



Promoting & Advancing New Mexico's Home and Community-Based Services System: *A Business Case for Investing in the State's Direct Care Workforce*

Acknowledgements

The following business case is a culmination of work completed between July 2024 – March 2025 among several state agencies who convened as part of New Mexico's participation in the inaugural Peer Learning Collaboratives of the National Direct Care Workforce Strategies Center, a federally-funded project of national significance funded by the Administration for Community Living, U.S. Department of Health and Human Services. The Direct Care Workforce Strategies Center provides resources, technical assistance, and training to state systems, providers, and stakeholders to improve workforce recruitment, training, and retention. Additionally, we recognize Jake McDonald, Senior Policy Advocacy Specialist at PHI National, who was one of the co-authors of this business case. PHI National is a national nonprofit organization dedicated to strengthening the direct care workforce and improving long-term care and support systems.

We acknowledge the efforts and contributions of the following agencies and officials in creating this resource to inform New Mexico's future strategic direction for strengthening the direct care workforce and advancing the state's home and community-based services (HCBS) delivery systems:

- Antoinette Vigil, Deputy Cabinet Secretary for Aging and Long-Term Services Department (ALTSD)
- Tallie Tolen, Bureau Chief, Long-Term Services and Supports, Health Care Authority/Medical Assistance Division
- Deanne Tapia, Nurse Manager, Long-Term Services and Supports, Health Care Authority/Medical Assistance Division
- Kristen Borders Wood, Deputy Bureau Chief – Long-Term Services and Supports, Health Care Authority/Medical Assistance Division

- Jennifer Zwally, Director, Health Care Authority/Developmental Disabilities Supports Division
- Scott Doan, Deputy Director, Health Care Authority/Developmental Disabilities Supports Division
- Raquel Gomez, Special Projects Coordinator, Department of Workforce Solutions
- Dr. Angelina Flores-Montoya, Deputy Cabinet Secretary for Aging and Long-Term Services Department

Overview

Access to high-quality home and community-based services (HCBS) are essential to supporting aging populations and individuals with disabilities to sustain community living and optimal socioeconomic independence. The provision of HCBS has become a leading component of a vibrant care sector in the United States, and a strong HCBS infrastructure can lead to significant cost savings for state-based health and long-term care costs over time.¹

The direct care workforce and family caregivers collectively serve as the backbone of any HCBS ecosystem. An AARP study estimates that 53 million Americans provided unpaid care to an adult with health or functional needs in 2023. Given the growing demand for HCBS coupled with a shrinking workforce, States must invest strategically in building a solid pipeline of committed, qualified candidates as well as alternative support, strategies, and resources to support family caregivers and help direct care workers to thrive in their roles.

To meet the growing demand for home and community-based services, New Mexico has made significant strides in recent years to increase both wages and recruitment of direct care workers. The following document

- describes trends in New Mexico's demand for HCBS and outlines the value proposition for a strong HCBS service delivery system and a qualified, competent, and healthy direct care workforce;
- highlights New Mexico's progress to date to strengthen the state's HCBS direct care workforce, reviewing the state's current economic and labor policies impacting direct care workers with regional and national data; and
- presents a business case outlining the socioeconomic benefits for continuing to invest and strengthen the direct care workforce and lays out specific recommendations for building a strategic plan to strengthen the state's policies and programs in support of a robust HCBS ecosystem.

¹ Increases in HCBS, coupled with rebalancing efforts, allow states to better contain overall LTSS spending. One study found that gradual rebalancing, by roughly two percentage points annually, can reduce spending by about 15 percent over ten years. Kaye, H.S. (June 2012), Gradual rebalancing Of Medicaid long-term services and supports saves money and serves more people, Health Affairs, <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2011.1237>

Understanding New Mexico's Home & Community Based Services System (HCBS) & Direct Care Workforce

A Brief Look at the Current Design of New Mexico's Current HCBS Programs and Benefits of a Strong HCBS System

New Mexico provides Long Term Services and Supports (LTSS) via managed care for New Mexico residents who meet Nursing Facility Level of Care requirements and who are eligible for Medicaid. LTSS is designed to improve quality of life for members of any age who have functional limitations and/or chronic illnesses. LTSS helps support the member to live or work in the setting of their choice, which may include the person's home, a worksite, provider-owned or controlled residential setting, a nursing facility, or other institutional setting.

As of July 1, 2024, New Mexico's state Medicaid program integrates medical, behavioral, and LTSS under one statewide managed Medicaid model and 1115 Demonstration Waiver called New Mexico Turquoise Care (formerly called Centennial Care 2.0). Turquoise Care consolidates long-term care, medical and behavioral health benefits under one program, and eligible participants choose from one of several plans offered by contracted managed care organizations (MCOs).

New Mexico's Current HCBS Programmatic Offerings

To promote community living and optimal socioeconomic independence, New Mexico has a robust set of Medicaid HCBS programs that operate either under or alongside the state's 1115 program, Turquoise Care. These include the following:

New Mexico's Community Benefit Program: Often called Community Benefit (CB), this program provides HCBS and supports for state residents who are elderly or have disabilities. Originally, these services were provided under a 1915(c) HCBS Medicaid Waiver called CoLTS (Coordinated Long Term Services), initially called the Disabled and Elderly Waiver, through which HCBS were provided for seniors and disabled state residents. In January of 2014, the CoLTS program ended, and the available services and supports formerly offered under CoLTS were absorbed into the state's 1115 program as the Community Benefit (In-Home and Community Based Supports).

- A variety of long-term benefits and services are available under the Community Benefit to assist persons in living in their own homes, with family members, or in an assisted living facility while preventing or delaying the need for institutionalization (nursing home admission). This includes assistance with daily living activities, adult day health care, home modifications for safety and accessibility, respite care, and transitional services to assist individuals currently residing in nursing home facilities in transitioning back into the community.
- There is some flexibility of providers for individuals receiving services through the state's CB program. In addition to the agency-directed community benefit (ADCB), program participants have the option of self-directed community benefit (SDCB).

Rather than receive services by the MCO's network of licensed care providers, a program participant can direct and control their own services. This includes the ability to hire their own caregiver, including relatives, such as an adult child or a sibling with the approval of the MCO. A financial management services agency handles the financial aspects of employment responsibilities, such as tax withholding and caregiver payments. Community Benefit program participants must initially enroll in ADCB but can switch to SDCB after 120 days.

- If a member has full Medicaid coverage and meets a nursing facility level of care (NF LOC), they may receive CB services without being placed on the central registry. If the applicant is not financially eligible for Medicaid due to higher income, they will be placed on the waiting list until a slot is available. New Mexico is approved for a total of 7,589 slots.

New Mexico's 1915(c) HCBS Waiver Programs for Individuals with Developmental

Disabilities: These programs provide HCBS for individuals with developmental disabilities under four waiver programs (Mi Via Waiver; Developmental Disabilities Waiver; Medically Fragile Waiver; and the Supports Waiver):

- *The Mi Via Waiver:* Launched in 1999, the Mi Via Waiver is a self-directed HCBS program designed to help individuals with Intellectual and Developmental Disabilities (IDD) or Medically Fragile conditions manage their own services and supports. The Mi Via waiver allows participants to make choices about the services and supports they receive within an approved budget and plan.
- *Developmental Disabilities (DD) Waiver:* Also known as the "traditional DD Waiver," this Medicaid program is designed to provide services and supports for eligible children and adults with IDD to participate as active members of their communities. This waiver offers a range of services to help individuals live in their homes and communities.
- *Medically Fragile (MF) Waiver:* Serves individuals who have been diagnosed with a medically fragile condition before reaching age 22, and who have a developmental disability or delay, or who are at risk for developmental delay. Services provided through the MF Waiver are case management, home health care, respite care, private duty nursing, physical, occupational and speech therapies, behavior support consultation, nutritional counseling and specialized medical equipment and supplies.

In addition to these three waivers, New Mexico's 1115 also includes other therapeutic and home health supports under the state plan's Early Prevention, Screening, Diagnostic and Treatment (EPSDT) services for children and youth under the age of 21, as well as the state's home health benefit to ensure appropriate access to all Medicaid-eligible individuals who do not meet institutional level of care but require such services or waiver-eligible individuals who require expanded home health services.

Beyond Medicaid LTSS populations, there are some individuals who are on New Mexico's health care exchange and may not be eligible for waiver services but receive some limited HCBS benefits under Medicare Advantage plans, as well as a small percentage of New Mexicans that have purchased private long-term care insurance but may utilize HCBS intermittently at various life stages.

Benefits of Increased Access to High-Quality HCBS

There are several benefits to improving access to high-quality HCBS for older adults and disabled New Mexicans with long-term care needs, including:

Personalized Supports for Individuals with Disabilities and Complex Health Needs.

HCBS emphasizes a collaborative approach where individuals, their families, and service providers work together to identify the individual's strengths, goals, and needs. Based on person-centered planning, HCBS develops customized care plans that outline the specific services and supports needed to achieve individual goals.

Increased Independence and Autonomy. HCBS encourages individuals to take initiative and lead independent lives, while also providing support when needed. HCBS promote greater independence and autonomy compared to institutional care by allowing individuals to live in their own homes or community settings, while also offering more choices in service delivery and control over personal resources. Studies and data consistently show that HCBS can lead to increased community integration, reduced isolation, and improved quality of life for individuals receiving long-term care.

Community Inclusion and Integration. HCBS ensures individuals have full access to the benefits of community living, allowing them to participate in social and recreational activities, and enjoy the same freedoms as anyone else.

Cost-Savings when Promoting HCBS over Institutional Care. Studies show that state efforts to rebalance long-term care spending to prioritize Home and Community Based Services (HCBS) are typically less expensive than an overreliance on nursing homes and other forms of institutional care.²

² Data from the federally-funded Money Follows the Person grant program has demonstrated that State focus on transitioning individuals from nursing homes and other long-term care facilities back to the community results in long-term care cost savings since institutional settings on average cost more over home and community-based services. Community Living Policy Center. (July 2019). Evidence for the Impact of the Money Follows the Person Program. *Heller School for Social Policy and Management, Brandeis University.*

- For example, the annual cost of nursing home care to New Mexico Medicaid was \$90,043 per individual in FY2024³, almost double than the annual cost of assisted living care at \$47,388.⁴
- In the DD waiver programs, the average annual costs for individuals receiving services via the DD waiver is \$116,000 and for the Mi Via waiver is \$74,000.⁵ This is in comparison to the average institutional care costs intermediate care facilities for individuals with developmental disabilities (ICF/IIDs) nationally of \$140,210.⁶

Understanding New Mexico's Direct Care Workforce

Definition & Examples of Direct Care Workers Supporting In-Home and Community-Based Care

New Mexico's direct care workers assist older adults and people with disabilities and serious illnesses with essential daily tasks and activities across a range of HCBS settings, which may include:⁷

- **Home Care Workers**, who are personal care aides, home health aides and sometimes nursing assistants who support individuals in private homes and community settings.

<https://heller.brandeis.edu/community-living-policy/images/pdfpublications/2019julyevidencefortheimpactofmfp.pdf>

³ Mercer Government Human Services Consulting. (October 1, 2024). Implementation of Medicaid Forward Impacts on Enrollment, Rates, and Costs. *New Mexico Health Care Authority*. https://www.hca.nm.gov/wp-content/uploads/Final_MedicaidForward_Report_100124.pdf.

⁴ Annual average is based on updated rates for Assisted Living enacted on July 1, 2025. See Letter of Direction #59 regarding Turquoise Care Community Benefit (CB) Recommended Provider Rates, sent by Dana Flannery, Director, Medical Assistance Division, New Mexico's Health Care Authority. www.hca.nm.gov/wp-content/uploads/Final-LOD-59-CB-Recommended-Provider-Rates.pdf

⁵ New Mexico Legislative Finance Committee. (November 18, 2024). Progress Report: Developmental Disabilities and Mi Via Waivers. <https://www.nmlegis.gov/handouts/ALFC%20111824%20Item%203%20DD%20and%20Mi%20Via%20Progress%20Report.pdf>

⁶ Larson, S.A., Neidorf, J., Pettingell, S., Sowers, M. (2022). Long-term supports and services for persons with intellectual or developmental disabilities: Status and trends through 2019. Minneapolis: University of Minnesota, Research and Training Center on Community Living, Institute on Community Integration. <https://conservancy.umn.edu/server/api/core/bitstreams/8c682647-6de1-4cdf-8bae-b2ba78cf77e3/content#:~:text=Between%201982%20and%202019%2C%20the,and%20play%20in%20community%20settings.>

⁷ PHI. 2024. *Direct Care Workers in the United States: Key Facts*. New York, NY: PHI. <https://www.phinational.org/resource/direct-care-workers-in-the-united-states-key-facts-2024/>.

- **Residential Care Aides**, who are the personal care aides, home health aides, and nursing assistants who assist individuals in congregate residential settings like assisted living communities, group homes and other residential care settings.
- **Direct Support Professionals**, who are specialized in providing residential and non-residential services to individuals with IDD.

However, national categories do not account for the unique and varied system that New Mexico has developed to help provide direct care for its population. Thus, the New Mexico Caregivers Coalition’s encapsulation of direct care workers is also helpful. That definition includes workers who provide: ⁸

- *Personal Care*: Assistance with activities of daily living (such as bathing, dressing, eating, transferring/mobilization, and toileting) as well as intermediate activities of daily living (cooking, paying bills, using transportation, managing medications, running errands, cleaning house, and doing laundry).
- *Companionship*: Social interaction, conversation, and emotional support.
- *Respite Care*: Temporary relief for family caregivers.
- *Medical Care*: Basic health monitoring and medication administration.

The focus of this report is on paid direct care workers, who include both professional, certified direct care workers and uncertified family caregivers. However, it is important to understand these paid workers in the context of the over 400,000 New Mexicans who provide unpaid care to their loved ones every year. ⁹

Demographics of New Mexico’s HCBS Direct Care Workforce

Federal data provides a useful, albeit rough, look at the size and make-up of this essential workforce. The following data was derived using data from the U.S. Department of Labor’s Bureau of Labor Statistics, which is limited to broad categories that neither differentiate among several categories or subcategories of direct care workers nor delineate occupational distinctions across HCBS programs, populations, or service types. Thus, the data does not fully capture all the unique positions within the state’s direct care workforce but offers a high-level assessment of New Mexico’s current HCBS workforce infrastructure statewide.

⁸ New Mexico Caregivers Coalition. 2024. “What is Direct Care?” <https://www.nmdcc.org/who-we-are/>.

⁹ New Mexico Aging Services. 2025. “Caregiver Resources.” <https://aging.nm.gov/long-term-care/caregiver-resources>.

As of 2023 (the most recent year data is available), New Mexico employed 41,020 direct care workers (which includes 36,560 home health and personal care aides and 4,460 nursing assistants).¹⁰ This has been the fastest growing occupation in the state over the last decade. In that time, there has also been a significant transition as nursing home workers move to HCBS, following the growing number of people choosing to receive care in their home. The chart below shows general trends in workforce employment over time; however, due to limitations in the data, conclusions cannot be drawn from specific year-to-year comparisons.

Table 1. New Mexican Direct Care Workforce Employment (2014, 2017, 2020, 2023)¹¹

Occupation	2014	2017	2020	2023	Growth	% Growth
Home Health and Personal Care Aides	25,510	32,030	31,090	36,560	11,050	43%
Nursing Assistants	6,520	6,190	4,980	4,460	-2,060	-32%
All Direct Care Workers	32,030	38,220	36,070	41,020	8,990	28%

However, federal data does not separate out certain direct care positions (like direct support professionals, personal care assistants, homemakers, and allied health assistants). With regards to direct support professionals (DSPs), DDSD reported that in 2023 agencies hired 4,939 DSPs, but another 3,419 (or roughly 32 percent of all DSPs) left their agency.¹² When including direct care workers uncounted in these federal occupational categories, the New Mexico Caregivers Coalition estimates there are more than 62,000 direct care workers in New Mexico just working in home care alone.¹³

Returning to the best available federal data, we can also see that direct care work in New Mexico, like elsewhere in the country, is largely performed by women and people of color. Of the state's direct care workers:¹⁴

¹⁰ PHI. 2025. "Workforce Data Center." <https://www.phinational.org/policy-research/workforce-data-center/>.

¹¹ OEWS wage and employment estimates are based on data collected over three years, so data years overlap and trends are smoothed, understating year-to-year variation. PHI. 2025. "Workforce Data Center." <https://www.phinational.org/policy-research/workforce-data-center/>.

¹² Ibid, No. 5.

¹³ New Mexico Caregivers Coalition. 2024. "What is Direct Care?" <https://www.nmdcc.org/who-we-are/>.

¹⁴ PHI. 2025. "Workforce Data Center." <https://www.phinational.org/policy-research/workforce-data-center/>.

- 80% are women.
- 79% are people of color.
- 12% are immigrants.
- 81% have a high school degree.
- 32% have children under the age of 18

General Standard of Living of New Mexico’s Direct Care Workers

Direct care workers face poor wages and low annual earnings, which have been identified nationally as key drivers of decreased recognition of or interest in direct care as a vocation among prospective workers, low employee satisfaction and retention, and overall economic precarity for workers and their families.¹⁵ Median wages for direct care workers in New Mexico are generally quite low and have not risen significantly over the last ten years, with the exception being notable increases across several of the state’s 1915(c) service rates. This is true despite some temporary wage increases achieved through funds from the American Rescue Plan Act.¹⁶ Looking broadly across the direct care workforce, low median wages are still the norm across most care positions, irrespective of populations served or settings/employer type. In the section of this document entitled, “*New Mexico’s Current Policy Reform Efforts*”, actions to increase rate setting and wages for direct support professionals (DSPs) are explored.

Table 2. New Mexican Direct Care Workers’ Median Hourly Wages Adjusted for Inflation (2014, 2017, 2020, and 2023)¹⁷

Occupation	2014	2017	2020	2023	Growth	% Growth
Home Health and Personal Care Aides	\$12.21	\$12.26	\$12.39	\$12.83	\$0.62	5%
Nursing Assistants	\$16.77	\$15.99	\$16.71	\$17.02	\$0.25	1%
All Direct Care Workers	\$13.14	\$13.26	\$12.98	\$13.29	\$0.15	1%

Due to low wages and, for many workers, a lack of stable, adequate hours, median annual earnings for direct care workers were only \$17,398 in 2022 (the most recent year for which data is available).¹⁸ Low hours are particularly common, with 46% of direct care workers

¹⁵ PHI. 2024. *Direct Care Workers in the United States: Key Facts*. New York, NY: PHI. <https://www.phinational.org/resource/direct-care-workers-in-the-united-states-key-facts-2024/>.

¹⁶ Health Care Authority. 2022. “State to invest over \$130 million for Medicaid home and community-based service providers who care for vulnerable New Mexicans.” <https://www.hca.nm.gov/2022/03/31/state-to-invest-over-130-million-for-medicaid-home-and-community-based-service-providers-who-care-for-vulnerable-new-mexicans/>.

¹⁷ PHI. 2025. “Workforce Data Center.” <https://www.phinational.org/policy-research/workforce-data-center/>.

¹⁸ PHI. 2025. “Workforce Data Center.” <https://www.phinational.org/policy-research/workforce-data-center/>.

working part-time and 17% working only part of the year.¹⁹ In total, 53% of direct care workers in the state live in or near poverty.²⁰ As a result of poor compensation, most direct care workers and their families live in economic insecurity.²¹ For example, 31% of New Mexican direct care workers lack affordable housing and 70% rely on public benefits to make ends meet.²² Many also lack basic employment benefits, like vacation time, paid bereavement leave, and retiree benefits. In fact, only 27% of direct care workers receive health insurance through their employment.²³

Direct support professionals (DSPs) providing HCBS to individuals with developmental disabilities face similarly low wages and economic hardship. In September 2024, DDS reported the 2023 salary ranges for DSPs were between \$12 and \$17 per hour, with 2 percent of DSP salaries reported at the state minimum wage.²⁴ Currently, only 69 percent of New Mexico's DD service rates are passed through to support DSP salaries.

The Value Proposition for Investing in New Mexico's Home & Community Based Services System and Direct Care Workforce

Demand for High-Quality HCBS is Growing, But Retention is Poor

There are two large subpopulations of New Mexicans who are more likely to need direct care services: those who are aged 65 and older and those with disabilities across the life continuum. While many people in one or both subpopulations (i.e., someone who is aged 65 and older and/or has a disability) do not need direct care services, the size of these subpopulations offers a window into the extent of the need for direct care services in the state.

New Mexico is a rapidly aging state, and New Mexicans are living longer than they ever have. In 2010, New Mexicans aged 65 and older made up 13% of the population, but by

¹⁹ PHI. 2025. "Workforce Data Center." <https://www.phinational.org/policy-research/workforce-data-center/>.

²⁰ PHI. 2025. "Workforce Data Center." <https://www.phinational.org/policy-research/workforce-data-center/>.

²¹ PHI. 2025. "Workforce Data Center." <https://www.phinational.org/policy-research/workforce-data-center/>.

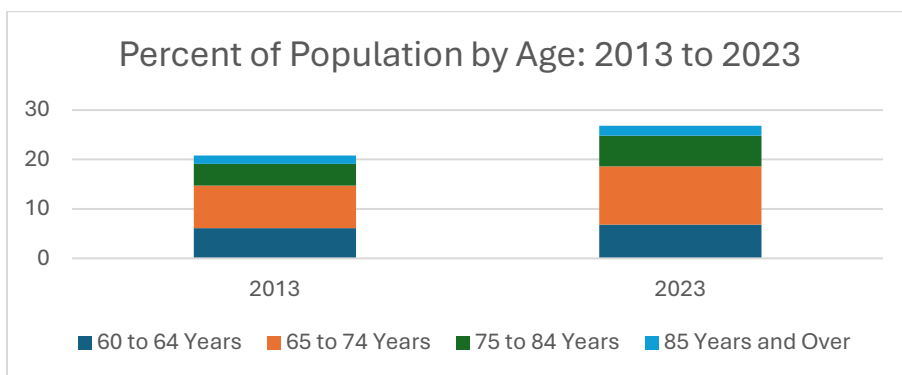
²² PHI. 2025. "Workforce Data Center." <https://www.phinational.org/policy-research/workforce-data-center/>.

²³ PHI. 2025. "Workforce Data Center." <https://www.phinational.org/policy-research/workforce-data-center/>.

²⁴ New Mexico Legislative Finance Committee. (November 18, 2024). Progress Report: Developmental Disabilities and Mi Via Waivers. <https://www.nmlegis.gov/handouts/ALFC%20111824%20Item%203%20DD%20and%20Mi%20Via%20Progress%20Report.pdf>

2020, that figure was 23%.²⁵ The share of the population aged 65 and older is expected to keep rising, with 200,000 more older New Mexicans by 2040 (an increase of 28%).²⁶ This is particularly true for New Mexicans aged 85 and older who are expected to grow from 40,000 to 85,000 by 2040.²⁷ The great success of New Mexicans' longevity also means a growing demand for direct care services to care for an increasingly aging population. In addition, as more New Mexicans live longer, they also experience higher acuity episodes in all care settings.²⁸

Chart 1. Percent by Population by Age: 2013 to 2023



The number of people with disabilities in New Mexico is also on the rise. In 2013, there were around 312,000 New Mexicans with a disability (15.2% of the population) but by 2023 there were nearly 372,000 (17.8% of the population).²⁹ Most relevant to determining the need for direct care services, is that by 2023 there were nearly 131,000 New Mexicans with an independent living disability and over 59,000 with a self-care disability.³⁰

²⁵ University of New Mexico. 2024. "New Mexico Population Projections: An aging population and minimal growth." <https://news.unm.edu/news/new-mexico-population-projections-an-aging-population-and-minimal-growth>.

²⁶ University of New Mexico. 2024. "New Mexico Population Projections: An aging population and minimal growth." <https://news.unm.edu/news/new-mexico-population-projections-an-aging-population-and-minimal-growth>.

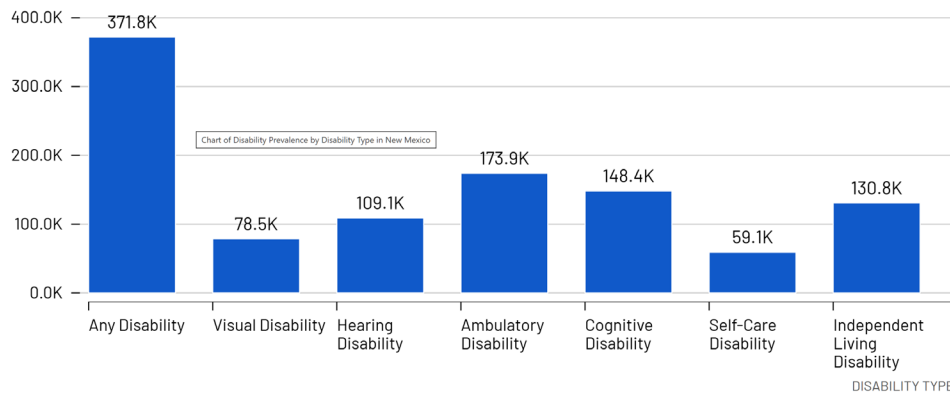
²⁷ University of New Mexico. 2024. "New Mexico Population Projections: An aging population and minimal growth." <https://news.unm.edu/news/new-mexico-population-projections-an-aging-population-and-minimal-growth>.

²⁸ Campbell, Stephen, Angelina Del Rio Drake, Robert Espinoza, and Kezia Scales. 2021. Caring for the Future: The Power and Potential of America's Direct Care Workforce. Bronx, NY: PHI. <https://phinational.org/caringforthefuture/>.

²⁹ Erickson, W., Lee, C., von Schrader, S. (2025). Disability Statistics from the American Community Survey (ACS). Ithaca, NY: Cornell University Yang-Tan Institute (YTI). <https://www.disabilitystatistics.org>.

³⁰ Ibid, No. 30. There are some limitations with the ACS, primarily that it does not separate out individuals with intellectual or developmental disabilities (IDD) due to challenges identifying people with IDD using the ACS approach. See:

Disability Prevalence by Disability Type in New Mexico³¹



Unfortunately, New Mexico is not ready to meet the rising demands of an aging population or an increasing rate of people living with disabilities. Due to poor job quality, direct care workers are not being recruited and, especially, retained in the numbers needed to care for individuals in need of direct care services now or in the future. Current projections show increased need will mean 13,800 more direct care jobs will be created by 2032; however, due to high turnover, New Mexican direct care providers are expected to have to fill 84,400 direct jobs by 2032 to meet need.³²

https://acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/National_Data_Paper_AID-D-ACL_09.25.2019%20508%20compliant.pdf for more information.

³¹ The American Community Survey (ACS) identifies six disability types: hearing, vision, cognitive, ambulatory, self-care, and independent living. A person is considered to have a disability if they report difficulty in any of these six areas: Hearing Disability (a person is considered to have a hearing disability if they are deaf or have serious difficulty hearing); Vision Disability (a person is considered to have a vision disability if they are blind or have serious difficulty seeing, even when wearing glasses); Cognitive Disability (a person is considered to have a cognitive disability if they have serious difficulty concentrating, remembering, or making decisions due to a physical, mental, or emotional condition); Ambulatory Disability (a person is considered to have an ambulatory disability if they have serious difficulty walking or climbing stairs); Self-Care Disability (a person is considered to have a self-care disability if they have difficulty dressing or bathing); Independent Living Disability (a person is considered to have an independent living disability if they have difficulty doing errands alone, such as visiting a doctor's office or shopping, due to a physical, mental, or emotional condition). <https://www.disabilitystatistics.org>.

³² PHI. 2025. "Workforce Data Center." <https://www.phinational.org/policy-research/workforce-data-center/>.

Direct Care Workforce Projected Job Openings in New Mexico, 2022 to 2032³³

Occupation Name	Growth	% Growth	Separations*	Total Openings
Home Health & Personal Care Aides	13,310	36%	63,890	77,200
Nursing Assistants	490	11%	6,710	7,200
All Direct Care Workers	13,800	33%	70,600	84,400

In addition to these figures, it is important to also highlight the impact of workforce shortages on DD HCBS waiver providers:

For most HCBS service categories, provider availability for new clients decreased between 2018 and 2024 by up to 30 percentage points across counties. While the state has over 200 providers supporting participants on the traditional DD and Mi Via waivers across all service areas, the rate of counties with providers accepting new clients has decreased since 2018 (based on point-in-time comparisons, which may change).³⁴

As recent as July 2024, more than half of waiver providers were not accepting new clients. An independent study conducted by Public Consulting Group (PCG) found DD and Mi Via participants were generally satisfied, but at least 46 percent could not access all authorized services. While 2 out of 3 participants agreed they had services that met their needs, roughly one in two traditional DD and Mi Via waiver participants indicated they could not always access all the services included in their individual service plan.³⁵

The Return on Investment for Strengthening the Direct Care Workforce

While New Mexico has taken significant strides towards developing the infrastructure that supports direct care workers, the general workforce at large still suffers from significant underinvestment. This underinvestment has far-reaching economic and human costs, highlighting how important it is to the state's economy and the well-being of its citizens to build on state investments in improving direct care job quality.

Low Wages Force Direct Care Workers to Rely on Public Benefits Exacerbating Economic Insecurity and State Expenditures on Benefit Programs

Over time, low wages in the direct care workforce have serious implications: many workers live in poverty and economic insecurity, relying on public benefits programs at a significant direct cost to the state.

³³ PHI. 2025. "Workforce Data Center." <https://www.phinational.org/policy-research/workforce-data-center/>.

³⁴ Ibid, No. 5.

³⁵ Ibid, No. 5.

Public Assistance	Home Care	Residential Care Homes	Nursing Homes	All Direct Care Workers
Any Public Assistance	74%	72%*	59%	70%
Food & Nutrition Assistance	47%	52%*	44%*	45%
Medicaid	55%	42%*	39%*	51%
Cash Assistance	6%	7%	5%	6%

* Indicates small sample size.

High Turnover, Low Retention, and Chronic Labor Shortages Lead to Crisis Gaps in Direct Care Creating Costs Across Stakeholders

New Mexico’s current shortage of direct care workers creates costs throughout the state’s HCBS ecosystem. Across the state, **long-term care employers** face chronic labor shortages forcing them to spend time, money, and other resources to recruit new workers in the field or attract current workers to their organization.³⁶ In fact, direct care workers are included in the top industries and occupations with the most online job postings in the state.³⁷ A big part of the need for long-term care employers to be constantly recruiting is the poor retention of current workers who can be overworked (often due to understaffing because of worker shortages) and have better paying and, often, easier job options in fast food, retail, and other fields.³⁸ High turnover and constant recruitment creates significant costs for long-term care employers, which for Medicaid providers, means eating into the reimbursement rates that would be more effectively used compensating current workers.

Due to the shortage of direct care workers, many **people who qualify to receive direct care services** cannot access them or cannot access them consistently (a particularly important piece given how direct care relies on trusted relationships and communication). This has immense cost on these individuals, who face worse health outcomes and more expensive care when they are forced to use emergency rooms or hospitalizations in lieu of receiving consistent, quality direct care.

Higher emergency room and hospitalization use is taxing on the entire **healthcare system**. Hospitals face significant expenses and may be unable to properly serve all their patients due to a shortage of direct care workers. This happens, for example, when hospitals are

³⁶ Shuman, Taylor. 2025. “Which States Will Struggle Most to Meet New Nursing Home Staff Mandates?” *Senior Living*. (April 18). <https://www.seniorliving.org/nursing-homes/staffing-mandates/>.

³⁷ New Mexico Department of Workforce Solutions, New Mexico Labor Market Review March 2025 (April 25, 2025) Vol. 54 No. 3 <https://www.dws.state.nm.us/Portals/0/DM/LMI/LMRMar25.pdf>.

³⁸ Kim, Jiyeon. 2024. “Competitive Disadvantage: Direct Care Wages Lag Behind—2024 Update.” *PHI*. <https://www.phinational.org/wp-content/uploads/2024/10/PHI-Competitive-Disadvantage-Factsheet-2024.pdf>.

unable to safely discharge patients who cannot access direct care services in their home due to the worker shortage.³⁹

Particularly when these individuals are Medicaid recipients, much of the cost of higher health care utilization is borne by the **state government**. State healthcare spending increases not only with higher emergency room usage and more hospitalizations, but also as more people seek care in nursing homes or other long-term care facilities rather than in their home.⁴⁰ Providing an adequate direct care workforce ensures more people can receive long-term care services in home and community based settings; not only a location that many of them prefer, but also one that significantly reduces state spending on long-term care.⁴¹

Family Caregivers Leave the Labor Force to Care for Relatives with Unmet Direct Care Needs, Leading to Significant Economic Consequences

The costs of a direct care workforce crisis are also borne outside of the long-term care and larger healthcare systems. Families and non-long-term care employers also face expensive costs.

When individuals cannot access direct care services through the paid, professional workforce, they often seek out unpaid assistance through their family, friends, and neighbors.⁴² Loved ones providing unpaid care services often means they need to step back from their own career or job either fully or in the amount that they work. People leaving their job to care for a loved one can permanently affect their career and lifetime earnings as well as their families' economic security.⁴³

As more people are forced to leave the workforce to care for their loved ones, other businesses that have nothing to do with long-term care or the healthcare system more largely lose their own workforce. This creates knock-on effects from the expense of

³⁹ American Hospital Association. 2022. "Issue Brief: Patients and Providers Faced with Increasing Delays in Timely Discharges." (December). <https://www.aha.org/system/files/media/file/2022/12/Issue-Brief-Patients-and-Providers-Faced-with-Increasing-Delays-in-Timely-Discharges.pdf>.

⁴⁰ CareScout. 2025. "Calculate the cost of long-term care near you." <https://www.carescout.com/cost-of-care>.

⁴¹ Kaye, H. Stephen. 2012. "Gradual Rebalancing of Medicaid Long-Term Services And Supports Saves Money And Serves More People, Statistical Model Shows." (June). <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2011.1237>.

⁴² Horovitz, Bruce. 2023. "New AARP Report Finds Family Caregivers Provide \$600 Billion in Unpaid Care Across the U.S." *AARP*. (March 8). <https://www.aarp.org/caregiving/financial-legal/info-2023/unpaid-caregivers-provide-billions-in-care.html>.

⁴³ Goad, Kimberly. 2025. "The Huge Financial Toll of Family Caregiving." *AARP*. (February 12). <https://www.aarp.org/caregiving/financial-legal/info-2025/financial-impact-caregiving.html>.

turnover and the inefficiencies created by experienced workers walking away from their jobs.⁴⁴

Workforce Shortages Create Significant Human Costs as Well

Beyond the economic cost, the current direct care workforce crisis imposes significant human costs on the lives of New Mexicans, particularly those who are already underserved and facing significant care needs.

When older individuals and people with disabilities and serious illnesses are unable to access direct care services, they are at greater risk for abuse, neglect, and exploitation. Without the direct care they need, people will often experience a decline in health and safety, causing psychological harm, behavioral issues, social isolation, and reduced satisfaction and quality of life. It can also mean legal and financial consequences for both the people in need of direct care and their families. With inadequate direct care services people also have decreased access to opportunities to learn, develop, and grow, creating long-term issues over the course of their lives. Key investments by State Medicaid systems, provider networks, and employers in the HCBS direct care workforce is critical to addressing these issues.

Direct Care Workforce Investments Strengthen the Economy and New Mexicans

A well-trained, skilled, and healthy direct care workforce is critical to expanding access to high-quality long-term care services and supports. Strategic state investments to support this workforce by improving their job quality will attract more dedicated, qualified, and diverse direct care workers responsive to the needs of their fellow New Mexicans. These investments can not only help direct care workers leave poverty and a reliance on public benefits but ensure family caregivers can stay in their careers and people receiving care can avoid unnecessary hospitalizations and emergency room visits while getting to live in their home rather than a long-term care facility. Direct care workers can also help support people with disabilities and older adults to enter or re-enter the workforce themselves, helping more people join the economic mainstream. It would also be the end to the expensive (both financially and psychologically) economic precarity so many direct care workers and their families live in.

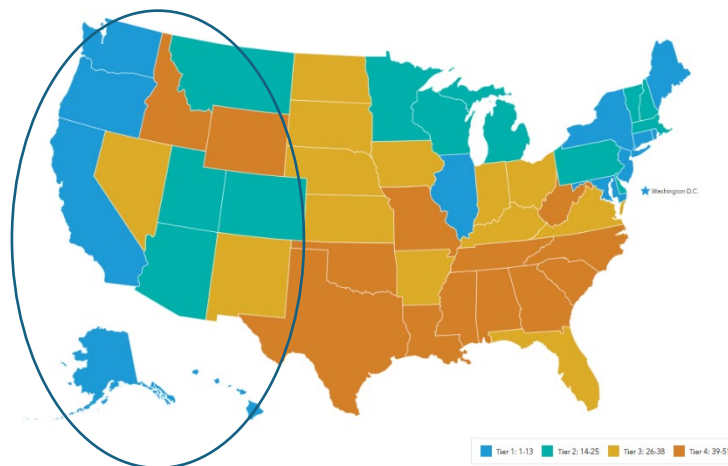
Beyond the economic effects of investment, lie vital improvements to the lives of New Mexicans, especially those who are older or have a disability or serious illness. With an adequate workforce, everyone can receive the personalized care and support that helps them live as independently as possible. Good direct care fosters independence and autonomy, improving quality of life. It also helps with community inclusion and integration, helping people stay connected to each other. Investing in direct care workers also leads to stronger advocacy for people receiving care, greater emotional support for them and their

⁴⁴ Phillips, Arthur; Josie Phillips. 2023. "The High Cost of Undervaluing Direct Care Work." *Maine Center for Economic Policy*. (April 26). <https://www.mecep.org/wp-content/uploads/2023/04/The-High-Cost-of-Undervaluing-Direct-Care-Work.pdf>.

families, and a frontline for crisis management and intervention for some of New Mexico's most at-danger residents.

The State of New Mexico's State Direct Care Workforce

A Review of New Mexico's Workforce Data & Implementation of Model Labor Policies Using the Updated Direct Care Workforce State Index by PHI ⁴⁵



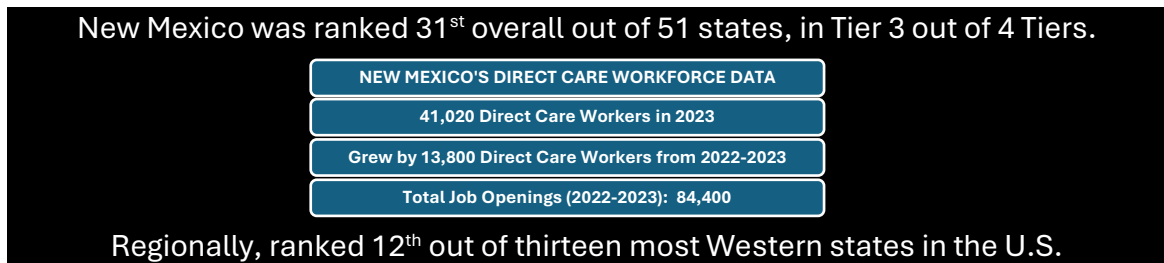
The following analysis was completed using data from the [2024 Direct Care Workforce State Index](#) published by PHI, one of the nation's leading entities over the past 30 years in the areas of direct care workforce training, research and policy analysis⁴⁶. The State Index helps policymakers, advocates, and other state leaders understand how their state currently supports direct care workers, identify areas for improvement, and see how their state ranks in comparison to other states. The states were ranked in four tiers across various categories of policies in support of direct care workers as well as more universal workforce friendly policies:

- Tier One represents the top 1-13 states;
- Tier 2 represents states ranked #14-25;
- Tier 3 represents states ranked #26-38; and
- Tier 4 represents states ranked #39-51 (to include District of Columbia).

⁴⁵ PHI. Direct Care Workforce State Index. Last modified **07/30/2024**. <https://www.phinational.org/state-index-tool/>. Created and led by PHI (the nation's leading organization focused on policy and research endeavors to promote and advance the direct care workforce), the Direct Care Workforce State Index offers a data-driven picture of how states' public policies support direct care workers and how these workers fare financially. This online interactive tool enables users to rank and compare states based on two composite measures: the range of policies States have enacted to support these and other low-income workers, as well as the economic status of direct care workers. For more detailed information on this tool, email us at info@phinational.org.

⁴⁶ PHI is a primary national technical assistance partner of the Direct Care Workforce Strategies Center.

The data has been distilled to display New Mexico's progress comparatively both at a regional (inclusive of the thirteen Western-most states) and nationally.



Worker Supportive Policies Index (New Mexico Ranks 18/51)

Direct Care Workforce Policies (2024 Data)

****State policies that improve direct care worker compensation, training, and access to employment****

Best Practice Policy	Score	Comparisons (Regionally/Nationally)
Personal Care Aide Training Standards Key Provisions	4/10	New Mexico was scored in Tier 3 of all States. In comparison, 4 of the 13 Western states (AZ, NV, OR, WA, WY) scored in Tier 1; 3 were in Tier 2 (CA, HI, NV), and 7 of the states (AK, CO, ID, MT, NM and UT) scored below Tier 2.
Home Health Aide Training Standards Exceed Federal Minimum	No	18 states have HHA training standards that exceed the Federal minimum. 8 of these are Western states (AK, CA, HI, ID, MT, UT, WA, WY). NM is one of the 5 most Western states that do not have standards that exceed the Federal minimum (including AZ, CO, NV, and OR).
Nursing Assistant Training Standards Exceed Federal Minimum	No	New Mexico is one of 20 states whose nursing assistant training standards do not exceed the Federal minimum. Most Western states (8/13) have training requirements exceeding federal standards; the ones that do not include CO, MT, NM, NV, and WY.
Dollar-Amount Wage Pass-Through Policy	No	Four of the 13 most Western states (CO, NV, OR, and WA) have dollar-amount wage pass-through policies.
Percentage Wage-Pass Through Policy	No	Four of the 13 most Western States (AZ, CA, MT, WI) have percentage-based wage pass through policies. The remaining, including New Mexico, do not have a percentage-based wage past-through requirement within its existing HCBS rate structure.
State-Funded Matching Service Registry ⁴⁷	No	New Mexico is one of four of the 13 most Western States (MT, NM, OR, and WA) that have state-funded matching service registries. The remaining nine do not.

⁴⁷ Matching service registries are online platforms that facilitate matching between self-directing home care consumers (and other employers, in some cases) and direct care workers. This indicator includes registries that are funded by states and available statewide only.

Universal Labor Policies

****State policies that improve direct care worker compensation, training, and access to employment****

LABOR POLICY	SCORE	YEAR	Comparisons (Regionally/Nationally)
Minimum Wage Exceeds Federal Minimum Wage	YES	2024	New Mexico's minimum wage is set at \$12.00/hour, well above the federal minimum wage. In comparison with other Western states, only three of the 13 (ID, UT, WY) do not have minimum wages that exceed the federal minimum wage.
Medicaid Expansion	YES	2023	All states in the western U.S. except Wyoming have Medicaid expansion policies in effect.
Paid Sick Leave	YES	2024	Paid sick leave policies allow workers to accrue a specified number of paid hours off to address their own or a family member's health (and for certain other reasons, in some cases). NM is one of six of the 13 most Western States (AZ, CA, CO, NM, OR and WA) that have paid sick leave policies in place for direct care workers and other labor pools. The remaining Western states do not have paid sick leave policies in place.
Paid Family and Medical Leave	NO	2024	Five western states (AZ, CA, CO, OR, and WA) that have paid sick leave policies also have paid family & medical leave policies in place. The remaining Western states do not.
Union-Supportive Legal Environments	YES	2023	Half of the country (25 states) has union-supportive legal environments. In the western region, New Mexico is one of seven states who have a union-supportive legal environment (others include AZ, CA, CO, MT, OR and WA).
Refundable State Earned Income Tax Credit	YES	2023	NM is one of six of 13 Western states to have a refundable state EITC (others include CA, CO, HI, OR, WA). The remaining Western states do not.
Non-Refundable State Earned Income Tax Credit	NO	2023	Only five states in the country have non-refundable state earned income tax credits, and only one of these are a western state (Utah).

Direct Care Workforce Economic Index (New Mexico Ranks 48/51 in 2022)

Economic Indicator	Rank	Definitions/Comparisons (National/Regional)
Median Wage	\$12.01	The median wage for all direct care workers is calculated as a weighted average of the median wages for personal care aides, home health aides, and nursing assistants. NM ranked within Tier 4 (#39-50) of all states nationally.
Wage Competitiveness	-\$1.50	These values reflect the difference between direct care worker median wages versus wages for occupations with similar or lower entry-level requirements. NM ranked within Tier 4 (#39-50) of all states nationally.
Median Personal Earnings	\$17,398	This value reflects the median annual personal earnings for personal care aides, home health aides, and nursing assistants working across long-term care industries. NM ranked within Tier 4 (#39-50) of all states nationally.
Low-Income Household	49%	Direct care workers living in low-income households are defined as those living below 200% of the federal poverty level. NM ranked within Tier 4 (#29-51) of all states nationally.
Housing Cost Burden	27%	Housing cost burden is defined by housing costs that exceed 30 percent of a household's total income. New Mexico ranked in Tier 2 (#14-25) of all states nationally.
Uninsured	13%	This is the % of direct care workers who do not have any form of health insurance, including through their own or a family member's employer or union; through Medicare, Medicaid, or another public program; or through the health insurance marketplace. NM ranked in Tier 4 (#39-50) of all states nationally.

New Mexico's Current Policy Reform Efforts

Recent Policy Actions to Support the Direct Care Workforce

With a sense of urgency and fervor in recent years, New Mexico's policymakers have been working both within the executive and legislative branches to strengthen the direct care workforce in innovative ways through legislation and agency action. This body of work also fits into a larger landscape where the state is attempting to increase rates for providers and expand the services offered to Medicaid recipients.⁴⁸

Data Collection Leading to Medicaid Reimbursement and Wage Increases

Following increases in rates established in FY2019 and FY2020 for Personal Care Services and Assisted Living Facilities⁴⁹, data collected helped inform the decision to push for an additional increase for ALFs under House Bill 2, which went into effect on July 1, 2025.

Additionally, in April 2023, Governor Lujan Grisham signed House Bill 395 into law, requiring annual data collection on the direct support professional workforce and for rate studies to value the wage of direct support professionals at 150% of the state's general minimum wage.⁵⁰ As part of this law's implementation, all providers for the Developmental Disabilities Waiver must provide wage, recruitment, retention, and vacancy data to the New Mexico Health Care Authority annually. In addition, the law created a methodology to assure the full cost of funding DSP services is calculated and that the Developmental Disabilities Supports Division makes legislative budget requests based on this calculation that includes living wages for DSPs. These recent actions build on a significant hourly wage increase in 2022, which used temporary funds from the American Rescue Plan Act to move median DSP hourly wages from \$11.96 in 2021 to \$15.07 in 2022.⁵¹

Focusing on Health as a Priority Sector for Workforce Development

New Mexico's Workforce Innovation and Opportunity Act (WIOA) state plan includes healthcare as a priority sector. This allows the Department of Workforce Solutions and WIOA partners to allocate funding and resources toward this sector, including employment and employer services such as hiring and recruitment events. It also supports registered apprenticeship and pre-apprenticeship programs, including a Medical Assistant

⁴⁸ Armijo, Kari. 2024. "LFC: Rate Increases & Medicaid Performance." *Health Care Authority*. (May 15). https://www.nmlegis.gov/handouts/ALFC%20051424%20Item%2010%20Hospital%20Costs_LFC%20Hearing_051524v3.pdf.

⁴⁹ Ibid, #41.

⁵⁰ NM HB395. 2023. Regular Session.

⁵¹ Robins, Amy. 2023. "New Mexico Advocates Score a Major Win for Direct Support Professionals." *PHI Newsroom*, April 26, 2023. <https://www.phinational.org/new-mexico-advocates-score-a-major-win-for-direct-support-professionals/>.

program through San Juan College.⁵² While this apprenticeship program appears to be the only one currently focused on the direct care workforce, there are potential pipeline development opportunities available by creating additional apprenticeship and pre-apprenticeship programs. Notably, the federal government recognizes apprenticeship programs for both certified nursing assistants and home health aides.

Marketing Campaigns, Job Fairs, and Partnerships with Educational Institutions

New Mexico's Developmental Disabilities Supports Division is also focused on various initiatives designed to expand the pipeline of new direct care workers, specifically direct support professionals. The Division has partnered with higher education institutions to provide information on the Division, the work it does, and opportunities to work in the field. The Division is actively collaborating with a network of community providers and partners to participate in hiring events and job fairs across the state. To further strengthen recruitment efforts, the Division has launched a social media campaign designed to promote careers in the field, highlight the valuable work being performed, and showcase the individuals and communities served. In addition to these workforce recruitment initiatives, the Division is conducting a comprehensive rate study to evaluate provider reimbursement rates. The goal is to ensure that future rate increases support direct care staff compensation, helping providers recruit, retain, and stabilize a qualified workforce to meet the growing needs of individuals receiving services. Notably, however, the Division will need supportive legislation to ensure a wage passthrough for workers. Wage passthrough legislation already exists in at least 21 different states.⁵³

Accountability Measures for Managed Care Organizations

In 2024, the Health Care Authority began rolling out the new Turquoise Care program which enrolls Medicaid recipients in Managed Care Organizations (MCOs). The MCOs operate as a partner between the Medicaid recipients receiving services and the state Medicaid program which is funding those services. In rolling out this program, HCA worked to develop systems that would hold the MCOs accountable for different metrics. Most important for strengthening the direct care workforce, the Turquoise Care program includes requirements for MCOs to provide care coordination and access to care, including direct care services. Moving forward, the state may be able to build off these accountability measures by requiring the MCOs to ensure certain job quality metrics for direct care workers (like retention or wages) are being met and to ensure the expertise of those workers is included in care coordination teams.

⁵² San Juan College. 2024. "San Juan College Launches Next Medical Assistant Program Cohort Starting January 27, 2025." (November 14). <https://www.sanjuancollege.edu/about/news/2024/san-juan-college-launches-next-medical-assistant-program-cohort-starting-january-27-2025/>.

⁵³ AARP. 2020. "LTSS Worker Wage Pass-Through." <https://ltsschoices.aarp.org/scorecard-report/2023/dimensions-and-indicators/ltss-worker-wage-pass-through>.

General Paid Sick Leave Law Will Benefit Direct Care Workers

In 2022, the Healthy Workplaces Act of 2021 extended earned sick leave to most employees in New Mexico, including many direct care workers.⁵⁴ This was an important step in improving job quality for direct care workers who could now take limited paid time away from their job to care for themselves or a loved one who was ill. In some cases, this was the first time that the people whose very job it is to care for others, were able to take paid time from work to do the same for themselves and their own loved ones. Moving forward, the state legislature and advocates are also pursuing a paid family and medical leave social insurance program, which would provide longer-term paid time off for workers, including many direct care workers, to care for themselves or a loved one experiencing a serious illness, the birth of a child, or another significant care event.⁵⁵

Status of Legislative Proposals from Previous Session

In 2025, New Mexico's legislature passed one bill into law that will affect the direct care workforce directly. HB 131 reforms the **criminal background check process for caregivers**.⁵⁶ It transfers the oversight responsibility from the Department of Health to the Health Care Authority (HCA) and expands disqualifying criteria for caregiver employment based on criminal history. Previously, the law already automatically disqualified individuals with felony convictions for serious offenses (e.g., homicide, sex crimes, abuse, fraud, identity theft, and others) from working as caregivers, but this law expands that ban to include people convicted of battery of a household member, animal cruelty, identity theft, human trafficking, or assault of a peace officer. In addition, HCA can also now disqualify individuals who pose an "unreasonable risk" based on their criminal history, even if their convictions are not on the disqualifying list. Those individuals may request reconsideration, their employers may continue their employment pending appeal, and HCA holds the burden of proof in demonstrating "unreasonable risk" by preponderance of evidence. The changes in oversight and the appeals process are designed to streamline appeals, making them quicker and more effective.⁵⁷

State legislators also introduced several bills focused on the direct care workforce that did not become law. All these bills found some support and should be considered ripe to return to in 2026:

⁵⁴ A Better Balance. 2025. "Know Your Rights: New Mexico Paid Sick Time." (April 2). <https://www.abetterbalance.org/resources/know-your-right-new-mexico-paid-sick-time/>.

⁵⁵ NM HB11. 2025. Regular Session; New Mexico PFML Coalition. "New Mexicans deserve Paid Family & Medical Leave Now!" <https://nmpfml.org/>.

⁵⁶ NM HB131. 2025. Regular Session.

⁵⁷ Fisher, Austin. 2025. "New Mexico toughens requirements to become a caregiver." *Source NM*, April 24. <https://sourcenm.com/2025/04/24/new-mexico-toughens-requirements-to-become-a-caregiver/>.

- HB 55 would have allocated nearly \$21 million to **increase state reimbursements for personal care services**.⁵⁸ It would have required Managed Care Organizations to pay personal care services providers at least \$23.50 an hour, while requiring the providers to spend at least 70% of those payments on employee compensation. This bill was supported by both the New Mexico Caregivers Coalition and the New Mexico Association for Home and Hospice Care.⁵⁹ In order for the appropriation to cover the cost, the Centers for Medicare & Medicaid Services would need to agree to a waiver amendment to include the increased reimbursement in the federal match.⁶⁰ The bill did not pass the House.
- HB 15 would appropriate \$2 million to establish the **Health Care Strategic Recruitment Program** within the New Mexico Workforce Solutions Department to address shortages in the health care workforce.⁶¹ The program would assist in recruiting qualified health care providers who graduated from New Mexico public post-secondary institutions within the last ten years but are not currently working in health care in the state. It would provide outreach, recruitment support, licensing assistance, and job placement services while compiling data on workforce needs and barriers to employment. It passed the House, but not the Senate.
- SB 103 would require Medicaid personal care services programs to **report data on their direct care workforce** to the Health Care Authority, including information on employment, wages, benefits, and demographics.⁶² HCA would then be required to analyze this data and publish annual reports to inform stakeholders and policymakers, aiming to stabilize the workforce, reduce vacancies, and improve wages to at least 150% of the state minimum wage. Additionally, by 2030, the Authority would be tasked with studying the costs of providing personal care services and recommending reimbursement rates to ensure adequate access and support for direct care workers. It did not pass the Senate.

Another proposal, HB 269 (which passed the legislature and was vetoed by the Governor (but only because it is already being implemented) requires the Health Care Authority to implement an **open electronic visit verification (EVV) system** for personal care and home

⁵⁸ NM HB55. 2025. Regular Session.

⁵⁹ Healy, Adam. 2025. "Home care providers, caregivers in New Mexico join forces on bill with 70 percent wage pass-through." *McKnights Home Care*, February 24. <https://www.mcknightshomecare.com/news/home-care-providers-caregivers-in-new-mexico-join-forces-on-bill-with-70-wage-pass-through/>.

⁶⁰ Legislative Finance Committee, Fiscal Impact Report "Medicaid for Personal Care Services." (Jan. 24, 2025). <https://www.nmlegis.gov/Sessions/25%20Regular/firs/HB0055.PDF>.

⁶¹ NM HB15. 2025. Regular Session.

⁶² NM SB103. 2025. Regular Session.

health services.⁶³ The bill would allow providers to use any EVV system that meets federal requirements while mandating a centralized aggregator system to collect and report data to federal authorities. The Health Care Authority would be required to establish rules for system standards, data privacy protections, and compliance monitoring. The bill also would declare an emergency, meaning it would take effect immediately upon passage. The bill was vetoed, however the Health Care Authority is implementing the provisions according to current federal law and regulations.

The legislature also introduced two bills that excluded the direct care workforce but would have addressed issues for other parts of the health care workforce. Neither of these bills passed, but both found some support. They could be considered as potential vehicles for strengthening the direct care workforce by amending them to include direct care workers:

- HB 52 would **expand the Rural Health Care Practitioner Tax Credit**.⁶⁴ This credit would allow certain health care providers who work in designated rural and underserved areas to claim a tax credit of up to \$5,000 for physicians, dentists, and similar professionals, and up to \$3,000 for other practitioners such as nurses, therapists, and emergency medical technicians. It also establishes a process for verifying eligibility through the Department of Health and requires annual reporting on the program's impact. The goal of the bill is to incentivize more health care professionals to serve in rural and underserved communities in New Mexico. It did not pass the House.
- SB 172 would appropriate \$1.5 million to **establish the Immigrant Health Care Workforce Development Act** to support immigrants with foreign health care experience in integrating into New Mexico's health care workforce.⁶⁵ It would create programs to assist underemployed immigrant health care workers in obtaining necessary credentials, training, and employment, including a pathway for immigrant physicians to enter U.S. residency programs and practice primary care in underserved communities. The bill also would have established a grant program to fund primary care residency positions for immigrant medical graduates and creates an advisory committee to oversee implementation. It did not pass the Senate.

Impacts of Federal Policy Developments

Several Federal policies and budgetary developments on the horizon may implicate the ability and timeline of New Mexico's current efforts to strengthen and expand the direct care workforce.

⁶³ NM HB269. 2025. Regular Session.

⁶⁴ NM HB52. 2025. Regular Session.

⁶⁵ NM SB 172. 202.5. Regular Session.

Cuts in Federal Match and Other Reductions in Medicaid

On July 4, President Trump signed into law a budget reconciliation bill that includes significant changes to the Medicaid program and the Affordable Care Act, as well as additional provisions related to Medicare and Health Savings Accounts.⁶⁶ After accounting for the Congressional Budget Office's estimated interactions, the Kaiser Family Foundation has estimated that the reconciliation bill cuts federal Medicaid spending by \$1 trillion.⁶⁷

The five biggest sources of federal Medicaid cuts in the reconciliation package account for 87% of the total cuts (excluding the interaction effect) and include:

- Mandating that adults who are eligible for Medicaid through the ACA expansion meet work and reporting requirements (\$326 billion),
- Repealing the Biden Administration's rule simplifying Medicaid eligibility and renewal processes (\$167 billion),
- Establishing a moratorium on new or increased provider taxes and reducing existing taxes in expansion states (\$191 billion),
- Revising the payment limit for state directed payments (\$149 billion), and
- Increasing the frequency of eligibility redeterminations for the ACA expansion group (\$63 billion).

Provisions that would only apply to states that have adopted the ACA expansion account for \$526 billion, more than half of the total amount of federal spending reductions. Federal cuts to states of \$1 trillion over 10 years would represent 15% of federal spending on Medicaid over the period.⁶⁸ New Mexico would experience an 15% cut over the 10-year Federal spending baseline, or an estimated \$11 Billion.⁶⁹

Other more nuanced policy changes reflected in the House Rules Committee Print version of the House-passed reconciliation bill released on May 18th could also have a significant impact on New Mexico's managed Medicaid system, including caps related to state directed payment rates for MCOs; rescission of long-term care facility minimum staffing levels; and tighter restrictions on the budget neutrality provisions for 1115 waiver demonstration authority that requires states to not only certify budget neutrality but also

⁶⁶ KFF. July 8, 2025. "Health Provisions in the 2025 Federal Budget Reconciliation Bill." <https://www.kff.org/tracking-the-medicaid-provisions-in-the-2025-budget-bill/>.

⁶⁷ KFF. July 1, 2025. "Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Senate Reconciliation Bill." <https://www.kff.org/medicaid/issue-brief/allocating-cbos-estimates-of-federal-medicaid-spending-reductions-across-the-states-senate-reconciliation-bill/>.

⁶⁸ Ibid, No. 60

⁶⁹ Ibid, No. 60

specify a methodology for applying any budget neutrality savings in the waiver extension period.⁷⁰

The proposed reductions will likely implicate the ability of New Mexico to financially plan for future investments in sustaining and expanding the HCBS direct care workforce despite growing demand for the foreseeable future.

Potential Cuts in Federal Match and Other Reductions in Workforce Development

The Administration’s proposed FY2026 budget, released on May 2, 2025, proposes a \$4.6 billion reduction in funding for the U.S. Department of Labor (DOL)—a 35% cut over currently enacted levels. Throughout the budget request, a significant amount of program elimination or consolidation has been proposed. As part of these components of the budget, the Administration is proposing to create a new consolidated workforce grant program dubbed “Make America Skilled Again” (MASA) which would combine a number of existing workforce development programs into a single programmatic grant. The budget request indicates that the total amount for these grants would reduce current funding levels overall by \$1.64 billion.

Current FY25 funding for workforce development programs under Title I of WIOA is currently \$5.67 billion, meaning that MASA represents a roughly 29% reduction in the federal investment for several workforce development programs under this portion of the budget. Few additional details have been provided, but proposed reductions in Federal formulaic funding supporting adult and dislocated worker re-entry and training, Job Corps and youth-based apprenticeships, and other major employment training programs would significantly decrease the capacity of state workforce investment systems from investing in health and human services care sector workforce recruitment and retention efforts, including labor categories of direct care workers.

Uncertainty with ACCESS Rule Implementation

The “Ensuring Access to Medicaid Services Final Rule”⁷¹ addresses several dimensions of access: increasing provider rate transparency and accountability, standardizing data and monitoring, and increasing opportunities for Medicaid enrollees to provide feedback on state Medicaid policies through a new beneficiary advisory committee, with the goal of improving access to care. The rule also included many provisions governing access to home care (also known as home- and community-based services or HCBS), which include ensuring that at least 80% of spending on certain services be spent on compensation for direct care workers and requiring states to report the number of people on waiting lists for

⁷⁰ See: https://rules.house.gov/sites/evo-subsites/rules.house.gov/files/documents/rcp_119-3_final.pdf.

⁷¹ Published April 22, 2024. See: <https://www.cms.gov/newsroom/fact-sheets/ensuring-access-medicaid-services-final-rule-cms-2442-f>.

care.⁷² It is unclear whether the Administration will move forward with implementation of this 2024 regulation or rescind parts or all of the final rule.

Proposed Dismantling of Certain Components and Initiatives of Federally-Funded Aging & Disability Networks

The HHS FY 2026 proposed budget was released on May 30th, with a proposed \$32 billion reduction in discretionary budgetary authority across the agency (~25% decrease from FY2025 budget), including a projected \$7 billion in cuts (roughly 20% decrease from FY2025) across the newly termed “Administration for Children, Families, and Communities,” which will now house the nation’s children and family programs, early intervention programs, and several aging and developmental disability programs (including State Councils on Developmental Disabilities, Protection and Advocacy systems, the long-term care ombudsman program, NIDILRR, lifespan respite and the SHIP program, among others). The budget proposes to eliminate certain aging and disability programs, including University Centers for Excellence in Developmental Disabilities, Chronic Disease Self-Management Education, Limb Loss Resource Initiative, Paralysis Resource Center, Voting Access for People with Disabilities, and the White House Conference on Aging. Any cuts to federally funded aging and disability networks could have a negative impact on state direct care workforce systems change efforts that rely on such partners to support data collection, workforce recruitment strategies, and family caregiver supports.

Looking Ahead: Building a Roadmap for Securing New Mexico’s HCBS Direct Care Workforce – Strategic Recommendations

Moving forward, New Mexico’s existing cross-systems working group focusing on HCBS direct care workforce issues will be collaborating to develop a strategic roadmap for aligning data collection, investments, policies, and recruitment/retention activities across systems to yield a growing and sustained direct care workforce pipeline for meeting the growing demand for high-quality HCBS in the state. It is suggested that the future roadmap consider a phased in approach that tackles the alignment of payment, recruitment/marketing efforts, and training/eligibility requirements first, and then builds upon this initial momentum with longer-term planning around centralizing data collection, career pathway advancement (core competency development/professional credentialing/stacking) and outcomes measurement/evaluation over time.

Aligning Goals and Planning Across Agencies

The challenges facing New Mexico’s direct care workers are complex and interconnected, demanding holistic and comprehensive solutions. Yet, state government agencies often are segregated, separated by different priorities and expertise and not necessarily having existing infrastructure to facilitate cross-agency partnerships around direct care workforce

⁷² Burns, A. et.al. (May 9, 2025). Implications of Congress Eliminating Major Biden Era Regulations for Medicaid. Kaiser Family Foundation. See: <https://www.kff.org/policy-watch/implications-of-congress-eliminating-major-biden-era-regulations-for-medicaid/>

issues. Siloed efforts can lead to modest improvements for workers in one particular program or one specific care setting but are less likely to have a positive impact across the whole direct care workforce and more likely to be fragmented and unsustainable.

Creating infrastructure that will foster strong, inter-agency partnerships around direct care workforce issues is pivotal to long-term sustained HCBS provision. Working together, education, workforce development and health and human services agencies can develop shared priorities through their individual state planning processes, braid funding to co-fund career pathways, co-fund and co-host staff specializing in workforce and HCBS to work in one or both agencies, and create cross-agency solutions related to messaging, recruitment, training, and payment of direct care workers.

Cooperative agreements for pooling resources and implementing sustainable initiatives can also lead to a more holistic response to addressing the HCBS direct care workforce crisis. Examples include leveraging WIOA Title I and IV dollars to support long-term career pathways that include ladders/specializations connected to wage increases via Medicaid enhanced rate structures; establishing a process for dislocated workers to be exposed to direct care workforce careers (and use funding from WIOA funding for this population to pay for their training); and building out long-term outreach initiatives leveraging and streamlining activities across the state's American Job Centers, VR agencies, community colleges and Medicaid HCBS ecosystem.

The state's HCBS direct care workforce working group that was established in FY2024 already creates the cross-systems apparatus for building upon the foundational activities completed thus far, and should continue to convene regularly to establish shared, achievable goals. The workgroup may also consider efforts to expand its state partners to include secondary and post-secondary education, as well as increase the engagement of community partners into their ongoing work to bring in new ideas, build buy-in outside of state government, and improve policy implementation and outcomes.

Streamlining and Strengthening Recruitment Efforts

Strategically Messaging the Value of Direct Care Workers & Target Marketing to Key Candidate Pools

Pooling together communications support and financial resources across systems to create a streamlined approach toward collaborative messaging, marketing, and recruiting targeted populations into the HCBS direct care workforce pipeline is critical to maximizing the effectiveness of limited resources. Elevating the value-added societal benefits of direct care as a respectable occupational field to the general public as well as investing in a consistent marketing program tailored to educating and reaching target populations (including but not limited to youth and young adults coming into the workforce, dislocated workers interested in transitioning their skills to purpose-driving careers, New Americans, veterans, and people with lived disability expertise and recent retirees who still wish to work part-time) are necessary to for drawing upon larger pools of job candidates in the state.

Evaluating and Expanding upon Current HCA Recruitment Efforts that are Working across all HCBS programs

The New Mexico Health Care Authority has already implemented a number of recruitment activities to attract more direct care workers into the HCBS pipeline. For example, DDSD's previous recruitment activities have included strategic marketing activities via ongoing communications to their existing HCBS provider network to get information out on needed services; posting information on new opportunities on LinkedIn; hosting hiring events (DDSD-specific) working with their provider network to bring people together and marketing that; and having a presence at community-based job fairs. DDSD has also reached out to several institutions of higher education to share with them information about the mission of DDSD, what kinds of services/positions are needed in the HCBS sector, and how the current educational degrees the colleges have may be a good fit for recruiting students into the HCBS direct care workforce pipeline. HCA at large may have other parts of the agency doing similar activities, but there is no strategy in place for coordinating these recruitment activities across HCBS programs or evaluating the impact and effectiveness of each recruitment tactic in any consistent or uniform manner.

Dovetailing with Current Workforce Development System Priorities in Healthcare Sector

Healthcare is currently one of the state's priority sectors in New Mexico's Workforce Innovation and Opportunity Act (WIOA) state plan. This allows the department of workforce solutions and WIOA partners to allocate funding and resources toward this sector including employment and employer services such as hiring and recruitment events. Healthcare occupations (including Registered Nurses, Physicians, Physical Therapists, Licensed Practical and Licensed Vocational Nurses, Nurse Practitioners, Nursing Assistants and Medical Assistants) are all in the top 10 occupations with the most online job postings as of February 2025. It would behoove the New Mexico Health Care Authority, and specifically Medicaid and the HCBS waiver program entities, to engage with the state to see where these existing efforts prioritizing healthcare workforce pipeline development could be leveraged and expanded to include a focus on specific categories of HCBS direct care workers.

Initiating Cross-Systems Data Collection Efforts to Better Predict and Respond to HCBS Direct Care Workforce Trends

As part of its 2024 participation in the National Direct Care Workforce Strategies Center's Intensive Technical Assistance initiative, New Mexico's cross-agency HCBS direct care workforce working group has already conducted a comprehensive audit of how each of the state's existing HCBS programs currently define and collect data on direct care workers. This audit identified key synergies and gaps that will be used in developing a common data collection/sharing effort across HCBS programs to inform collective workforce/care projections and align with workforce development/education databases to streamline workforce investments. Managed care partners should also be leveraged to assure

ongoing consistent data collection for measuring the impact of key policy changes and programmatic investments to improve the workforce pipeline.

For example, DWS routinely uses Unemployment Insurance (UI) data for analyses, which might be able to be cross-walked with Medicaid HCBS provider data to track a number of important workforce indicators, including: total employment; average weekly earnings; turnover and retention rates; multiple jobholding patterns (inside and outside HCBS); and industry and earnings before entering and after exiting the HCBS workforce. Data from across Medicaid programs could potentially be routinely updated and presented in an online dashboard, with options to view data at various levels (e.g., by program, geographic area, or employer size). Employers could be granted access to the data to view workforce trends and benchmark their performance against other providers in their region. Making the data useful and accessible to employers may also encourage their active participation in data collection efforts (or this could be implemented as a regular administrative function in updated provider and health plan contracting in the future). UI data do not identify the occupations or any other characteristics of employees. This data would need to be merged in from another source (e.g., a background check record) using a unique identifier. Alternatively, Electronic Visit Verification (EVV) data could provide hours worked, which could be merged with UI earnings data to calculate hourly wages. These are just a few strategies currently being explored.

Training & Pathway Development/Advancement

Establishment of Core Competencies and Alignment of Minimal Training Requirements with Federal Standards

One important short-term priority could include the establishment of core competencies across the various direct care labor categories, coupled with an alignment of Home Health Aide (HHA), Personal Care Attendant (PCA), and other direct care training requirements across HCBS programs to meet federal minimal requirements. This would lead to a free, accessible, and streamlined training experience for prospective direct care workers statewide and ensure prospective workers and students have a clear pathway for completing the minimal requirements for attaining an entry-level role in direct care irrespective of HCBS program. While there may be some very modest distinctions across the various categories of direct care workers for different HCBS populations served, having a general commonality across these various programmatic needs would help streamline the state's approach to and investments in future recruitment, training, and credentialing efforts (and create a broader statewide commitment to building the core qualifications of direct care workers across the state's varied HCBS programs consistently). The state would need to invest in a statewide learning management system or work with plans and providers to build and implement a uniform curriculum that could be embedded into their existing training platforms.

Developing Career Pathways for Stackable Credentialing and Professional Advancement

After common core competency areas and minimal training requirements (and corresponding curricula) have been established, the State may wish to consider increased strategic partnerships between HCA, DWS and higher education to develop more internship opportunities for high school students and apprenticeship opportunities for students in community college as well as prospective workers coming through New Mexico's job centers. Real-time on-the-job training and work-based learning should be an essential component of any career pathway in the HCBS direct care space. This is a tremendous, high-potential growth strategy for the State given how few opportunities for on-the-job training in direct care currently exist.⁷³ However, funding opportunities have previously been very limited or non-existent for pre-apprenticeship models. For example, the state could engage current HCBS providers/employers to partner with local higher education entities to propose new internship and apprenticeship models to the State for funding support. Additionally, the State could create flexibilities to incentivize managed care organizations to partner with providers and community colleges to sponsor these opportunities.⁷⁴

As more direct care workers complete their basic minimal education and training, the State should also consider establishing portable, stackable credentials and elevated training opportunities tied to advanced direct care positions for populations that require more specialized needs (with corresponding wage increases) and reflect growing and more complex care demands in the provision of HCBS. These additional professional development opportunities could include but not be limited to specialized behavioral health supports, supporting medically fragile individuals, and/or job developers for individuals with IDD.

Improving Retention Outcomes

Update Service Rates to Include Wage Increases, Training & Other Benefits

Research confirms that the greatest barrier to retaining direct care workers is low wages. Several sectors competing for similar workers are able to offer higher wages, and many direct care workers who are committed to the profession still need livable wages to remain in the field. Aligning service rates across HCBS programs will help to assure continuity in wages and wage pass-throughs. This is particularly important to accomplish as soon as possible prior to completing any rate assessments or updates.⁷⁵

To ensure greater wage parity among direct care workers across the state, HCA's Bureau of Long-Term Supports and Services is establishing fee schedules for HCBS direct care

⁷³ Currently, the only registered apprenticeship program in the direct care workforce is a Medical Assistant program through San Juan College.

⁷⁴ Apprenticeship programs would need to apply and be approved by the State's Office of Apprenticeships.

⁷⁵ DDS is embarking on a new rate study soon, pending feedback and guidance from CMS.

workers under the state's 1115 waiver rather than leaving this to MCOs to negotiate differing rates with individual providers. The initial fee schedules should be completed by January 1, 2026, pending approval of the Centers for Medicare, Medicaid & CHIP Services (CMS).

This is due in large part to the unintended consequences of wage disparities being created when there are major rate variances across providers (and often geographically across regions in a state).

Finally, the 2024 CMS Access rule mandates that at least 80% of Medicaid payments for HCBS-specific direct care services – like homemaker, home health, and personal care – must be used for direct care worker compensation. This "wage pass-through" provision aims to ensure that a greater portion of Medicaid funds goes directly to the workers who provide these crucial services. The rule also includes provisions for exclusions and adjustments, such as excluding the costs of travel, training, and personal protective equipment from the 80/20 calculation. There may be some unique challenges for states like New Mexico to enact these wage pass-thru provisions and enforce them with MLTSS plans under the state's 1115 Turquoise Health program.

Development of Non-Compensation Benefits to Address Gaps in Whole-Person Health of Direct Care Workers

Beyond wages, providers and employers can also offer other benefits (including health insurance, paid family and medical leave, tuition assistance/reimbursement, discounted club memberships, housing/transportation subsidies, etc.) to help support the social determinants of health of direct care workers and their families. The State may wish to explore ways to pool investments in these types of benefits together to maximize the collective purchasing (and negotiating) power of the state's HCBS provider networks.

Evaluation

To better inform the state's investments in the future and demonstrate the value of continued support for expanding the HCBS direct care workforce, it will be essential for the HCA and its other state partners to develop a common set of quality metrics to measure progress over time in improving recruitment, development, and retention efforts. This endeavor can be best achieved as the State continues to think through improved data collection efforts and bridging existing data systems across workforce and Medicaid.