers through the end of 2022. During the period of OSI's planning for the Marketplace Affordability Program, there was significant uncertainty about whether the enhanced federal funding would continue. In August 2022, the Inflation Reduction Action extended the enhanced federal funding for three years (through the end of 2025). If the enhanced PTC is not extended, the HCA has been appropriated funds to offer protections to these consumers to the greatest extent possible through HCAF programs.

2025 Program Parameters

New Mexico Premium Assistance

The New Mexico Premium Assistance (NMPA) program caps how much individuals and families pay for health insurance on BeWell based on their income, with lower-income households paying a lower percentage of their income on premiums than higher-income households (see Table 1). State-funded premium assistance can be used to purchase plans in any metal tier other than Catastrophic. Investing in extra premium assistance for those between 150-200% FPL is the most cost-effective way for the State to boost enrollment and improve coverage retention throughout the year because the federal advance payments of the PTC cover such a significant portion of the consumer premium in this income range.

New Mexico House Bill 2 enacted in the first special session of 2025 approved emergency funds to allow for coverage protection for middle-income consumers with incomes over 400% FPL. These funds will ensure this population only pays 8.5% of their gross household income on health insurance starting in 2026 to help make their health insurance affordable.

Native American Premium Assistance (NAPA)

For qualifying Native Americans, the Marketplace Affordability Program offers additional financial assistance:

- Up to 300% FPL: Members do not owe a premium for the lowest-cost plan offered by each carrier. The State covers what would otherwise be owed to the plan after accounting for federal advance payments of the PTC and State premium assistance. Federal protections allow this group to enroll in plans with no out-of-pocket costs.
- Between 300-400% FPL: Premiums are capped at a sliding scale between 1-8.5% of household income for the second lowest-cost Silver plan. This design feature mitigates the "cliff effect" that often results from programs with steep drop offs in benefits once a household has reached income eligibility limits.

State Out-of-Pocket Assistance and Turquoise Plans

Out-of-pocket costs, like deductibles, co-pays, and coinsurance, have been on the rise for decades, causing New Mexicans to shoulder more of the cost when they seek needed health care services. This makes working families less financially secure; an illness or injury is more likely to push families into medical debt or require them to dip into their savings. HCA uses the Fund to directly boost the financial security of working families who get their coverage on BeWell by offering "Turquoise Plans" with much lower out-of-pocket costs. Individuals and families who make less than 400% and qualify to purchase a QHP on BeWell can enroll in Turquoise Plans that significantly lower how much they pay for doctor visits, hospitalization, prescription medication, and other essential services.

2025 Plan Year HCAF Premium Assistance Scale

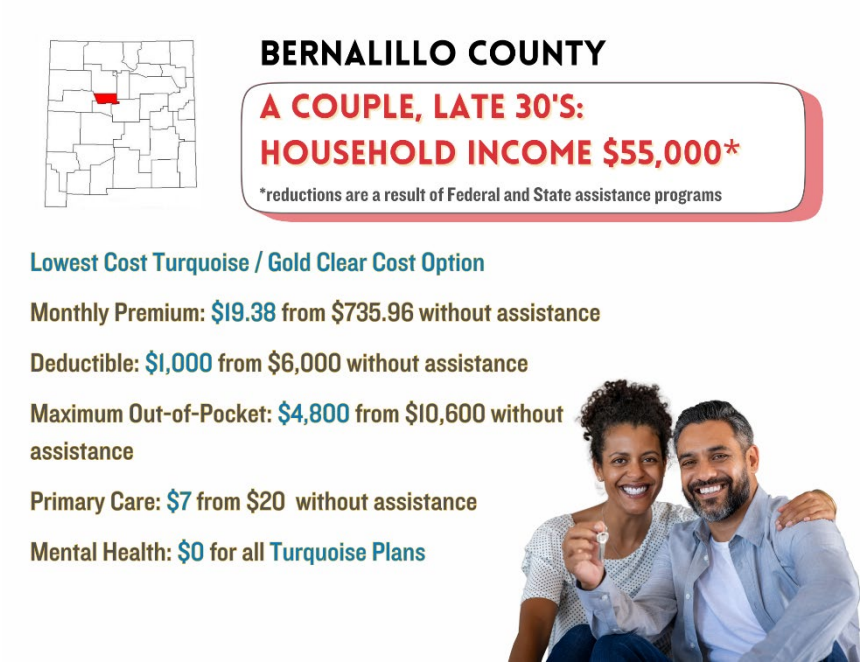
Federal Poverty Level	NM Benchmark Premium Sliding Scale (Benchmark Premiums as % of income)
Under 200%	0%
200 - 250%	0 - 2%
250 - 300%	2 - 5%
300 - 400%	5 - 8.5%
Over 400%	8.5% (If Congress Does Not Act)

Table 1. 2025 Plan Year HCAF premium assistance scale. Note: The benchmark plan is the second lowest cost Silver plan.

State Out-of-Pocket Assistance (SOPA) adjusts out-of-pocket costs based on income. For Plan Year 2025 (PY25), three levels of out-of-pocket assistance were available to individuals and households purchasing health insurance plans on BeWell: Turquoise 1, 2, and 3. Turquoise 1 has the lowest out-of-pocket costs

and is available to those with incomes up to 150% FPL, followed by Turquoise 2 for incomes between 150-200% FPL, and Turquoise 3 for incomes between FPL.[1]

Carriers are required to offer plan variants that meet cost-saving targets established by the Secretary. The federal government uses the concept of "actuarial value" to determine out-of-pocket cost reduction levels. Actuarial value (AV) is defined by the federal government as the "percentage of total average costs for covered benefits that a plan will cover." Typically, the higher the plan's AV, the lower the enrollee's potential cost exposure.[2] State-funded out-of-pocket assistance applies to Silver plans (70% AV) for eligible individuals up to 200% FPL and to Gold plans (80% AV) for eligible individuals between 200.01-400% FPL (see Table 2).



The HCA designed Turquoise Plans around New Mexico's unique market dynamics, leveraging existing federal programs to the greatest extent possible to save money for consumers and the State of New Mexico, where possible. The federal government currently provides Cost Sharing Reductions (CSRs) for eligible lower income enrollees (up to 250% FPL) who purchase a Silver plan. HCA builds on top of these CSRs for lower income individuals (up to 200% FPL) through Turquoise plans that have underlying Silver-tier plans. For individuals above 200% FPL, HCA applies state assistance to Turquoise plans, with underlying Gold-tier plans, that give individuals in that income range more robust coverage at prices that are lower than Silver plans, on average. If HCA were to apply this assistance to Silver plans, it would cost significantly more for the State to provide the level of savings currently achieved by the State's programs and would incentivize enrollment into higher premium plans for consumers.

[1] A "plan year" is the same as a "calendar year."

[2] "Cost exposure" in health insurance is the maximum amount an enrollee would have to pay for covered health care services in a year, which is made up of their premium and out-of-pocket maximum.

HCA makes monthly payments to carriers to provide these enhanced benefits and reconciles the payments against actual use of the assistance following each plan year. The HCA completed its first reconciliation cycle for PY24 in June of 2025 and is currently engaged in review of the second submission cycle for PY24. FY25 advance SOPA payments to carriers totaled $20,378,405.38, and $2,672,146.92 in additional payments were issued during the first reconciliation submission cycle for PY24. The reconciliation process allows HCA to ensure the payments are correct based on actual utilization of services.

Actuarial Values by Program
Plan Year 2025

Federal Poverty Level	Marketplace Affordability Program AV Level for New Mexico SOPA Plans	ACA AV Level for Relevant Federal Variants
Up to 150%	99% AV (Silver)	94% AV (Silver)
150.01 - 200%	95% AV (Silver)	87% AV (Silver)
200.01 - 400%	90% AV (Gold)	80% AV (Gold)

Table 2. 2025 Plan Year actuarial values by program

BeWell Enrollment

In this section, enrollment figures are based on data reported by BeWell as of October 2025. There are currently 75,408 individuals enrolled in medical plans through BeWell (see fig. 4). This represents the highest level of enrollment ever recorded on New Mexico's Marketplace since the Affordable Care Act launched for PY14. Enrollment is up 21% year-over-year and 126% since the program was launched. Combined with system updates and improved outreach/marketing from BeWell, HCA's affordability programs are a factor contributing to these significant positive enrollment trends.

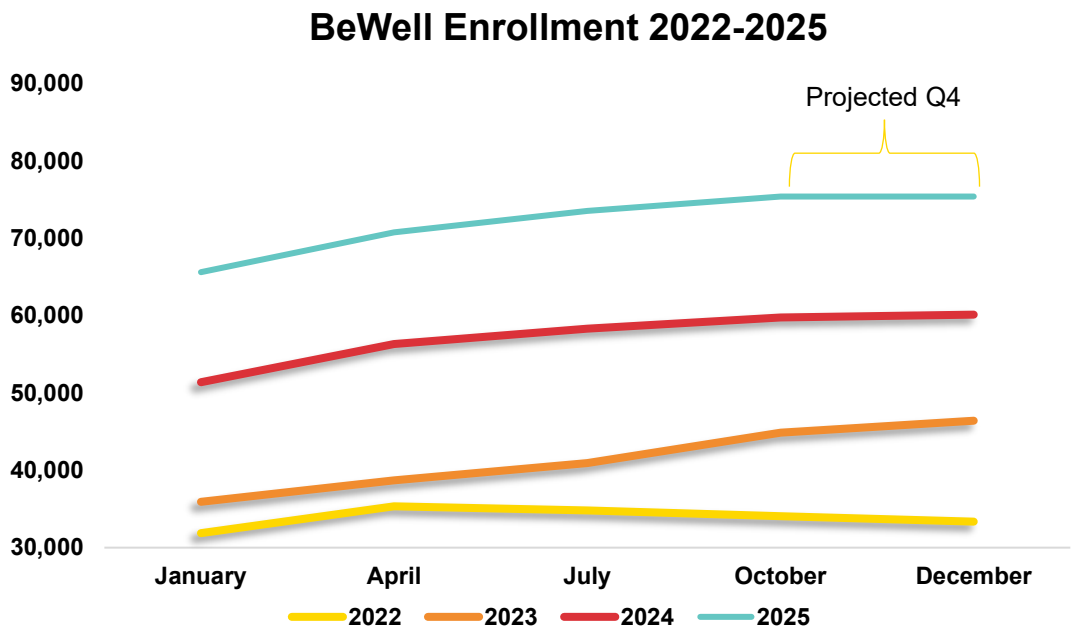


Figure 4. BeWell enrollment 2022-2025

Premium Assistance Uptake

According to BeWell data, 41,813 enrollees representing 55.4% of the market are benefiting from New Mexico's state-funded premium assistance programs. 32.8% of enrollees received the federal Premium Tax Credit but did not receive any state premium assistance. Only 11.7% of those enrolled in medical plans did not receive any federal or state financial assistance (see fig. 5). Under the Inflation Reduction Act, qualifying households above 400% FPL are currently eligible for the federal PTC, with the benchmark premium capped at 8.5% of household income.

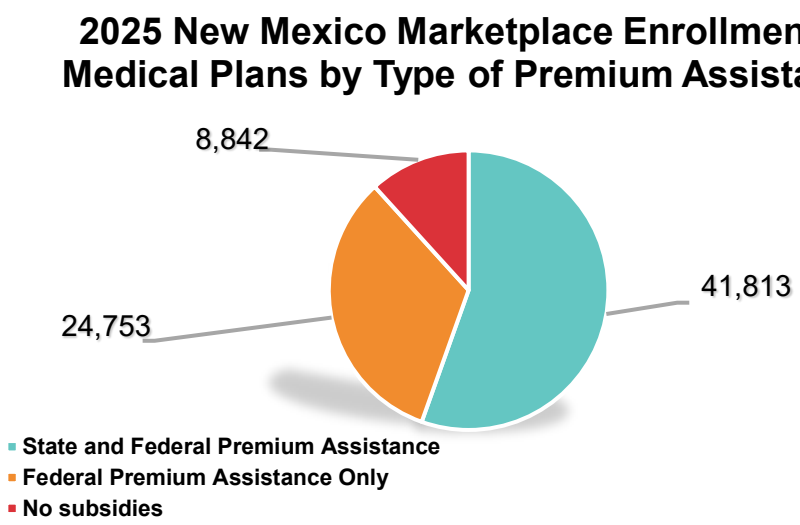


Figure 5. Marketplace enrollment in medical plans in New Mexico by type of premium assistance for 2025.

BeWell has seen significant enrollment growth among Native Americans since the Marketplace Affordability Program launched. During the Open Enrollment Period for the 2023 Plan Year, 464 Native Americans were enrolled in Marketplace coverage. Due to the end of the pandemic-era Medicaid Continuous Coverage Requirements, improved outreach strategies from BeWell, and HCA's affordability initiatives, Native American Marketplace enrollment has increased nearly six-fold between 2023 and 2025 (see fig. 6). Uptake by Native Americans has increased during this period, with 2,723 consumers currently benefitting.

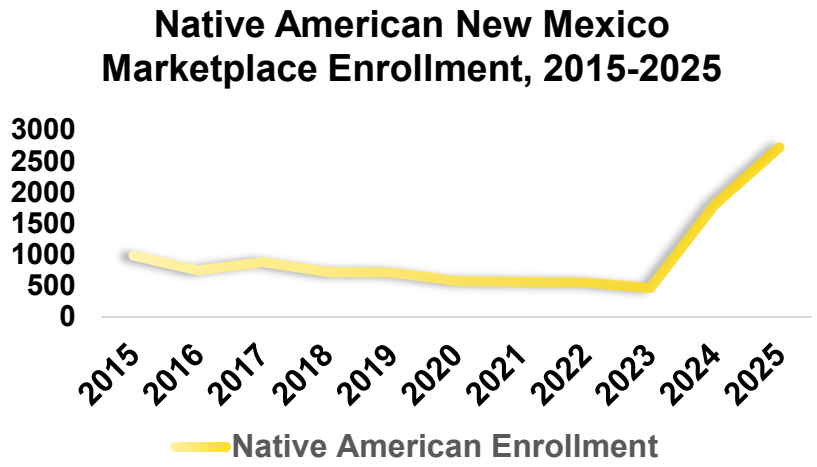


Figure 6. Native American enrollments in the Marketplace between 2015 and 2025.

Turquoise Plan Enrollment

54,013 New Mexicans signed up for Turquoise Plans in 2025, 71.6% of total BeWell enrollment (see fig. 7). 89.7% of enrollees who signed up for Marketplace coverage and qualified for SOPA opted to select a Turquoise Plan, an increase from 85% in 2024. However, there is a gap in uptake depending on household income. Among those under 200% FPL, 82.1% selected a Turquoise plan compared to 93.4% for those between 200-400% FPL. The share of those below 200% FPL who opted for a Turquoise plan increased from 78 to 82.1% year-over-year, demonstrating increased interest in these plans. Overall, these results demonstrate well-aligned incentives, leading to significant enrollment in the plan tiers that offer the most financial protection available to the consumer.

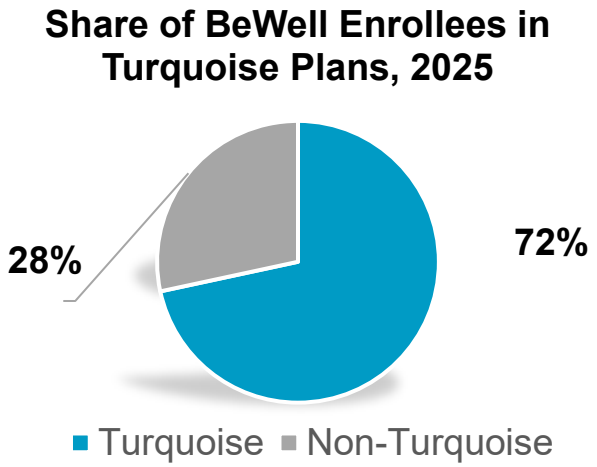


Figure 7. Share of BeWell enrollees in a Turquoise Plan.

16% of Turquoise enrollees are under 150% FPL and qualify for Turquoise 1 (99% of costs covered by the plan). 25% of Turquoise enrollees are between 150-200% FPL and qualify for Turquoise 2 (95% of costs covered by the plan). 58% of Turquoise enrollees are between 200-400% FPL and qualify for Turquoise 3 (90% of costs covered by the plan) (see fig. 8). The higher concentration of enrollees in Turquoise 3 is largely due to the wider income band represented (a 200-point difference in 200-400% FPL for Turquoise 3 compared to a 50-point difference in 150-200% FPL for Turquoise 2, for example).

Turquoise enrollees represent 97.3% of enrollment in Silver-level plans on the Marketplace (see fig. 9.1). For individuals under 200% FPL, Silver plans offer the best financial protection due to federal CSRs and New Mexico's SOPA program. At the same time, Turquoise enrollees make up 63.2% of Gold-level plans on the Marketplace (see fig. 9.2). This highlights the well-designed incentives built into HCA's programs and the OSI's 2025 premium alignment guidance that both appear to contribute to the trend of more enrollees signing up for underlying Gold-level plans. In turn, this leads to better financial protection for enrollees. OSI rescinded its premium alignment policy for 2026, which is expected to lead to increased costs for consumers despite increased state support.

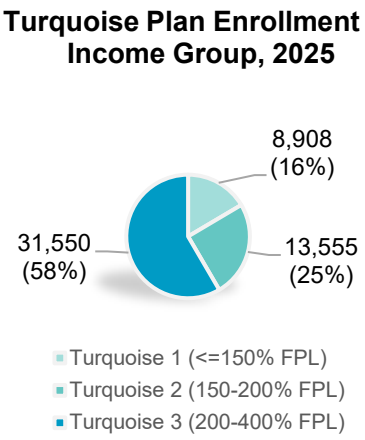


Figure 8. Turquoise Plan Enrollment by Income Group (2025).

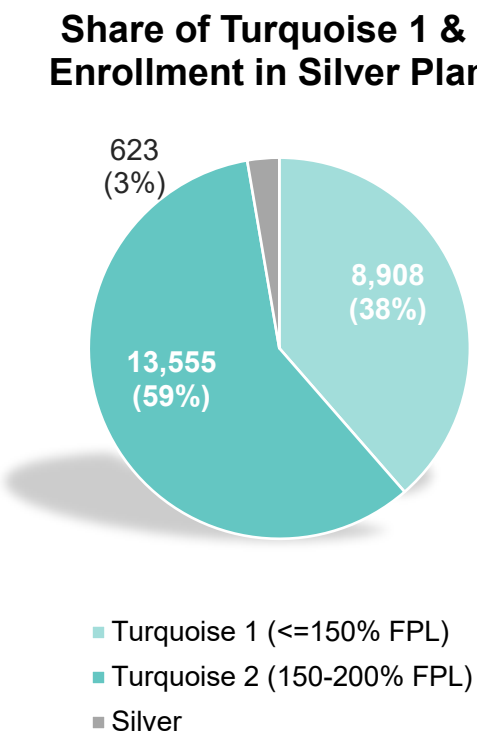


Figure 9.1. Share of Turquoise 1 & 2 enrollment in Silver plans.

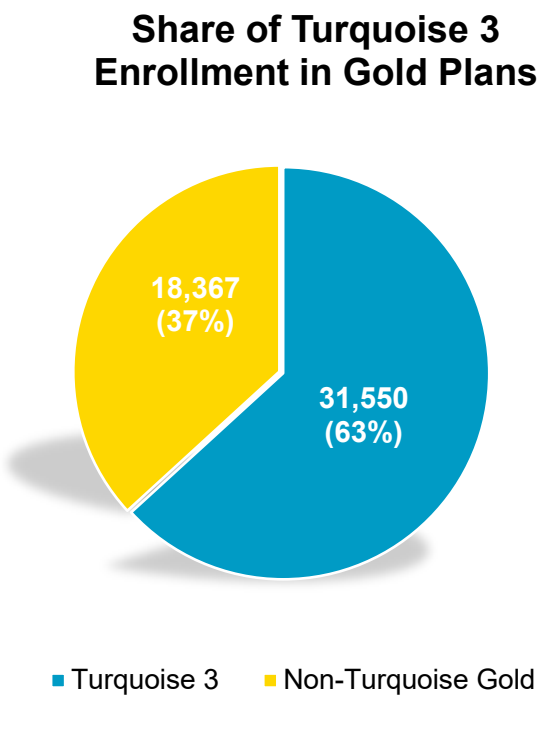


Figure 9.2 Share of Turquoise 3 enrollment in Gold plans.

In 2021, nearly 40% of enrollees signed up for Bronze plans, which have the highest average deductibles and maximum out-of-pocket limits. Only 25% of enrollees selected a Gold plan that year. By 2025, only 3.9% of enrollees selected Bronze plans while over 66.2% signed up for Gold-level plans (see fig. 10). This represents a major shift into more robust coverage in just a few short years. This trend began after OSI adopted guidance that significantly lowered the net cost of Gold plans on the Marketplace. [3] OSI designed the SOPA program around this guidance to maximize these benefits for enrollees and drive enrollment. A 2024 analysis found New Mexico has the highest percentage of Marketplace enrollment in Gold or better, with more than 95% of enrollees signed up in either Gold or Turquoise plans. That amount increased to 96% in 2025.

[3] https://www.healthaffairs.org/content/forefront/new-mexico-dramatically-reduced-marketplace-deductibles-zero-cost-state

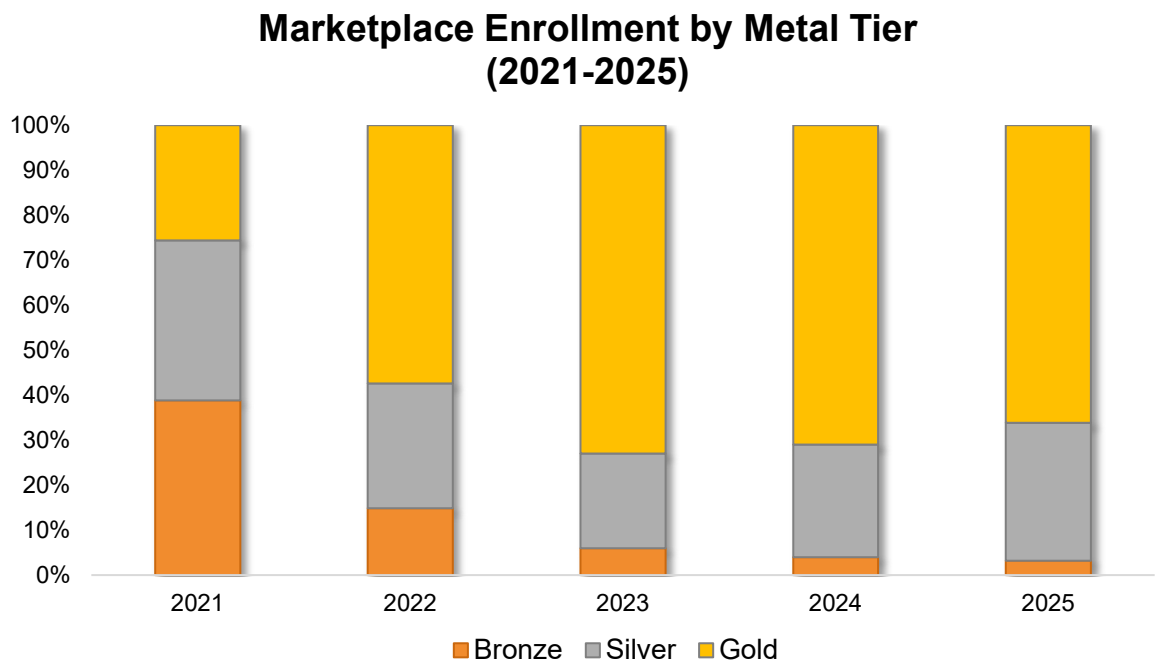


Figure 10. Marketplace enrollment by metal tier.

Enrollment by County

Marketplace enrollment has grown year-over-year in every county across the state and now totals 75,408. The map below shows enrollment by county and year-over-year enrollment growth between October 2024 and October 2025 (see fig. 11). Statewide, enrollment grew by nearly 26.92 % over this period.

- 1 county experienced enrollment growth over 50% (Luna)
- 9 counties experienced enrollment growth between 30-40% (Cibola, Eddy, Hidalgo, Lea, McKinley, Rio Arriba, San Juan, Sierra, and Valencia)
- 16 counties experienced enrollment growth between 20-30% (Bernalillo, Chaves, Curry, Doña Ana, Guadalupe, Lincoln, Los Alamos, Otero, Quay, Roosevelt, San Miguel, Sandoval, Socorro, Taos, Torrance, and Union))
- 4 counties experienced enrollment growth between 10-20% (De Baca, Grant, Mora, and Santa Fe)
- 1 county experienced enrollment growth under 10% (Colfax)
- 2 counties experienced a reduction in enrollment (Catron -5.38% and Harding -20%)

A 2024 analysis by ACA Signups found that New Mexico has the highest percentage of Marketplace enrollment in Gold or better, with more than 95% of enrollees signed up in either Gold or Turquoise plans. That amount increased to 96% in 2025.

Marketplace Enrollment by County & Percentage Change from October 2024-October 2025

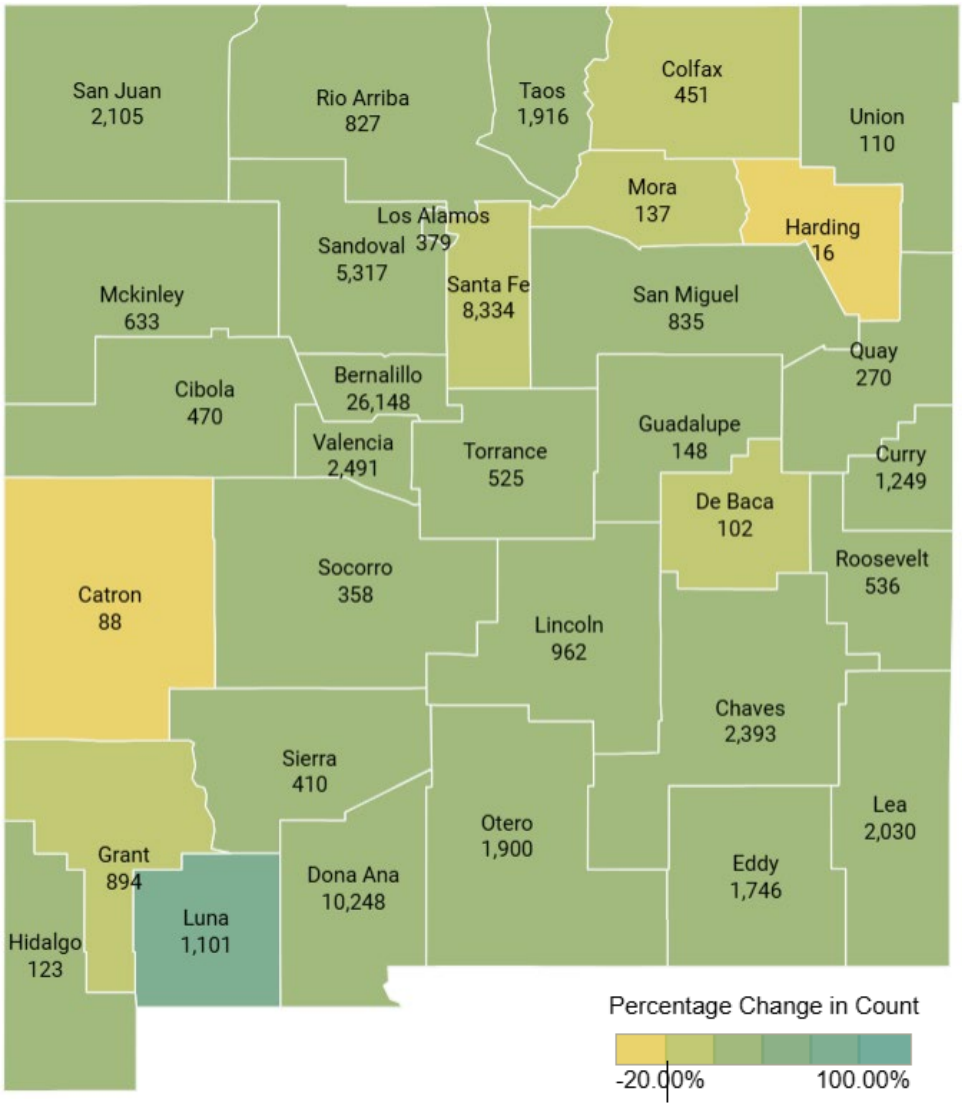


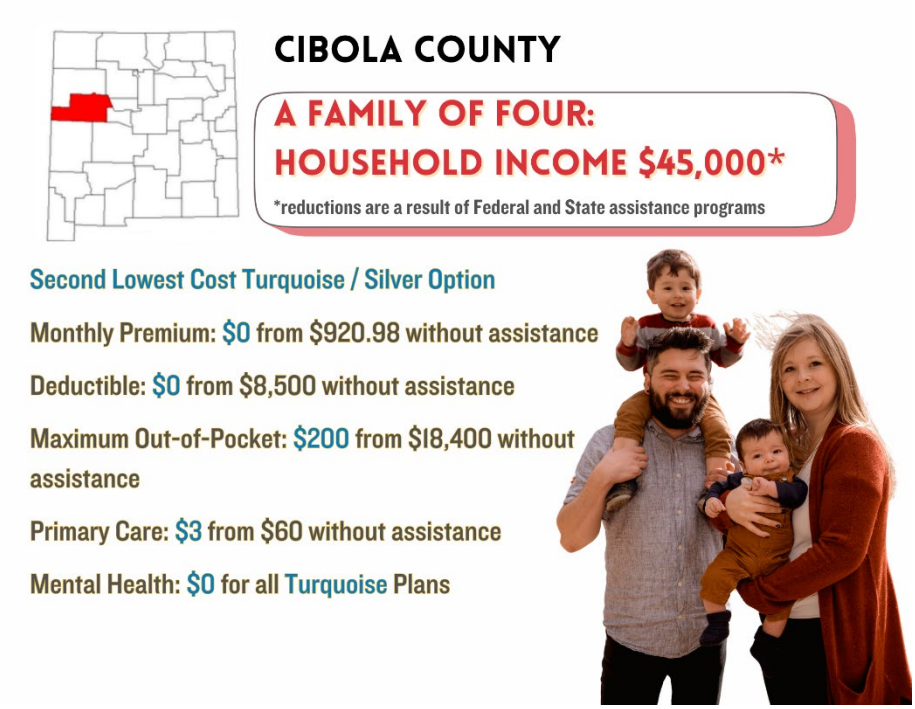
Figure 11. BeWell Marketplace enrollment by county and percentage change from October 2024 through October 2025

Cost Savings for Enrollees

Together, the federal PTC and the NMPA program significantly reduce the net monthly premium that eligible individuals pay to keep their coverage active. 53% of enrollees pay less than $10 a month, and 65% pay less than $50 per month. New Mexico's programs are designed to fully leverage federal resources before state dollars are used. On average, the NMPA program provides an additional reduction in premium of $41.58 per month for eligible enrollees, compared to the $576.53 average subsidy from the federal government. For those eligible for the NAPA program, the per enrollee monthly reduction in premiums is an average of $24.50.

New Mexico's SOPA program directly reduces how much enrollees pay for services and builds on top of federal CSRs to maximize savings for enrollees. Authority staff developed several examples to demonstrate savings for households across the state, which are placed throughout this report. A family of

three in Curry County making $74,000 annually would see their maximum out-of-pocket limit drop from $16,200 to just $4,000 with state and federal assistance. A family of four in Cibola County making $45,000 annually would have no deductible for a Turquoise Plan that would otherwise have a deductible of $18,400. If they planned to have another child and hit their deductible due to labor and delivery costs, they would owe 41% of their income before coverage even kicked in under a non-Turquoise plan. These are the kinds of savings that make families more financially secure and improve access to care across the state.



State Comparisons

Individual, 41-years-old, 150% FPL ($21,870/annual)

Marketplace PY2025 – Lowest Cost Option

State	Monthly Premium	Annual Out-of-Pocket Costs	Max % of Income for Covered Services
Bernalillo County **New Mexico**	Turquoise Level 1 Plan; $0 Monthly Premium	$0 Deductible; $70 Maximum Out-of-Pocket	0.3%
San Mateo County **California**	Silver Plan; $0 Monthly Premium	$0 Deductible; $1,400 Maximum Out-of-Pocket	6.4%
Denver County **Colorado**	Silver Plan; $1 Monthly Premium	$0 Deductible; $1,300 Maximum Out-of-Pocket	5.9%
Jefferson County **Kentucky**	Silver Plan; $0 Monthly Premium	$170 Deductible; $3,050 Maximum Out-of-Pocket	13.9%

Figure 12. 2025 state-to-state comparison of premiums and out-of-pocket costs for consumer at 150% FPL.

It is important to see how New Mexico's savings compare to other states, including those that provide additional state-funded assistance to their residents. New Mexico consistently has lower premiums and out-of-pocket costs compared to other states (see figs. 12-14). While the monthly premium for an individual at 150% FPL is the same in all states due to the enhanced federal PTC, the maximum amount that could be owed for covered services in California and Colorado is 6.4% of the individual's income, which could be very challenging on a limited income. New Mexico's plan limits the amount to 0.3% of the individual's income (see fig. 12).

Similarly, in California, an individual at 175% FPL could owe as much as 12.1% of their income in out-of-pocket costs; in New Mexico, the costs are limited to 3.4% of their income (see fig. 13).

Individual, 41-years-old, 175% FPL ($25,515/annual)

Marketplace PY2025 – Lowest Cost Option

State	Monthly Premium	Annual Out-of-Pocket Costs	Max % of Income for Covered Services
Bernalillo County **New Mexico**	Turquoise Level 2 Plan; $0 Monthly Premium	$100 Deductible; $875 Maximum Out-of-Pocket	3.4%
San Mateo County **California**	Silver Plan; $0 Monthly Premium	$0 Deductible; $3,000 Maximum Out-of-Pocket	11.8%
Denver County **Colorado**	Silver Plan; $16.56 Monthly Premium	$950 Deductible; $2,665 Maximum Out-of-Pocket	10.4%
Jefferson County **Kentucky**	Silver Plan; $12.31 Monthly Premium	$1,500 Deductible; $3,050 Maximum Out-of-Pocket	12.1%

Figure 13. 2025 state-to-state comparison of premiums and out-of-pocket costs for consumer at 175% FPL.

The starkest difference is for an individual at 300% FPL who could be exposed to paying between 18-21% of their income in health care costs in the comparison states. In New Mexico, enrollees in a similar

plan would be limited to 4% of their income (see fig. 14). These comparisons show how New Mexico is a leading state in Marketplace coverage affordability initiatives.

Individual, 41-years-old, 300% FPL ($43,740/annual)

Marketplace PY2025 – Lowest Cost Option

State	Monthly Premium	Annual Out-of-Pocket Costs	Max % of Income for Covered Services
Bernalillo County **New Mexico**	Turquoise Level 3 Plan; $63.35 Monthly Premium	$500 Deductible; $1,750 Maximum Out-of-Pocket	4%
San Mateo County **California**	Gold Plan; $295.26 Monthly Premium	$0 Deductible; $9,200 Maximum Out-of-Pocket	21%
Denver County **Colorado**	Gold Plan; $191.72 Monthly Premium	$1,875 Deductible; $8,700 Maximum Out-of-Pocket	19.9%
Jefferson County **Kentucky**	Gold Plan; $423.60 Monthly Premium	$5,750 Deductible; $7,940 Maximum Out-of-Pocket	18.2%

Figure 14. 2025 state-to-state comparison of premiums and out-of-pocket costs for consumer at 300% FPL.

National Comparison of Marketplace Out-of-Pocket Costs

New Mexico's out-of-pocket assistance program creates significant cost reductions for enrollees. The HCA analyzed the average deductible and maximum out-of-pocket limits in New Mexico compared to the national average of similar plans for PY24. Figure 15 below shows the following:

- Consumers enrolled in a Turquoise 1 plan (for consumers between 0-150% FPL) have a $0 deductible while the national average deductible for those in this income range with only federal CSRs (AV of 94%) applied to their Silver plan is $90.
- For consumers enrolled in a Turquoise 2 plan (between 150.01-200% FPL), the average national deductible is 8 times higher than the average deductible in New Mexico for those enrolled in a Silver plan with an AV of 87%.
- Finally, for those enrolled in a Turquoise 3 plan (between 200-300% FPL in 2024), the average national deductible is nearly 9 times higher than in New Mexico for those enrolled in a Silver plan with an AV of 73%.

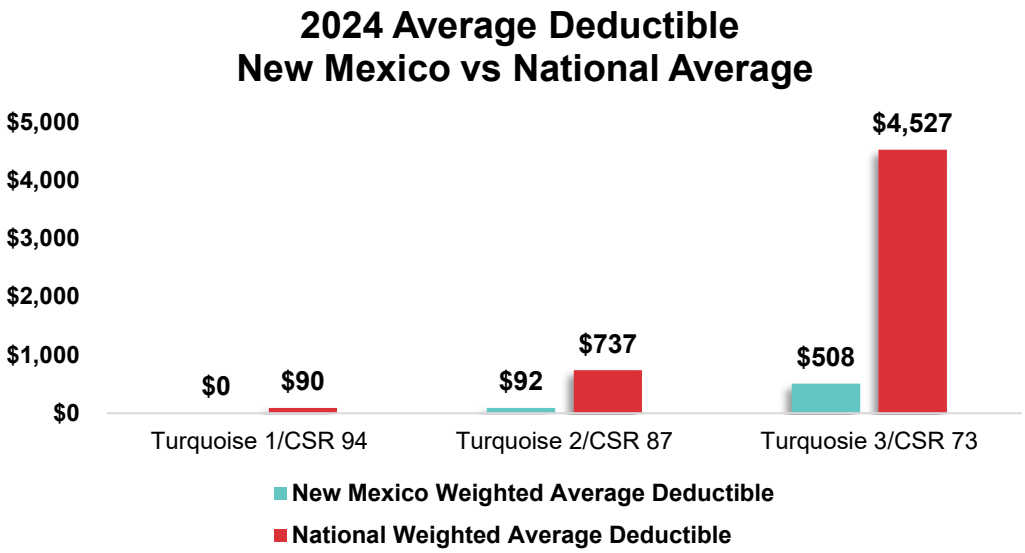


Figure 15. Data from 2024 of consumer deductibles in New Mexico for those enrolled in Turquoise plans versus the national average of deductibles for consumers enrolled in Silver plans with federal CSRs applied (CSR 94% AV, CSR 87% AV, and CSR 73% AV). (Sources: National KFF Analysis; HCAF program data)

Similarly, New Mexico's maximum out-of-pocket limits for consumers enrolled in Turquoise plans are substantially lower than the national average for comparable Silver-level plans with only federal CSRs applied. The national maximum out-of-pocket average is more than $1,000 higher than for New Mexicans enrolled in a Turquoise 1 plan (0-150% FPL), nearly $2,000 higher than New Mexicans enrolled in Turquoise 2 plans (150.01-200% FPL), and more than $5,000 higher than New Mexicans enrolled in Turquoise 3 plans, per the chart below (see fig. 16).

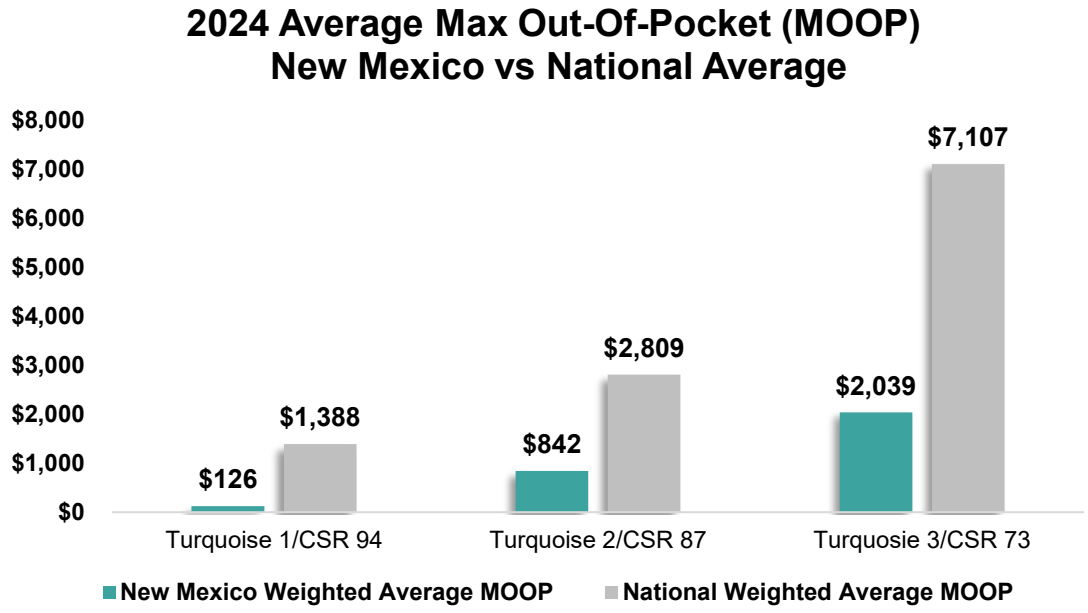


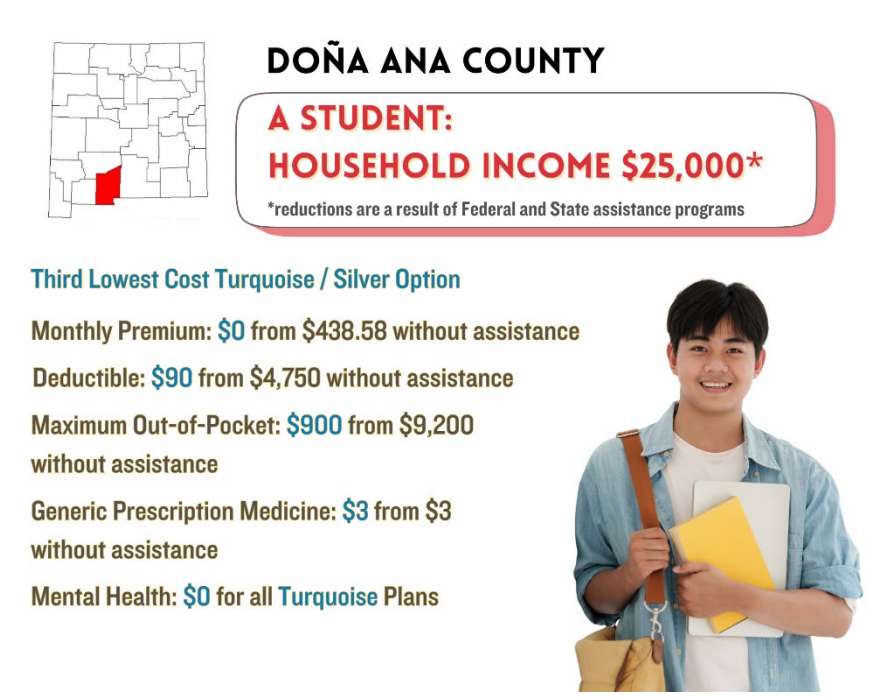
Figure 16. Data from 2024 of consumer maximum out-of-pocket costs in New Mexico for those enrolled in Turquoise plans versus the national average of maximum out-of-pocket costs for consumers enrolled in Silver plans with federal CSRs applied (CSR 94% AV, CSR 87% AV, and CSR 73% AV). (Sources: National KFF Analysis; HCAF program data)

In partnership with BeWell, the HCA created additional financial support for those individuals transitioning to Marketplace coverage. The Medicaid Transition Premium Relief (MTPR) program pays the first month's premium for eligible individuals who lost Medicaid and enrolled in health insurance through BeWell. MTPR's main objective is to prevent coverage disruptions and provide financial protections for individuals transitioning from Medicaid to private health insurance. This was particularly important during the period when Medicaid renewals began again after the public health emergency expired and its protections were phased out. MTPR remains a useful program to ensure retention of consumers in health coverage.

In 2025, 3,079 New Mexicans benefited from the MTPR program. Some individuals who qualified for the program did not need additional assistance because they selected a $0 premium health plan. Since MTPR builds on top of other federal and state premium assistance programs described in this report, the average state payment is relatively low, averaging just $127.24 per household.[4] The HCA views MTPR as a cost-effective way to build a bridge between Medicaid and Marketplace coverage while protecting New Mexicans' overall health.

Clear Cost Plans

Clear Cost Plans were introduced to the Marketplace in 2024. These are standardized health plans that all carriers must offer on the BeWell Marketplace. Clear Cost Plans have the same out-of-pocket costs for covered benefits, which improves the shopping experience by allowing consumers to compare offerings from each health insurance carrier "apples-to-apples" without having to compare each benefit category individually. Clear Cost Plans are designed to encourage using certain high-value health services, like primary care, by lowering out-of-pocket costs for those services.



During the 2020 legislative session, the New Mexico State Legislature passed a law to give the BeWell Board of Directors the authority to establish standardized health plans. The BeWell Board of Directors, based on recommendations from the Health Benefits Committee (the Committee), established one Silver Standardized Health Plan, one Gold Standardized Health Plan, and Turquoise variants of the applicable Standardized Health Plans for qualifying individuals and families.

The Committee began meeting in late 2020, and their work culminated in establishing proposed plan designs. The Committee adopted eight key plan features to guide decision-making around plan design. To the greatest extent possible, the Standardized Health Plans should:

1. Create the opportunity for "apples-to-apples" plan comparisons for consumers.
2. Improve cost predictability by only using co-pays (fixed dollar amounts) instead of coinsurance (a percentage of the service cost).
3. Categorize co-pay levels by low, medium, and high amounts, with high-value services like primary care and generic medications having the lowest out-of-pocket costs.
4. Minimize deductibles and out-of-pocket maximum limits.
5. Minimize the number of services subject to a deductible.
6. Ensure reasonable costs for hospital/ER visits so that rural residents who have limited access to primary care and urgent care services in their area are not priced out of care. Primary care and urgent care should have out-of-pocket costs that are lower than the hospital/ER services to encourage the use of those services whenever possible.
7. Lower out-of-pocket costs for specialty medications, which are typically used to treat complex, chronic conditions like cancer, multiple sclerosis, and rheumatoid arthritis.
8. Focus on income-based out-of-pocket designs as part of the State's new out-of-pocket assistance program.

Currently, 42% of enrollees are signed up for a Clear Cost Plan, up from 28% in October 2024. Click here to view the final approved Clear Cost Plans for 2025. View Table 3 below for information about 2025 Turquoise Clear Cost Plan designs and applicable co-pays for various services.

Clear Cost Turquoise Plan Designs for Plan Year 2025

Plan	Turquoise 1	Turquoise 2	Turquoise 3
Income Eligibility Group (by FPL)	Up to 150%	150-200%	200-400%
Annual Deductible	$0	$90	$500
Annual Max Out of Pocket	$200	$900	$2,400
Actuarial Value	99.25%	95.00%	90.17%
Medical			
Low Co-Pay Medical Services			
Preventive Care/Screening/Immunization	$0	$0	$0
Mental/Behavioral Health and Substance Use Disorder Outpatient Services	$0	$0	$0
Primary Care Visit to Treat an Injury or Illness (exc. Preventive, and X-rays)	$0	$5	$7
Speech Therapy	$0	$5	$7
Occupational and Physical Therapy	$0	$5	$7
Mid Co-Pay Medical Services			
Specialist Visit	$3	$10	$20
Imaging (CT/PET Scans, MRIs)	$3	$10	$20
Laboratory Outpatient and Professional Services	$3	$10	$20
X-rays and Diagnostic Imaging	$3	$10	$20
Skilled Nursing Facility	$3	$10	$20
Urgent Care Facility	$3	$10	$20
Higher Co-Pay Medical Services			
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)	$5	$35	$60
Outpatient Surgery Physician/Surgical Services	$5	$35	$60
Emergency Room Services	$30	$40	$75
Inpatient Hospital Services	$30	$40	$75
Prescription Medications			
Generics	$0	$3	$5
Preferred Brand Drugs	$3	$10	$10
Preferred Specialty Drugs	$10	$25	$50
Non-Preferred Brand Drugs	$15	$50	$100
Non-Preferred Specialty Drugs	$25	$65	$125

Table 3. Clear Cost Turquoise Plan designs for Plan Year 2025 for individual Turquoise Clear Cost Plans. Cells highlighted in blue are subject to deductible.

Small Business Health Insurance Premium Relief Initiative

According to a 2024 survey conducted by Small Business Majority, small employers have had to take significant measures to deal with rising health insurance costs, including but not limited to increasing premiums on employees, offering more limited coverage, and cutting other benefits (see fig. 17). To reduce health insurance premiums for small businesses that purchase coverage in the small group market, OSI launched the Small Business Health Insurance Premium Relief Initiative (Small Business Initiative) in July of 2022.

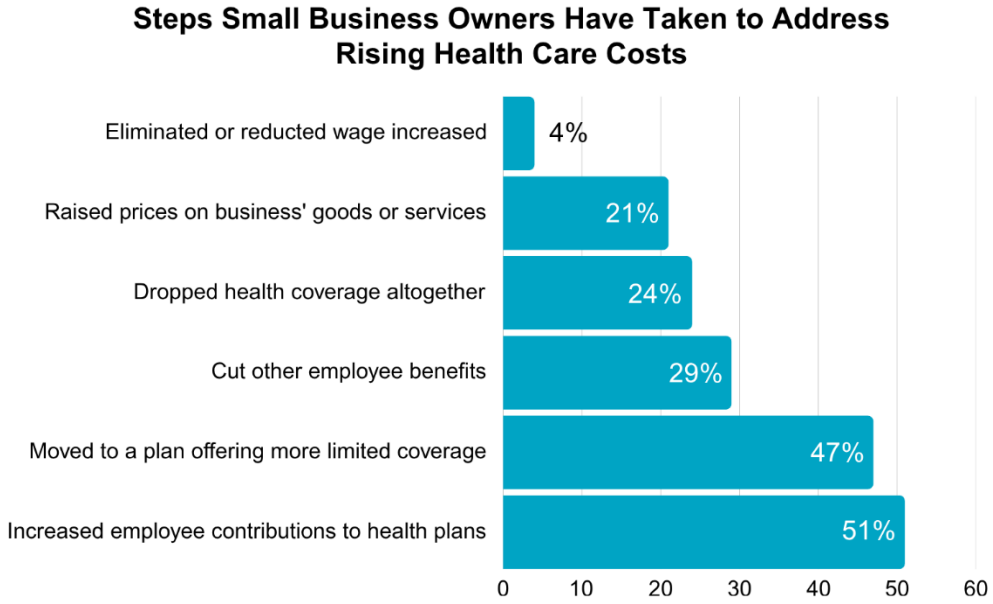


Figure 17. Steps small business owners have taken to address rising health care costs. (Source: 2024 Small Business Majority Survey Report)

Program Parameters and Participating Carriers

The HCA's Small Business Initiative reduces premiums by a minimum of 10% for small businesses with two to 50 full-time equivalent employees that purchase Affordable Care Act-compliant small group plans.[5] Starting July 1, 2025, HCA began offering a 15% discount on Gold and Platinum plans, which have lower overall out-of-pocket costs compared to Bronze and Silver plans. To minimize administrative burdens and maximize the program's reach, participating health insurance carriers automatically apply a credit to the employer's monthly invoice and charge the HCA for the benefit. The HCA reimburses carriers monthly. Three carriers offer discounted plans under the program, including Blue Cross Blue Shield of New Mexico, Presbyterian Health Plan, and United Healthcare. These three carriers will continue to offer eligible plans in 2026.

[5] The calculation of full-time equivalent (FTE) is an employee's scheduled hours divided by the employer's hours for a full-time workweek. When an employer has a 40-hour workweek, employees who are scheduled to work 40 hours per week are 1.0 FTEs. Employees scheduled to work 20 hours per week are 0.5 FTEs.

Small Group Enrollment

In 2024, KFF indicated New Mexico had 24,918 small businesses of fewer than 50 employees. Of those small businesses, 19,062 (76.5%) do not offer any employer-sponsored coverage; 5,856 (23.5%) of those small businesses do offer some kind of employer-sponsored coverage.[6] HCAF data shows that of those 5,856 businesses offering employer-sponsored coverage in 2024, 70.5% of these small businesses are benefiting from the Small Business Initiative (see fig. 18).

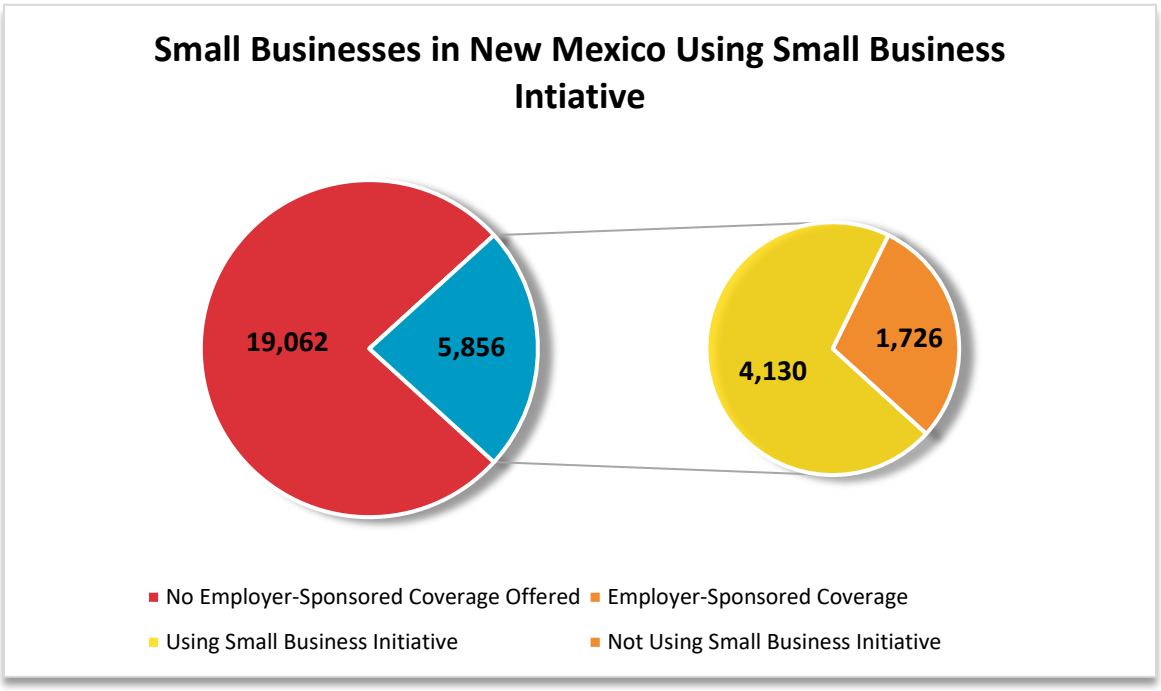


Figure 18. The total number of small businesses in New Mexico in 2024 was 24,918. Of those, only 5,856 offer employer-sponsored coverage. As of July 2025, 4,130 were using the Small Business Initiative.

Since the program started, enrollment has seen an 18% reduction from 43,624 members to 35,571 members (see fig. 19). The total number of businesses offering small group coverage also decreased during this period, with 6,057 groups offering coverage in July of 2022 and 4,130 offering coverage by July 2025 (see fig. 20). This trend appears to be affecting small businesses of all sizes but is particularly prevalent in the smallest employers (five or fewer enrollees) who are more likely to face challenges dealing with year-to-year premium increases. Of the net 601 groups that discontinued coverage between 2024 and 2025, 74% were in this cohort. Some of these businesses may have encouraged staff to seek individual and family coverage through the BeWell Marketplace, since they and their employees can benefit from the cost savings described in the previous section if the employer does not offer employer-sponsored health coverage.

[6] KFF, 2024, https://www.kff.org/other/state-indicator/firms-offering-coverage-by-size/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D.

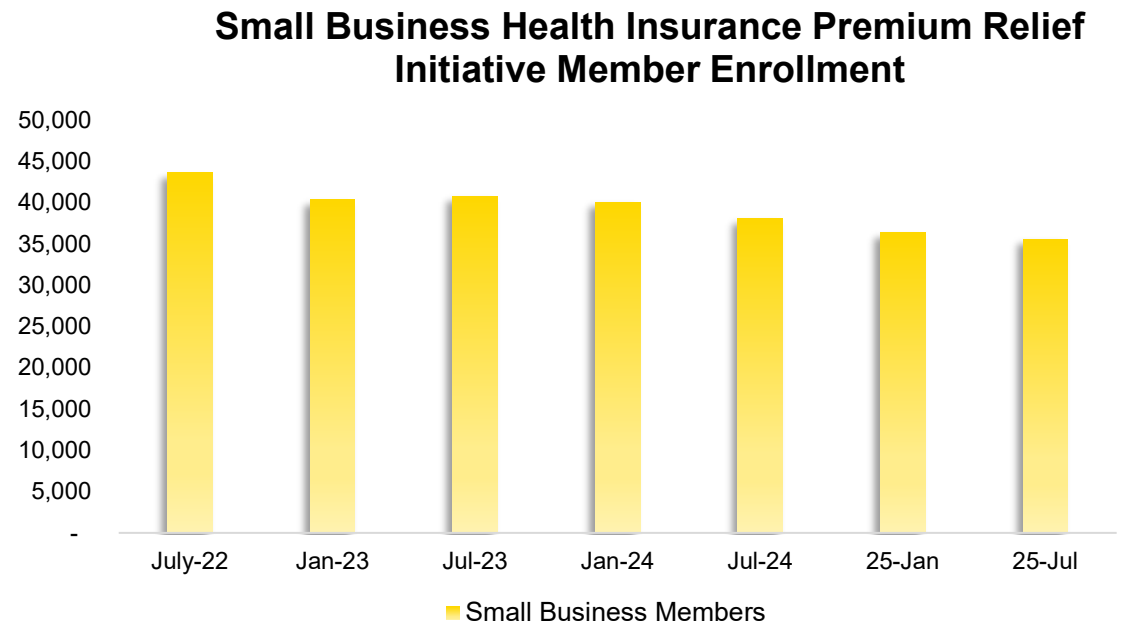


Figure 19. Small Business Initiative member enrollment.

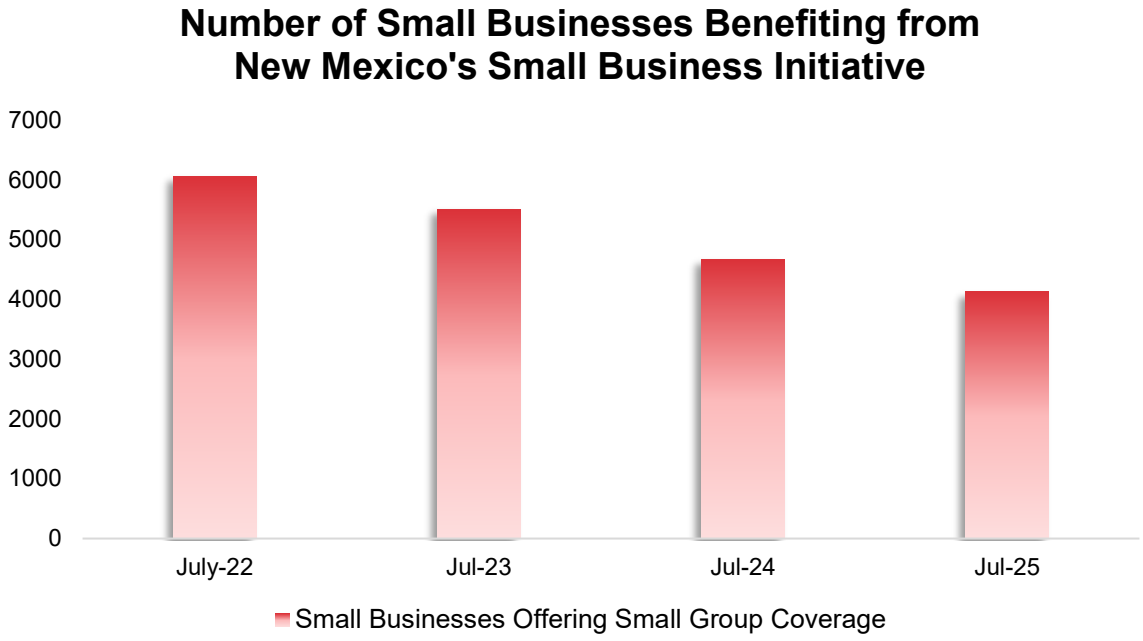


Figure 20. Number of small businesses benefiting from New Mexico's Small Business Initiative.

The chart below (see fig. 21) shows the number of businesses benefiting from HCA's Small Business Initiative in July of 2023, 2024, and 2025 by the group size.

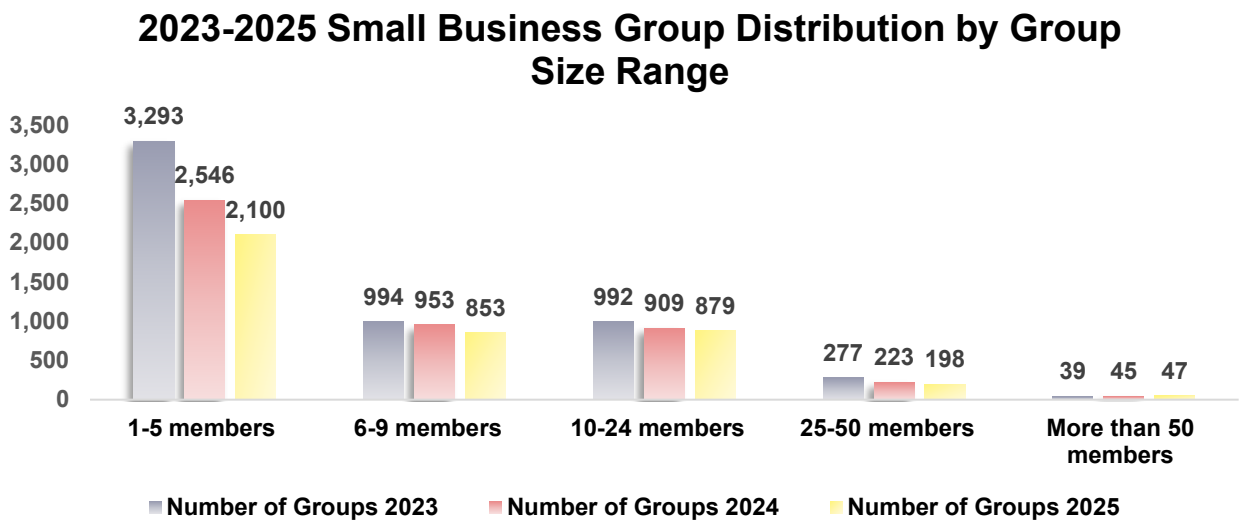


Figure 21. Small business group distribution by group size range from 2023 through 2025. Note: There is data on groups with more than 50 members because, though the businesses have 50 or fewer employees, when dependents are included, the group enrollment can exceed 50 members.

Cost Savings for Small Businesses

The purpose of the Small Business Initiative is to provide premium relief for businesses so that it is easier for them to provide health insurance coverage. The Small Business Initiative's 10% reduction in premiums across all plans in the market provides a straightforward reduction that minimizes administrative burdens on employers, their employees, and the HCA. The table below (see fig. 22) displays the average monthly savings per member per month July 2022 through July 2025. Average savings per member has increased by approximately $14 per month since the program started, largely driven by premium increases.

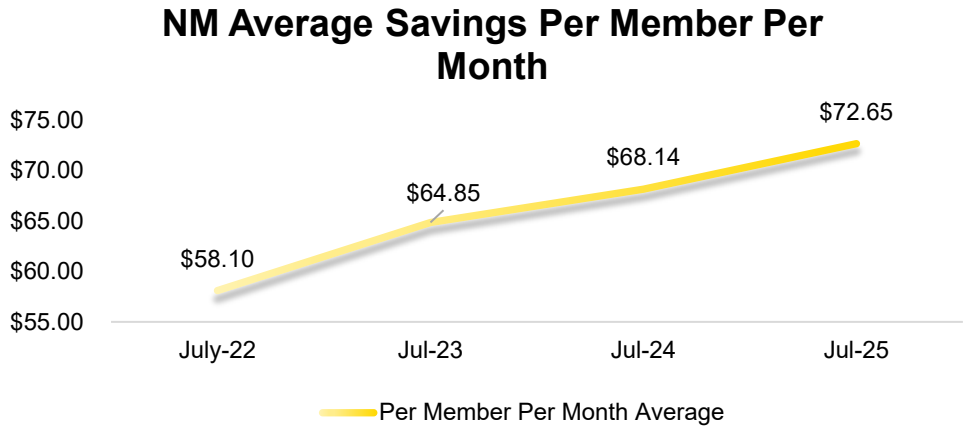


Figure 22. Average savings per member per month due to the Small Business Initiative.

The program continues to provide meaningful savings for small businesses. Moving forward, given the enrollment status of the program and increasing pressure on small businesses, the HCA plans to explore new ideas for assisting small businesses and their employees with the cost of health insurance.

The Marketplace is a Key Source of Coverage for Small Businesses

While the Small Business Initiative focuses on reducing health insurance premiums for small businesses that purchase coverage in the small group market, most small businesses do not offer coverage to their employees. This makes the Marketplace an important source of coverage for small businesses and self-employed entrepreneurs. According to a 2025 KFF analysis, "about half of adult enrollees in the individual health insurance market – the vast majority of which is purchased through the ACA marketplaces – is affiliated with a small business." The same analysis found that 38% of adult individual market enrollees under age 65 with incomes above 400% FPL are self-employed - in contrast to 7% of all adults in the same income bracket nationally. This analysis defined small businesses as a business with 25 or fewer employees. New Mexico's Marketplace Affordability Program serves as a critical support for small businesses and their workers.

Coverage Protection Programs

Federal Changes Are Putting Coverage at Risk

Uninsured individuals and families cite affordability as the biggest barrier to coverage. The Affordable Care Act improved affordability through Medicaid expansion and subsidized Marketplace coverage, and recent state and federal actions further lowered costs for eligible consumers. As federal changes put tens of thousands of New Mexicans' coverage at risk, the HCA is prioritizing protecting enrollees at the most immediate risk of losing Marketplace coverage.

The enhanced federal Premium Tax Credit (PTC) originally enacted in 2021 will expire after PY25 unless Congress acts by December 31, 2025, driving sharp premium increases. According to a recent analysis by KFF if enhanced PTCs expire, Marketplace enrollees will see premiums increase by 114% on average. Many households will lose access to PTCs altogether. HCA's Marketplace Affordability Program will help mitigate these cost increases by backfilling lost federal subsidies. However, some groups have lost eligibility because of HR 1 and will become uninsured unless the State takes action to protect access to coverage.

Lawfully Present Non-Citizens Impacted by the 2025 Tax and Budget Law

Medicaid and CHIP	Subsidized ACA Marketplaces	Medicare
Groups Maintaining Eligibility		
LPRs (green card holders)		
Cuban/Haitian entrants		
People residing in the U.S. under COFA		
Lawfully residing children and pregnant adults in states that offer coverage		
Groups Losing Eligibility		
Refugees and asylees		
Paroled into the U.S. for at least one year		
Granted withholding of deportation/removal		
Survivors of domestic violence with a pending or approved application for lawful status under the Violence Against Women Act		
Survivors of trafficking with a pending or approved T visa		
Members of a federally recognized Indian tribe or American Indian born in Canada		
Conditional entrants granted before 1980		
	People with Temporary Protected Status	
	People granted Deferred Action Status or Deferred Enforcement Departure	
	People with work visas and other temporary, valid visas	
	Applicants for adjustment to LPR status with approved visa petitions	
	Certain applicants for asylum	
	Applicants for withholding of removal	
	Special immigrant juveniles	
	People who were granted humanitarian parole in the U.S.	
	U visa holders and applicants	
	Applicants for certain statuses and anyone else who has been granted employment authorization	
	All other lawfully present immigrants	Other lawfully present immigrants who meet work and age or disability requirements

Source: KFF, 2025

Beginning in PY26, lawfully present non-citizens with income below 100% FPL who do not qualify for Medicaid will no longer qualify for PTCs. This includes lawful permanent residents (e.g. green-card holders) and others subject to the five-year Medicaid "bar." On January 1, 2027, individuals over 100% FPL will not qualify for subsidy eligibility unless they are to lawful permanent residents, Cuban/Haitian entrants, and individuals residing in the U.S. under Compacts of Free Association (COFA). Many other lawfully present groups—such as certain survivors of domestic violence and trafficking, refugees, asylees, people with Temporary Protected Status, and individuals on work visas—will also lose access to affordable coverage. (Under longstanding federal policy, undocumented immigrants remain ineligible for federally funded coverage and cannot purchase Marketplace plans.) In addition, DACA recipients have been barred from obtaining Marketplace coverage under a recent federal rule.

These significant changes in federal laws and regulations cause immediate hardship for enrollees effective in PY26 and PY27, leaving thousands at risk of losing health coverage. For example, individuals with DACA status could enroll in Marketplace coverage and receive PTCs for PY25. Effective August 25, 2025, the Marketplace Integrity and Affordability Rule removed that eligibility. As a result, DACA enrollees lost BeWell coverage on September 30, 2025, risking reduced access to care, treatment interruptions, higher out-of-pocket costs, and medical debt.

Programs for New Mexicans at Risk of Losing Coverage

The HCA is preparing to safeguard New Mexicans who are at risk of losing coverage from these federal changes by developing the following Coverage Protection Programs:

- The Puente Health Program will provide state premium assistance through the BeWell Marketplace to replace the PTC for lawfully present non-citizens under 100% FPL who are losing PTC eligibility on January 1, 2026. The state will also provide SOPA to this population to ensure that services are still in reach. This program may be extended to other income levels at risk of losing coverage in PY27, subject to appropriations. The program will be administered through the BeWell Marketplace and will give these individuals access to the same affordability standards that were available in previous years.

- The Middle-Income Household Program will provide state subsidies to cover the potential loss of the enhanced PTC for the over 400% FPL population enrolled on the BeWell Marketplace if Congress does not act by Dec. 31, 2025. These subsidies will allow those over 400% FPL to only pay 8.5% of their annual household income on health insurance premiums, as they do today. These subsidies will be administered through the BeWell Marketplace.

- The DACA Coverage Program will provide state assistance for off-Marketplace coverage for eligible DACA recipients without other coverage options. This program will operate with an annual enrollment cap. Income-based premium costs will be similar to the HCA's Marketplace programs.

Together in combination with HCA's existing programs, New Mexico can minimize coverage losses for tens of thousands of New Mexicans despite the federal cuts that threaten access to care.

HCAF Finances and Administration

The Impact of HCAF Programs on Health Insurance Enrollment

While there is no direct way to track the number of individuals who would otherwise be uninsured without HCAF programs, the HCA is able to compare actual and projected enrollment against baseline actuarial projections produced in 2022 and 2023. Based on this data, the HCA's estimate is that 44,000 individuals would not be insured in PY26 without these HCA programs (see Table 4).

Program Impact on Insurance Uptake - Additional Insured

HCAF Program*	2026
Marketplace	30,100
Small Business	1,700
Coverage Protection	11,300
Total	**44,000**

Table 4. Program impact on insurance uptake for 2026.
Sources: Wakely HCAF Analysis; BeWell data; all calculations produced by HCA

HCAF Public Outreach and Communication

To achieve the maximum impact from the HCAF program components, HCA engaged in a two-track outreach and communication strategy.

- **Track 1** relies on outreach activities that deliver the message directly to potential beneficiaries via various traditional and digital channels.
- **Track 2** focuses on continuous collaboration with HCA's partners to deliver the program components. These partners are BeWell, participating insurance carriers, advocacy organizations, and the larger HCA agency.

Track 1 aims to deliver information regarding HCAF directly to New Mexicans through multiple methods of public outreach.

- A webpage dedicated to HCAF program information is maintained on the HCA website.
- Informational and educational posts have been produced for social media platforms, specifically Facebook, Instagram, Twitter, and LinkedIn, resulting in increased social/digital engagement.
- Provide HCAF information and education in both English and Spanish to reach a greater number of New Mexicans.
- HCA supports our outreach vendor, Health Action in New Mexico, in delivering high-quality outreach materials to individuals across New Mexico, including information on health insurance literacy to ensure individuals are accessing and using their health coverage.
- HCA produces consumer tools, including recently releasing a premium impact calculator to show the effects of potential federal cuts on New Mexicans.

Track 2 prioritizes collaboration with various health care partners. The HCA collaborates with BeWell on assister outreach, presents at conferences, and provides webinars for partner organizations. For example, this year HCA presented to the New Mexico Chapter of the National Association of Benefits and Insurance Professionals to update insurance professionals across the state about emerging issues and initiatives. Collaborating with these organizations and agencies enables information and messaging to reach a larger population throughout New Mexico.

Messaging has not only pertained to Open Enrollment Periods and Special Enrollment Periods, but also includes all active HCAF initiatives. By collaborating with different entities, the HCA continues to expand its reach to the most rural parts of New Mexico and give people information about potential savings opportunities as they take care of their health care needs.

HCAF Finances

HCAF programs are funded through a distribution from the state's surtax on health insurance companies. The State Legislature makes appropriations from the Fund every year to support affordability initiatives. In FY25, 30% of the revenue generated through the surtax, or $97.8 million, was distributed to the Fund. The Legislature appropriated $86.6 million for affordability initiatives in FY25. In FY26, 55% of the revenue generated through the surtax, or $211.5 million, is projected to be distributed to the Fund. The Legislature appropriated $148 million in recurring appropriations and $32.3 million in special appropriations for HCAF programs and administration for FY26. An additional $17.3 million was appropriated during the special session in October 2025. The Health Care Affordability Bureau's administrative budget is $2 million in FY26, representing just 1.35% of the Bureau's base budget.

Early Years

Federal and state policy uncertainty drove lower than expected spending in early years of HCAF implementation, however FY26 HCAF operating budget closely matches projected revenues. When OSI initially modeled costs for the first year of the MAP, it was operating in a very uncertain federal policy environment. Specifically, it was unclear when the COVID-19 Medicaid Continuous Coverage Requirement would end. Ultimately, this Requirement remained in effect for much of the HCAF's inaugural year. This reduced the number of individuals enrolled in the Marketplace during 2023 as many individuals remained enrolled in Medicaid.

In addition, enhanced federal subsidies were scheduled to expire when OSI submitted its FY23 budget request and OSI based its budget request on modeling that assumed these subsidies would expire. The Inflation Reduction Act extended the enhanced federal subsidies only four months before the HCAF programs were set to launch. As a result of this Federal uncertainty related to the COVID-19 Medicaid Continuous Coverage Requirement, Marketplace enrollment was temporarily suppressed, and the passage of the enhanced Federal subsidies significantly reduced the HCAF need for that year. Since then, BeWell enrollment has increased substantially, and the likely loss of federal subsidies at the end of 2025 will significantly increase program costs to maintain coverage affordability.

Another factor that contributed to lower costs in early years of the program was the scheduled reduction in revenue distributed to HCAF in FY25, which would have reduced revenue from 55% of surtax revenues to 30%. This scheduled reduction prompted OSI to offer some of the affordability programs to

fewer people and at reduced levels. During the 2024 session, the Legislature readjusted the share to 55% starting in FY26, which allowed key Marketplace programs to provide coverage to more people with greater certainty about future funding.

HCAF Revenue and Spending Summary (Actual and Projections)

FY22 was the first year a distribution was made to the Fund. Funding available for that year was primarily allocated to uses not specified in the statute and to building reserves. In FY23, the Small Business Initiative began operations. The Market Affordability Program spending started in January 2023 with premium assistance and out-of-pocket assistance available to New Mexicans enrolling in health plans available on the BeWell Marketplace.

According to the August 2025 Consensus Revenue Estimating Group (CREG) estimates provided by the Taxation and Revenue Department, surtax distributions will peak in FY27 at $212.4 million. Overall revenue projections in the coming years have been revised downward significantly over the next several years (see Table 5). These revisions are due to the impacts H. R. 1 will have on revenue, largely driven by federal cuts to health care provider payments and reduced enrollment in insurance coverage.

HCAF Revenue Projections in Dec 2024 vs Aug 2025 (millions)

	FY26	FY27	FY28	FY29
Dec 2024	$214.80	$222.40	$230.90	$236.70
Aug 2025	$211.50	$212.40	$200.40	$197.30
Difference	($3.30)	($10.00)	($30.50)	($39.40)

Table 5. Projected HCAF revenue for Fiscal Years 2026-FY29. (Source: CREG, Aug 2025)

This drop in revenue comes at a time when the HCAF is needed to mitigate the adverse impacts of federal cuts. The drop in HCAF revenue comes precisely when it is needed to offset federal reductions. One way to bolster revenue to support coverage affordability and minimize coverage loss would be to increase the distribution of the surtax to the Fund (currently 55% of surtax revenue is distributed to the HCAF). As demonstrated by this report, HCAF programs deliver substantial benefits to individuals and families, and small businesses.

The Health Insurance Marketplace Affordability Program

The Marketplace Affordability Program has reduced consumer costs for the past three years. As more New Mexicans learn about BeWell and the State's affordability programs, enrollment has grown, and program spending has increased. The Bureau has also improved and extended out-of-pocket assistance to more individuals since the program launched in 2023.

However, the most significant external factor that could affect program costs is whether Congress extends the enhanced federal premium subsidies on the Marketplace. As of the submission of this report, Congress has not taken action to extend the subsidies, which are set to expire on December 31, 2025. In anticipation of this situation, the New Mexico State Legislature appropriated funds to backfill the loss of these subsidies, largely shielding New Mexicans from the worst impacts of these cuts. Maintaining affordable coverage will increase program costs significantly.

As demonstrated in the chart below, premium assistance costs are projected to grow substantially if the federal government does not extend these federal subsidies. The primary driver of the increase in between FY26 and FY27 is that FY26 only represents half a year of backfilling federal subsidies, while FY27 represents a full year.

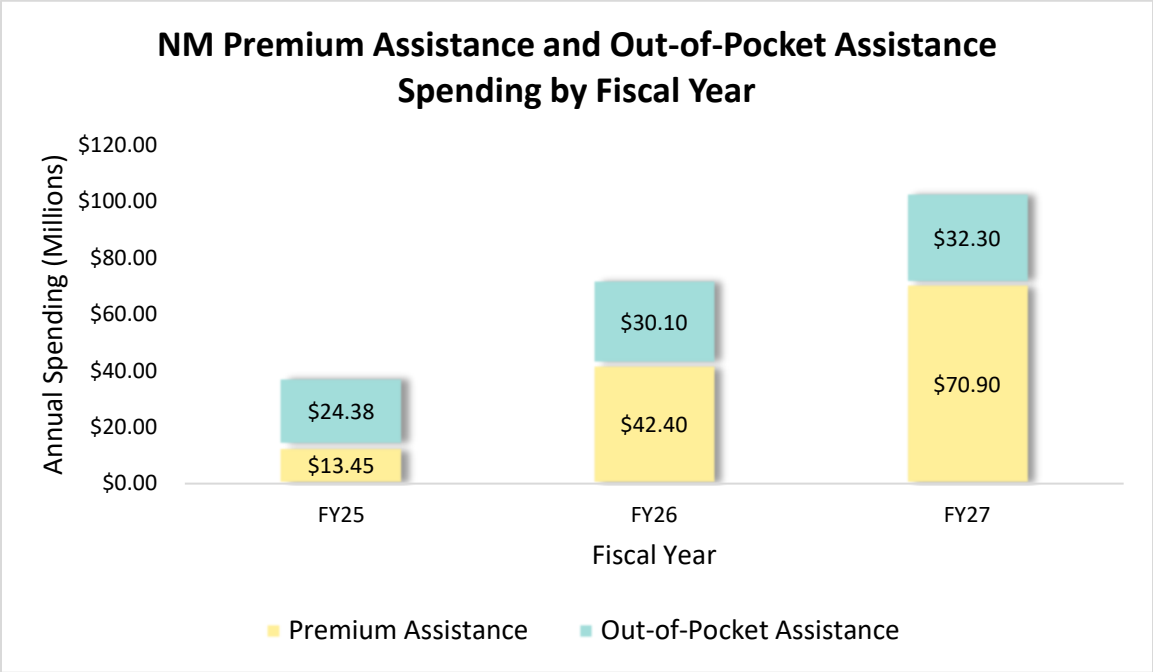


Figure 23. Marketplace Affordability Program payment distribution for premium assistance vs. out-of-pocket assistance. Only reflects premium assistance for those under 400% FPL.

Small Business Health Insurance Premium Relief Initiative

Base program spending has remained consistent year-over-year. Increases in premiums often result in reduced enrollment. HCA requires all carriers to notify new and existing members of the Small Business Initiative of any possible changes. Figure 24 provides the annual spending for the Small Business Initiative. Overall, projections have closely mirrored actual experience. Premium increases, total small group enrollment, and group shifting between carriers will be the biggest drivers of program costs moving forward.

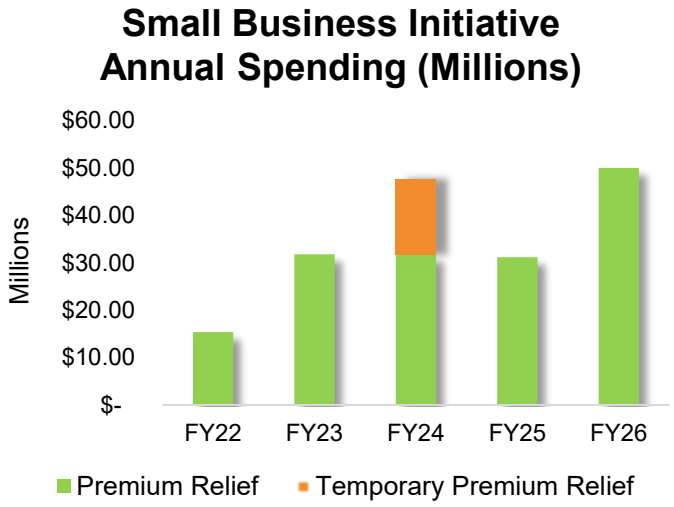


Figure 24. Small Business Premium Relief Initiative annual spending in millions of dollars. FY26 data is projected.

Other Spending

During FY22-25, the New Mexico State Legislature appropriated funding to several priorities not specified in the HCAF authorizing statute. This included funding for ongoing Medicaid costs, Medicaid nursing home programs, state-employee health benefits, the Rural Healthcare Delivery Fund, behavioral health services, and emergency funding for hospitals (see Table 7). During the 2025 legislative session, the Legislature authorized additional uses of the fund to include premium assistance for lower- and moderate-income state employees and members of the New Mexico National Guard. The projected FY27 cost of these programs is $13.5 million.

Health Care Affordability Fund Spending for Fiscal Year 2025

HCA received $86.6 million in appropriations for HCAF programs in FY25. These funds were used to continue the HCA's existing programs, provide program enhancements, assist with coverage transitions from Medicaid to Marketplace, and support the implementation of the HCA's Uninsured Program. Ultimately, the Uninsured Program was delayed, resulting in a reversion to the Fund. In addition, Marketplace Affordability Program was higher than projections due to enrollment increases.

Projections for Fiscal Years 2026 and 2027

Table 6 provides Fund Balance projections for FY26 and FY27, based on spending projections and the HCA's FY27 HCAF budget request. This table also includes the projected cost of continuing subsidies for those over 400% FPL in FY27, which was not included in HCA's original budget request.

Health Care Affordability Fund – Projected Spending, Revenue, and Fund Balance		
Description	**FY26 Projection**	**FY27 Projection**
HCAF Division Budget	$92,942,251.95	$205,264,100.00
Special Appropriation - Affordability Programs	$10,000,000.00	
Special Appropriation - Cover Loss of Federal Premium Tax Credits	$22,300,000.00	
SB376 Special Appropriation - State Employee and National Guard Affordability	$78,500,000.00	
HCA Medical Assistance Division (Medicaid) Transfer	$30,000,000.00	$30,000,000.00
Special Appropriation - Maintain Coverage for Individuals Losing Medicaid on 10/1/26		$92,900,000.00
Special Session Appropriation and FY27 continuation	$17,300,000.00	$35,000,000.00
Total Expenses	$251,042,251.95	$363,164,100.00
Revenue	$211,500,000.00	$212,400,000.00
Beginning Fund Balance	$170,195,465.30	$130,653,213.35
Projected Ending Fund Balance	$130,653,213.35	-$20,110,886.65

Table 6. Projected spending, revenue, and fund balance for FY26 and FY27.

Due to these growing needs, policymakers may be faced with difficult tradeoffs. One way to bolster revenue to support coverage affordability and minimize coverage loss would be to increase the distribution of the surtax to the Fund (currently 55% of surtax revenue is distributed to the HCAF).

HCAF Administration and Operations

Upon passage of the HCAF, OSI established the Health Care Affordability Bureau within the Life and Health Division. As of July 1, 2024, the Health Care Affordability Bureau transitioned to the HCA. The Bureau focuses on implementing the HCA's affordability initiatives and works collaboratively with state agencies and stakeholders to improve and expand coverage for those they serve. The Bureau currently has five authorized full-time, classified employees and is hiring 4 new positions authorized by the Legislature during the 2025 Legislative Session.

DeAnna Stock – Health Care Affordability Program Coordinator

DeAnna Stock joined the Bureau in March of 2025 and serves as the Program Coordinator, supporting cross-functional activities within the Bureau to ensure timely execution of tasks and initiatives. She is responsible for developing, drafting, and issuing guidance related to the Bureau's affordability initiatives. Additionally, Ms. Stock manages stakeholder feedback by maintaining public communications, including Frequently Asked Questions documents and Notice of Guidance for the Health Insurance Marketplace Affordability Program, Small Business Initiative, and Coverage Protection Programs. In FY26, she will continue to contribute to the development and implementation of new Bureau programs; reviewing and updating existing program policies; working with the BeWell Marketplace to support innovative coverage strategies and protect consumers' access to state-funded financial assistance; and support the Bureau's outreach and messaging efforts.

Erika Price – Health Coverage Expansion Program Coordinator

Erika Price supports development of strategic initiatives for the uninsured population and the Coverage Protection Programs. She collaborates with the Public Outreach Coordinator to effectively provide cultural translations of written materials and resources from English to Spanish for the populations the Health Care Affordability Fund serves, promoting inclusivity among diverse communities throughout New Mexico.

Sonya Watts – Health Care Affordability Financial Coordinator

Sonya Watts joined the Health Care Affordability Bureau in June of 2025 and serves as the Financial Coordinator. She develops and implements payment processes for programs under the HCAF and is responsible for processing timely, accurate payments. She collects, tracks, analyzes, validates, visualizes, and presents financial data for the Bureau's initiatives. She conducts regular training with carriers on payment processes and troubleshoots issues in collaboration with other members of the Bureau. Ms. Watts is responsible for the annual reconciliation process under the Small Business Initiative. In FY26, Ms. Watts will continue these activities, as well as developing a payment tracking process for the Bureau's Coverage Protection Programs.

Cynthia C. Cisneros – Public Outreach Coordinator

Cynthia C. Cisneros joined the Health Care Affordability Bureau in 2022. She develops consumer-facing materials, creates, updates, and maintains the Bureau's webpages. She has drafted media releases and

engaged with the media. Cynthia collaborates with partner agencies, creating and presenting information to better inform the public of opportunities to get information about affordable and accessible health coverage available to New Mexicans. Ms. Cisneros manages the outreach and engagement campaign and its contracted vendor for the Bureau's Coverage Protection Programs and the Marketplace Affordability Program.

Jessica Rosenthal – Director of Coverage Affordability and Expansion

Jessica ("Jess") Rosenthal joined the Health Care Affordability Bureau in June 2024 and served as the Project Coordinator through December 2024, coordinating activities across the Bureau and ensuring tasks and milestones were achieved in a timely manner. She was then promoted to the Director of Coverage Affordability and Expansion. She now oversees and supports the Health Care Affordability Bureau staff in achieving their objectives. Further, she supports the Health Care Coverage Innovations Director with budgeting, preparation for State Legislative Sessions, policy development, and stakeholder engagement.

Colin Baillio – Health Care Coverage Innovations Director

Colin Baillio currently oversees the Health Care Affordability Bureau and State Health Benefits Bureau. He sets the strategic vision for the Bureau, leads policy and budget development, manages contractors, oversees research efforts, and engages stakeholders. He works across multiple state agencies and quasi-governmental bodies to achieve policy goals, presents to legislative committees, tracks and responds to federal policy developments, and works with other leaders in the HCA to advance initiatives that extend affordable health care to more New Mexicans.

Acknowledgements

Health Care Affordability Bureau leadership thanks Governor Michelle Lujan Grisham for her vision that allowed New Mexico to be a leader on providing cost-effective health coverage; Health Care Authority internal leadership, including Secretary Kari Armijo and Deputy Secretary Alex Castillo Smith; the State of New Mexico Legislature for supporting the vision of the HCAF, as well as its funding; the Legislative Finance Committee; the Department of Finance and Administration; and the diligent, hard-working staff of the Health Care Affordability Bureau. We would also like to thank HCA's 2025 Policy Fellow Emily Armijo for her work on this report.

The Health Care Authority would also like to thank BeWell, New Mexico's Health Insurance Marketplace, and their team for their partnership, support, and implementation work, including Chief Executive Officer, Bruce Gilbert; Chief Operating Officer, Brent Earnest; and Chief Information Officer, Sean Pearson. Also, the Health Care Authority thanks the carriers who offer coverage that qualifies for the program described in this report, including BlueCross BlueShield of New Mexico, Molina Healthcare, Presbyterian Health Plan, United Healthcare, and Ambetter from Western Sky Community Care.

Finally, the Health Care Authority would like to thank the team at the Office of Superintendent of Insurance for their dedicated work since April 2021. Without their efforts, the HCAF programs would not have been possible.



HEALTH CARE AUTHORITY