HEALTH CARE AFFORDABILITY FUND

ANNUAL REPORT TO THE LEGISLATURE

HEALTH CARE
AUTHORITY

PRESENTED BY:
HEALTH CARE AFFORDABILITY BUREAU
OCTOBER 31, 2026

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EXECUTIVE SUMMARY & INTRODUCTION

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

New Mexicans are experiencing significant disruptions in health coverage driven by major federal policy changes. The expiration of the enhanced Premium Tax Credit on December 31, 2025 sharply increase premiums for tens of thousands of residents who rely on BeWell, New Mexico's Health Insurance Marketplace, for affordable coverage in 2026. In addition, Public Law 119-21 (H.R. 1) restricts eligibility for the Premium Tax Credit and Medicaid for many lawfully present immigrants. Together, these changes place substantial financial and administrative burdens on vulnerable individuals and families.

Despite these challenges, New Mexico continues to lead the nation in health coverage affordability due to the Health Care Affordability Fund (HCAF r "the Fund"). Since its inception in 2021, HCAF programs have delivered meaningful savings to individuals, families, and small businesses. The Small Business Health Insurance Premium Relief Initiative has reduced costs by $162.75 million, making New Mexico the only state that directly offsets rising premiums for small employers. The Marketplace Affordability Program has also helped establish New Mexico as the most affordable state-based marketplace in the country and has been used to support the transition from Medicaid to private coverage for H.R.1 impacted former Medicaid recipients.

While this report highlights the success of these affordability programs, it also underscores the Fund's broader role in stabilizing the New Mexico health insurance market during a period of federal retrenchment. Legislative action during the first Special session of 2025 and the 2026 regular session enabled the state to maintain current affordability standards and continue providing support to households facing escalating health insurance costs.

The Health Care Authority has taken proactive steps to prevent coverage loss by. implementing state-funded initiatives to help lawfully present immigrants losing Medicaid eligibility secure affordable coverage through BeWell, and to preserve coverage for low-income lawfully present residents who would otherwise lose access. As enhanced federal subsidies end, enrollment trends are shifting. Nationally, consumers are moving toward lower-premium Bronze plans, which have higher out-of-pocket cost share. Similar patterns are emerging in New Mexico; however, strong state affordability initiatives have helped maintain robust enrollment in Silver and Gold plans.

This report reaffirms the Health Care Authority's commitment to ensuring that every New Mexican can access quality, affordable health coverage. The Health Care Authority extends its gratitude to state leaders for their continued dedication to protecting the health and financial stability of New Mexico families.

Sincerely,

Kari Armijo
Cabinet Secretary
New Mexico Health Care Authority

The Health Care Authority has equipped the Health Care Affordability Fund (HCAF or "the Fund") with powerful tools to ensure its success. HCAF programs are structured to maximize federal resources before utilizing state funds, ensuring that support is directed to New Mexicans who need affordable coverage and do not qualify for other options. Through targeted subsidies based on household income, these programs continue to broaden access to comprehensive, affordable care.

The Health Care Authority's strong partnership with BeWell, New Mexico's Health Insurance Marketplace (the Marketplace), remains central to this success, enabling premium and out-of-pocket cost assistance that now reaches thousands of New Mexico residents. Marketplace enrollment achieved a record high of 83,103 participants (at the end of Open Enrollment in January 2026), with 60,874 receiving state premium assistance and 57,990 benefiting from state out-of-pocket support.

- 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 $181.6 million in Fiscal Year 2027 (FY27);
- 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 $43 million in FY26; and
- HCA's Coverage Protection Programs (CPPs) are designed to safeguard New Mexicans at highest risk of losing health insurance coverage as a result of federal policy changes. These programs provide a critical safety net, ensuring continuity of coverage and minimizing disruption for vulnerable populations.

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 September 2026, the monthly reduction in premiums per enrollee is an average of $177.51 while the monthly reduction per enrollee receiving NAPA an average of $121.67. New Mexico's SOPA program directly reduces how much enrollees pay for services when they go to the doctor or fill prescriptions.

As of September 2026, 73,096 individuals are enrolled in medical plans through BeWell. Enrollment has grown 115% since the state's affordability programs launched.

- According to BeWell data, 60,874 enrollees representing 83% 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 2025 and 2026, from 2,723 enrollments in 2025 to 3,412 enrollments in 2026. As of October 2026, 1,116 Native Americans were enrolled in the NAPA program.
- A total of 57,990 New Mexicans were enrolled in a Turquoise plan as of September 2026, 79% of total BeWell enrollment.

Small Business Health Insurance Premium Relief Initiative

The Small Business Initiative continues to provide substantive cost savings to small businesses that offer employees health insurance, providing a 10% premium reduction for enrollment in Bronze and Silver plans, while the premium reduction for Gold and Platinum plans increased to 15% on July 1, 2025. The Small Business Initiative provides an average per-member-per-month savings of $110.66 to approximately 3,500 small businesses as of August 2026.

Coverage Protection Programs

In response to unprecedented federal funding cuts, the Health Care Authority has made preserving coverage for New Mexicans a top priority. Multiple initiatives launched in 2026 are set to expand in 2027, and the Agency has submitted FY28 appropriation requests to ensure continued premium and access to care for consumers. Additionally, the State Legislature has allocated resources to shield New Mexicans from the impact of the loss of the enhanced federal Premium Tax Credits, safeguarding those who rely on premium and out-of-pocket assistance to maintain affordable health 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 Health Care Affordability Fund (HCAF or "the Fund") 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 SelectReserve 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 or "the Agency"). 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 small businesses.

There are three categories of programs that have been launched:

1. The Health Insurance Marketplace Affordability Program began January 1, 2023
2. The Small Business Health Insurance Premium Relief Initiative began July 1, 2022
3. The Coverage Protection Programs began 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 Patient Protection and Affordable Care Act (Affordable Care Act) reduced the uninsured rate through two major programs: Medicaid Expansion for individuals under 138% of the 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 2024, 61.9% of uninsured adults aged 18–64 cited cost as at least one of the reasons they remained uninsured — with 20.9% citing affordability alone — making it the most common reason cited for being uninsured. (CDC/NCHS, March 2026)

As of 2024, 30% of uninsured New Mexicans, or 62,000 individuals, qualified for subsidies on the Marketplace. 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 2023 study by the Commonwealth Fund found that families at or below 200% of the FPL, considered dropping insurance over those that actually dropped coverage (see figure 1).

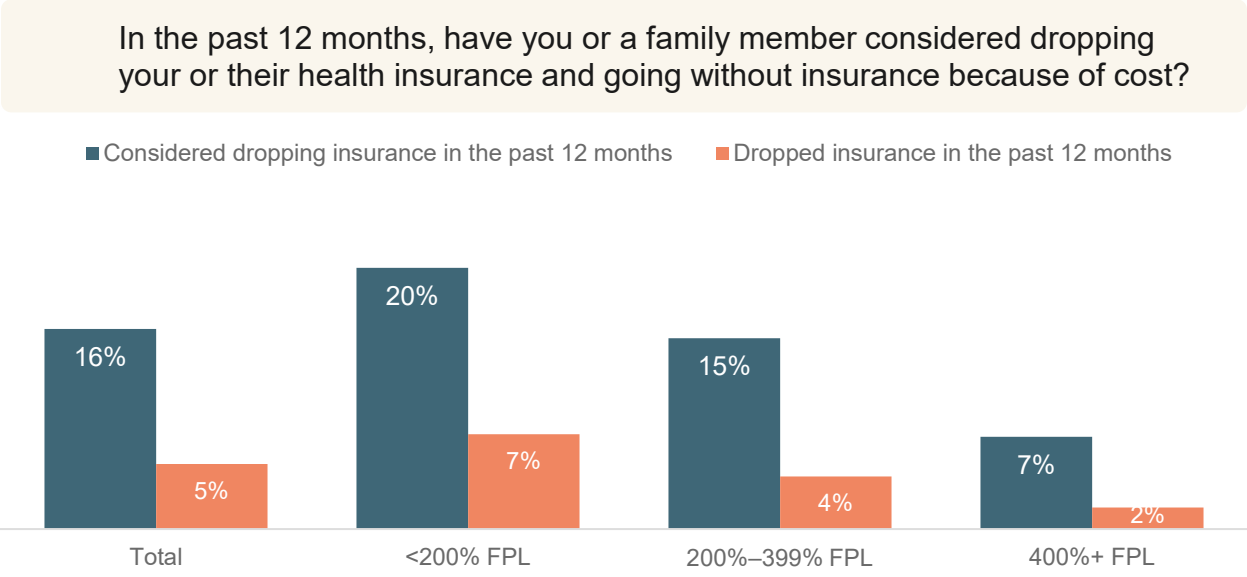


Figure 1. Families that considered dropping insurance coverage by FPL.

Premiums continue to be a barrier to coverage, but rising out-of-pocket costs are also limiting access to care. A 2024 Commonwealth Fund survey found that 23% of working-age adults were insured all year yet remained underinsured, facing cost-sharing that created financial strain or delayed care. Most underinsured adults had employer coverage, underscoring that affordability challenges extend across all insurance types. Among adults under 200% of the FPL, 45% of those who delayed care due to cost reported that their health condition worsened as a result (see figure 2).

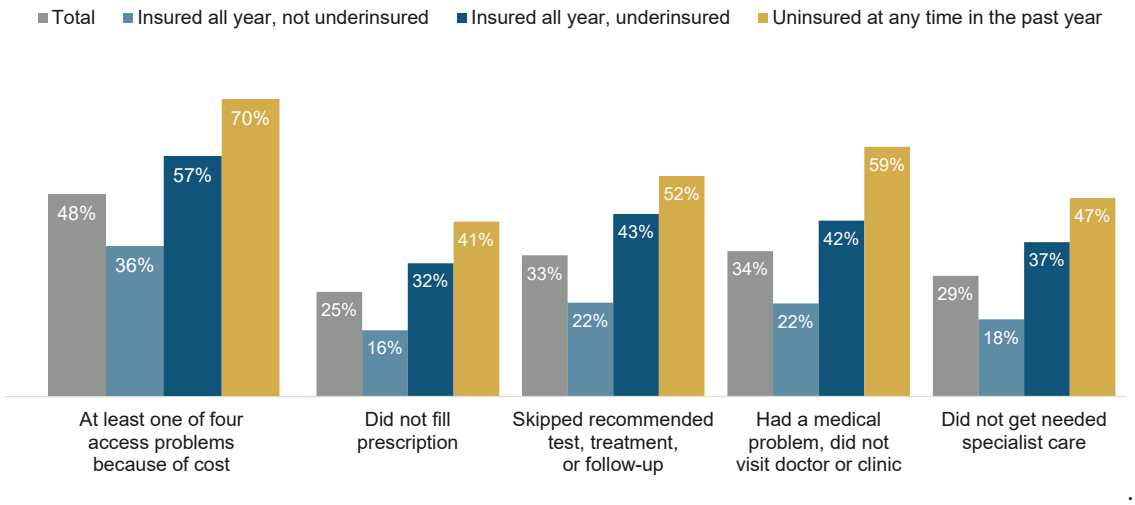


Figure 2. Percentage of adults ages 19–64 who in the past year had any of four problems accessing care because of cost, by insurance status

Source: Sara R. Collins and Avni Gupta, *The State of Health Insurance Coverage in the U.S.: Findings from the Commonwealth Fund 2024 Biennial Health Insurance Survey* (Commonwealth Fund, Nov. 2024). https://doi.org/10.26099/byce-qc28

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 expired at the end of 2025, the HCAF has been used to directly address these affordability challenges.

In general, 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 temporarily increased the federal (PTC) through 2022, and the Inflation Reduction Act extended those increases through 2025. When this enhanced PTCs expired at the end of 2025, New Mexicans immediately lost a major source of federal financial support for Marketplace coverage. This loss occurred alongside additional federal policy changes— including provisions in H.R. 1 and new Centers for Medicare & Medicaid Services (CMS) regulations scheduled for implementation in 2025–2028 — that further limit Marketplace eligibility and reduce access to Medicaid and other health programs.

To prepare for these disruptions, the HCA secured state funding to protect consumers from the most significant impacts. Through the HCAF, the Agency has launched programs that help maintain coverage continuity and affordability even as key federal protections phase out.

2026 Plan Year HCAF Premium Assistance Scale

Federal Poverty Level	NM Premium Assistance Sliding Scale (Premiums as % of income)
Under 150% (<150%)	0%
≥ 150 and < 200%	0%
≥ 200 and < 250%	0% - 2%
≥ 250 and < 300%	2% - 5%
≥ 300 and < 400%	5% - 8.5%
Over 400%	8.5%

Table 1: New Mexico Premium Assistance

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[1]. Investing in extra premium assistance for those between 150-200% of the 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.

In 2025,the New Mexico State Legislature appropriated funds to allow for coverage protection for individuals and families with incomes over 400% of the FPL at the First Special Session. This funding was continued in 2026 under New Mexico House Bill 2. These funds ensure that this population pays only 8.5% of their gross household income for health insurance in 2026, helping make their health insurance affordable.

Lawfully present immigrants under 100% of the FPL who no longer qualify for the PTC due to H.R. 1 are also able to leverage this program for state-funded premium support.

[1] *BeWell, New Mexico's Health Insurance Marketplace does not offer Catastrophic plans.*

Native American Premium Assistance

For qualifying Native Americans, the Marketplace Affordability Program offers financial assistance up to 300% of the FPL. Members of federally recognized tribes 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 PTC and NMPA. Federal protections allow this group to enroll in plans with no out-of-pocket costs.

NMPA for Native Americans

Premiums are capped at a sliding scale between 1-8.5% of household income for the second lowest cost Silver plan for Native Americans between 300-400% of the FPL(see table 2). This design feature mitigates the "cliff effect" that often results from programs with steep drop-offs in benefits, such as the NAPA program discussed above, once a household has reached income eligibility limits.

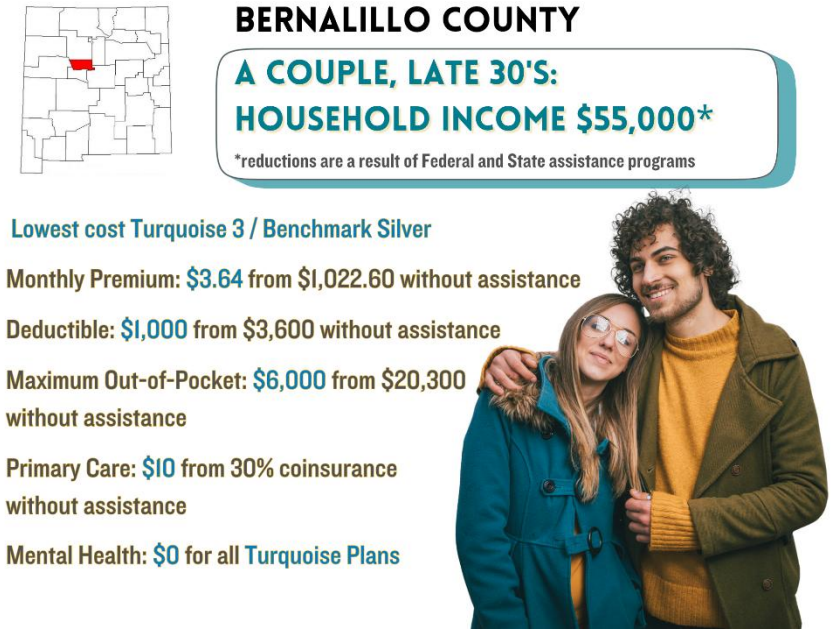
NM Premium Assistance for Native Americans

Federal Poverty Level	NM Premium Assistance Native American Sliding Scale (Premiums as % of income)
≥ 300 and ≤ 400%	1% - 8.5%

Table 1: New Mexico Premium Assistance for Native Americans

State Out-of-Pocket Assistance and Turquoise Plans

Out-of-pocket costs, such as deductibles, co-pays, and coinsurance, have been rising 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% of the FPL 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.



State Out-of-Pocket Assistance (SOPA) adjusts out-of-pocket costs based on income. For Plan Year 2026 (PY26), 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% of the FPL, followed by Turquoise 2 for incomes between 150-200% of the FPL, and Turquoise 3 for incomes between 200-400% of the FPL.[2]

Carriers are required to offer plan variants that meet cost-saving targets established by the Secretary. The federal government defines the concept of "actuarial value" (AV) 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.[3] State-funded out-of-pocket assistance applies to Silver plans (70% AV) for eligible individuals up to 200% of the FPL and to Gold plans (80% AV) for eligible individuals between 200-400% of the FPL (see table 3).

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% of the FPL) who purchase a Silver plan. HCA builds on top of these CSRs for lower-income individuals (up to 200% of the FPL) through Turquoise plans that have underlying Silver-tier plans. For individuals above 200% of the 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. HCA staff developed several examples to demonstrate savings for households across the state, which are placed throughout this report.

[2] A "plan year" is the same as a "calendar year."
[3] "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. HCA is currently engaged in the single, annual reconciliation cycle for PY25. Reconciliation was moved to one cycle in the fall to allow additional time for claims to be incorporated. Completed FY26 advance SOPA payments to carriers totaled $38,074,565.88, and HCA issued an additional $1,132,286.72 during the second reconciliation submission cycle for PY24. The reconciliation process allows HCA to ensure the payments are correct based on actual consumer utilization of services.

Actuarial Values by Program
Plan Year 2026

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 3. Plan Year 2026 actuarial values by program

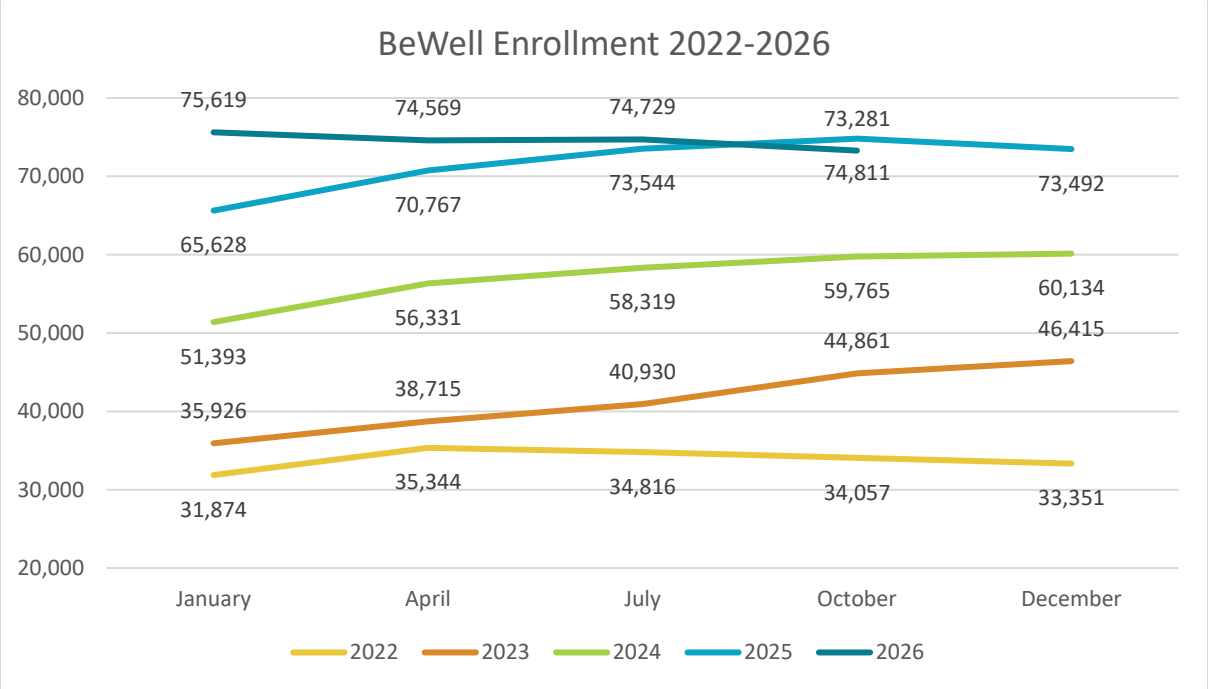
BeWell Enrollment

In this section, enrollment figures are based on data reported by BeWell as of September 2026, unless otherwise noted. There were 73,281 individuals enrolled in medical plans through BeWell as of October 2026. Following its record-breaking enrollment growth in January 2026, the largest increase among all state-based marketplaces nationwide—BeWell has continued to demonstrate resilience amid significant federal changes. As recently as October 2026, overall Marketplace enrollment remains strong—only 2% below October 2025 levels—despite coverage terminations in July through September that exceeded expectations.

Enrollment patterns have shifted, reflecting both changing consumer affordability pressures and recent federal policy changes. Notably, the removal of the low-income Special Enrollment Period under H.R. 1 has eliminated a critical pathway for families to enter coverage outside of the traditional Open Enrollment Period, reducing flexibility and access for those most vulnerable to coverage disruptions. Compared to the same period last year, these federal constraints are contributing to measurable enrollment shifts and underscore the importance of maintaining state-level affordability and continuity initiatives (see figure 3).

However, overall, enrollment has still increased by 115% since the launch of HCAF in 2022. Supported by system enhancements and strengthened outreach and marketing efforts from BeWell, HCA's affordability programs continue to play a meaningful role in driving these positive enrollment trends. Together, these improvements reflect New Mexico's ongoing progress in expanding access to affordable health coverage for communities across the state.

Figure 3. BeWell enrollment 2022-2026. All figures current as of October 2026. Historical figures adjusted retroactively to reflect actual coverage.



Premium Assistance Uptake

According to BeWell data, 60,874 enrollees (representing 83% of Marketplace enrollees) are benefiting from New Mexico's state-funded premium assistance programs as of September 2026. These include 6,616 New Mexicans (9% of total enrollees) who received only state premium assistance, without any federal assistance. 9% of enrollees received the federal PTC but did not receive any state premium assistance. Only 8% of those enrolled in medical plans did not receive any federal or state financial assistance (see figure 4).

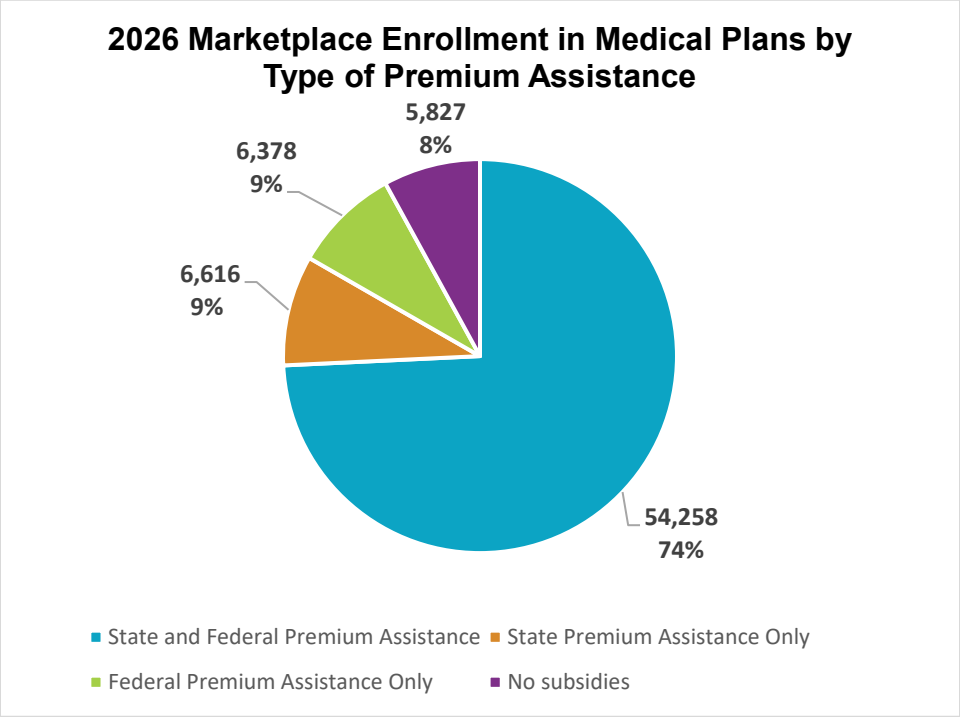


Figure 4. Marketplace enrollment in medical plans in New Mexico by type of premium assistance for 2026.

BeWell has seen significant enrollment growth among Native Americans since the Marketplace Affordability Program launched. During the Open Enrollment Period for the PY23, 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 more than sixfold between 2023 and 2026 (see figure 5). Uptake by Native Americans has increased during this period, with 3,412 consumers currently benefiting. As of October 2026, 1,116 Native Americans were enrolled in the NAPA program.

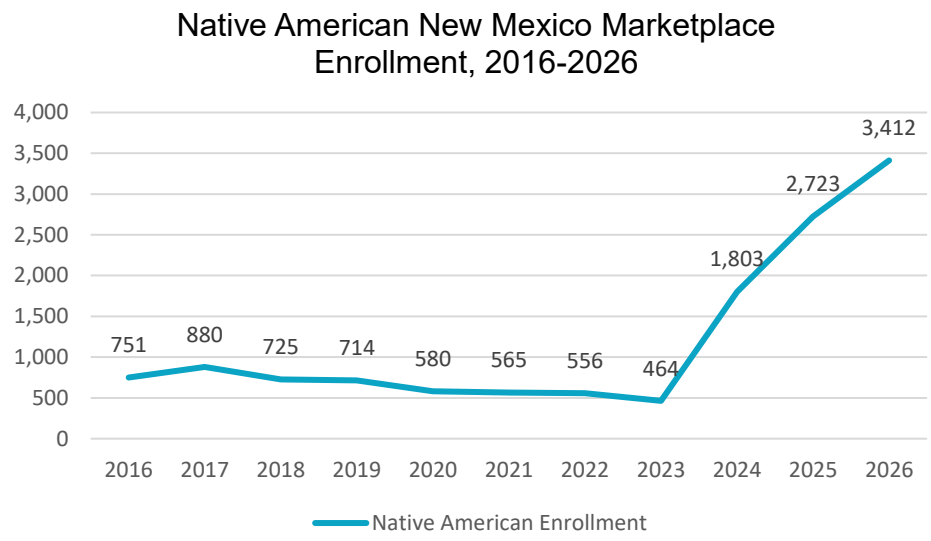


Figure 5 Native American enrollments in the Marketplace between 2016 and 2026.

Turquoise Plan Enrollment

Turquoise Plans remains a clear choice for New Mexicans in 2026, with 57,990 consumers enrolling, 79% of BeWell's total membership (see figure 6). Among Marketplace enrollees who qualified for SOPA, 92.6% selected a Turquoise Plan, up from 89.7% in 2025. Enrollment among New Mexicans with incomes below 200% of the FPL also increased sharply, rising from 82.1% to 91.6% year over year. These results reflect growing confidence in Turquoise Plans and demonstrate well-aligned incentives that continue to drive significant enrollment in the plan tiers offering the greatest financial protection to consumers

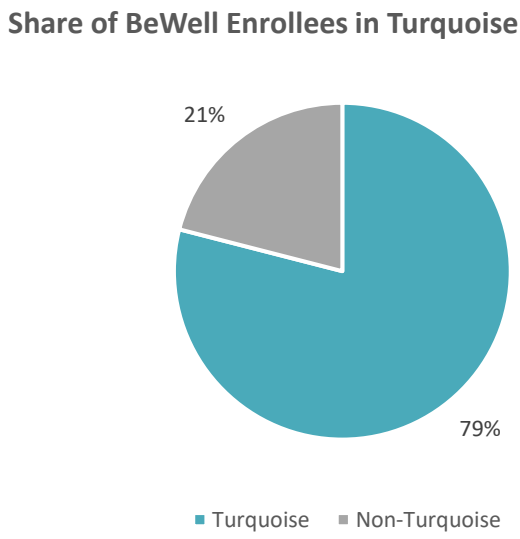


Figure 6 Share of BeWell enrollees in a Turquoise Plan.

Of all Turquoise Plan enrollees, 17% have incomes under 150% of the FPL and qualify for Turquoise 1, which covers an average of 99% of costs. An additional 29% fall between 150 - 200% of the FPL and qualify for Turquoise 2, offering an average of 95% cost coverage. The remaining 54% are between 200 - 400% of the FPL and qualify for Turquoise 3, which covers an average of 90% of costs. The higher concentration of enrollees in Turquoise 3 reflects the broader income range it serves, compared with the narrower eligibility bands of the lower tiers. Together, these distributions underscore the program's ability to meet the needs of New Mexicans across a wide span of income levels (see figure 7) (a 200-point difference in 200-400% of the FPL for Turquoise 3 compared to a 50-point difference in 150-200% of the FPL for Turquoise 2).

Turquoise enrollees represent 99% of enrollment in Silver-level plans on the Marketplace (see figure 8). For individuals under 200% of the FPL, Silver plans offer the best financial protection due to federal CSRs and New

A May 2026 analysis on ACAsignups.net found that New Mexico had the nation's largest Marketplace enrollment increase during the 2026 Open Enrollment Period, with most enrollees selecting Turquoise plans.

Mexico's SOPA program. At the same time, Turquoise enrollees make up 72% of Gold-level plans on the Marketplace (see figure 9). This highlights the well-designed incentives built into HCA's programs which led to better financial protections for enrollees.

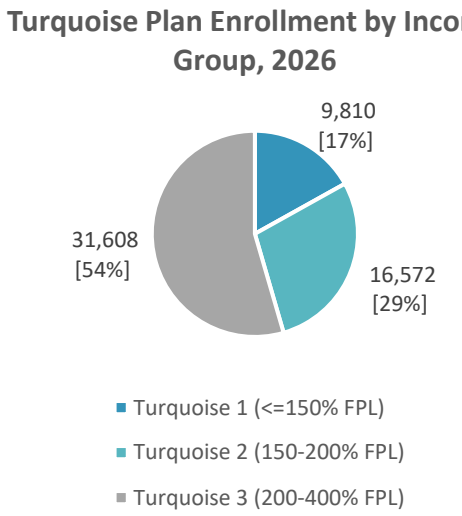


Figure 7. Turquoise Plan Enrollment by Income Group (2026).

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 2026, only 4% of enrollees selected Bronze plans while over 59% signed up for Gold-level plans (see figure 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 by mandating that each metal level plan's premium use the characteristics of the total statewide individual market enrollee.[4] OSI designed the SOPA program around this guidance to maximize these benefits for enrollees and drive enrollment. A 2024 analysis found New Mexico had 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 97% in 2026. In PY26, the discontinuation of OSI's premium alignment policy contributed to increased consumer costs, even as the state strengthened its financial support to offset rising premiums and give consumers access to higher metal level plan options.

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

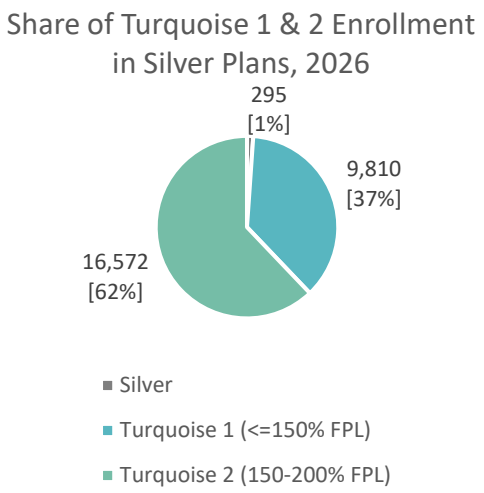


Figure 8. Share of Turquoise 1 & 2 enrollment in Silver plans

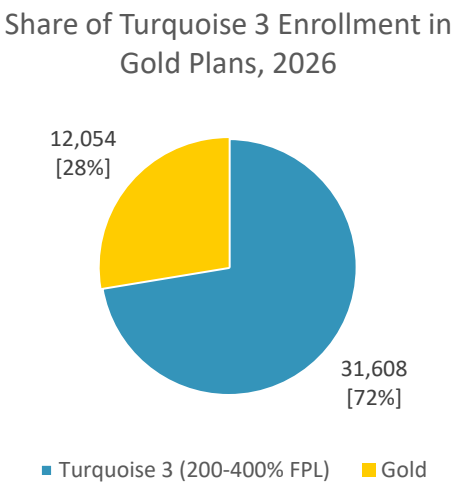


Figure 9. Share of Turquoise 3 enrollment in Gold plans.

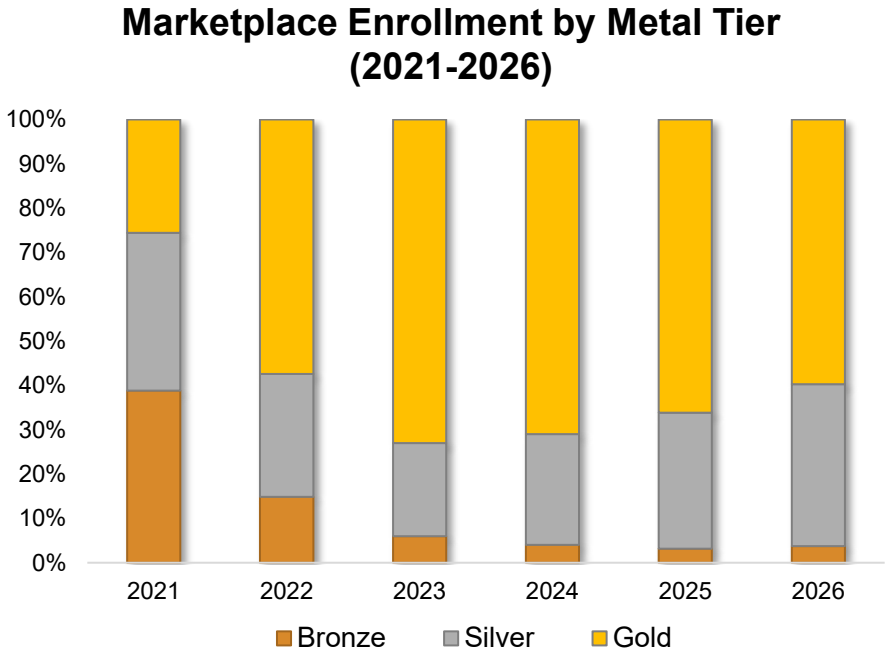


Figure 102. Marketplace enrollment by metal tier.

Enrollment by County

Marketplace enrollment has grown year-over-year in most counties across the state and totaled 73,096 in September 2026. The map below shows enrollment by county and year-over-year enrollment growth between October 2025 and September 2026 (see fig. 11). Statewide, enrollment fell by nearly 3 % over this period.

- 4 counties saw enrollment increase between 1- 3% (Dona Ana, Eddy, Lea, and San Juan).
- 5 counties saw enrollment increases between 5 - 9 % (De Baca, Guadalupe, Luna, McKinley, and Mora).
- One county (Catron) saw enrollment increase by 17%.
- 12 counties saw enrollment declines between 5 - 9 % (Bernalillo, Grant, Harding, Hidalgo, Lincoln, Quay, San Miguel, Santa Fe, Taos, Union, and Valencia)
- 11 counties saw enrollment declines between 1- 4% (Chaves, Cibola, Colfax, Curry, Los Alamos,

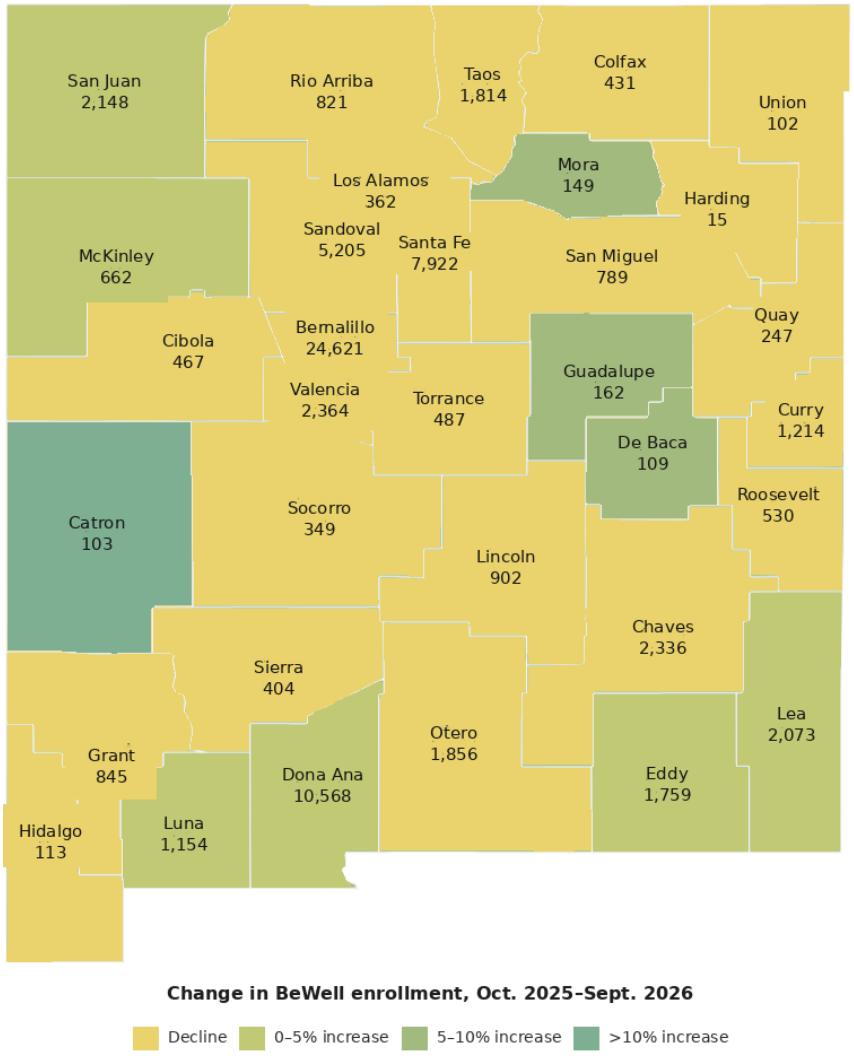
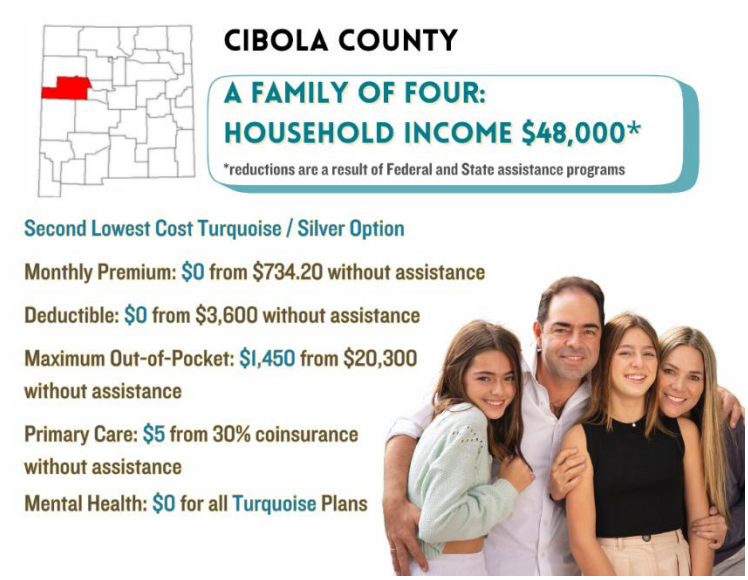


Figure 31. BeWell Marketplace enrollment by county and percentage change from October 2025 through September 2026

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. 48% of enrollees pay less than $10 a month, and 55% 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 $177.51 per month for eligible enrollees, compared to the $670 average subsidy from the federal government. For those eligible for the NAPA program, the per enrollee monthly reduction in premiums is an average of $121.67. 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. A family of three in Curry County making $74,000 annually would see their maximum out-of-pocket limit drop from $21,200 to just $5,600 with state assistance through New Mexico's Turquoise 3 plans. 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 $3,600.



State Comparisons

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 figures 12-15).

Individual, 41-years-old, 150% FPL ($23,475/annual)

Marketplace PY2026 – 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; $250 Maximum Out-of-Pocket	1%
San Mateo County **California**	Silver Plan; $0 Monthly Premium	$0 Deductible; $1,400 Maximum Out-of-Pocket	6%
Denver County **Colorado**	Silver Plan; $1.83 Monthly Premium	$100 Deductible; $1,375 Maximum Out-of-Pocket	6%
Jefferson County **Kentucky**	Silver Plan; $557.66 Monthly Premium	$0 Deductible; $1,500 Maximum Out-of-Pocket	6%

Figure 12. 2026 state-to-state comparison of premiums and out-of-pocket costs for consumers at 150% of the FPL.

While the monthly premium for an individual at 150% of the 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% of the individual's income, which could be very challenging on a limited income. New Mexico's plan limits the amount to 1.0% of the individual's income (see figure 12).

Similarly, in California, an individual at 175% of the FPL could owe as much as 12% of their income in out-of-pocket costs; in New Mexico, the costs are limited to 4% of their income (see figure 13).

Individual, 41-years-old, 175% FPL ($27,385/annual)

Marketplace PY2026 – 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	$200 Deductible; $1,200 Maximum Out-of-Pocket	4%
San Mateo County **California**	Silver Plan; $57.24 Monthly Premium	$1,400 Deductible; $3,350 Maximum Out-of-Pocket	12%
Denver County **Colorado**	Silver Plan; $35.44 Monthly Premium	$950 Deductible; $3,350 Maximum Out-of-Pocket	12%
Jefferson County **Kentucky**	Silver Plan; $557.66 Monthly Premium	$1,050 Deductible; $3,250 Maximum Out-of-Pocket	12%

Figure 13. 2026 state-to-state comparison of premiums and out-of-pocket costs for consumer at 175% of the FPL.

The most pronounced variation occurs for consumers at 300% of the FPL. In the comparison states, individuals in this income band may be subject to total health care costs representing 15–20% of annual household income. In New Mexico, however, enrollees in equivalent Marketplace plans benefit from enhanced affordability protections that limit their exposure to no more than 6% of income, as shown in

figure 14. This differential highlights New Mexico's ongoing leadership in implementing state-based policy interventions that improve Marketplace affordability and reduce financial barriers to coverage.

Individual, 41-years-old, 300% FPL ($46,950/annual)

Marketplace PY2026 – 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; $135.21 Monthly Premium	$500 Deductible; $3,000 Maximum Out-of-Pocket	6%
San Mateo County **California**	Gold Plan; $345.30 Monthly Premium	$0 Deductible; $9,200 Maximum Out-of-Pocket	20%
Denver County **Colorado**	Gold Plan; $281.76 Monthly Premium	$2,050 Deductible; $9,600 Maximum Out-of-Pocket	20%
Jefferson County **Kentucky**	Gold Plan; $629.94 Monthly Premium	$800 Deductible; $7,250 Maximum Out-of-Pocket	15%

Figure 14. 2026 state-to-state comparison of premiums and out-of-pocket costs for consumers at 300% of the FPL.

New Mexico is the only state to fully replace the federal premium subsidy enhancements that expired for individuals with incomes at or above 400% of the FPL at the end of 2025. As a result, consumers in this range continue to receive meaningful financial support, with maximum out-of-pocket obligations capped

Individual, 41-years-old, 420% FPL ($65,725/annual)

Marketplace PY2026 – Lowest Cost Option

State	Monthly Premium	Annual Out-of-Pocket Costs	Max % of Income for Covered Services
Bernalillo County **New Mexico**	Silver Plan; $465.11 Monthly Premium	$4,800 Deductible; $9,300 Maximum Out-of-Pocket	14%
San Mateo County **California**	SilverPlan; $735.74 Monthly Premium	$5200 Deductible; $9,800 Maximum Out-of-Pocket	15%
Denver County **Colorado**	Silver Plan; $509.35 Monthly Premium	$4,400 Deductible; $9,800 Maximum Out-of-Pocket	15%
Jefferson County **Kentucky**	Silver Plan; $557.66 Monthly Premium	$6,000 Deductible; $9,900 Maximum Out-of-Pocket	15%

Figure 15. 2026 state-to-state comparison of premiums and out-of-pocket costs for consumers at 420% of the FPL.

at 14% compared to 15% in the comparison states. These measures reinforce New Mexico's commitment to advancing affordability and sustaining broad access to Marketplace coverage (see figure 15).

National Comparison of Marketplace Out-of-Pocket Costs

New Mexico's out-of-pocket assistance program creates significant cost reductions for enrollees, at a time when average deductibles nationwide have surged to record highs The HCA analyzed the average deductible and maximum out-of-pocket limits in New Mexico compared to the national average of similar plans for PY27. Figure 16 below shows the following:

- Consumers enrolled in a Turquoise 1 plan (for consumers between 0-150% of the 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 $80.
- For consumers enrolled in a Turquoise 2 plan (between 150.01-200% of the FPL), the average national deductible is 4 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% of the FPL in 2026), the average national deductible is more than 6 times higher than in New Mexico for those enrolled in a Silver plan with an AV of 73%.

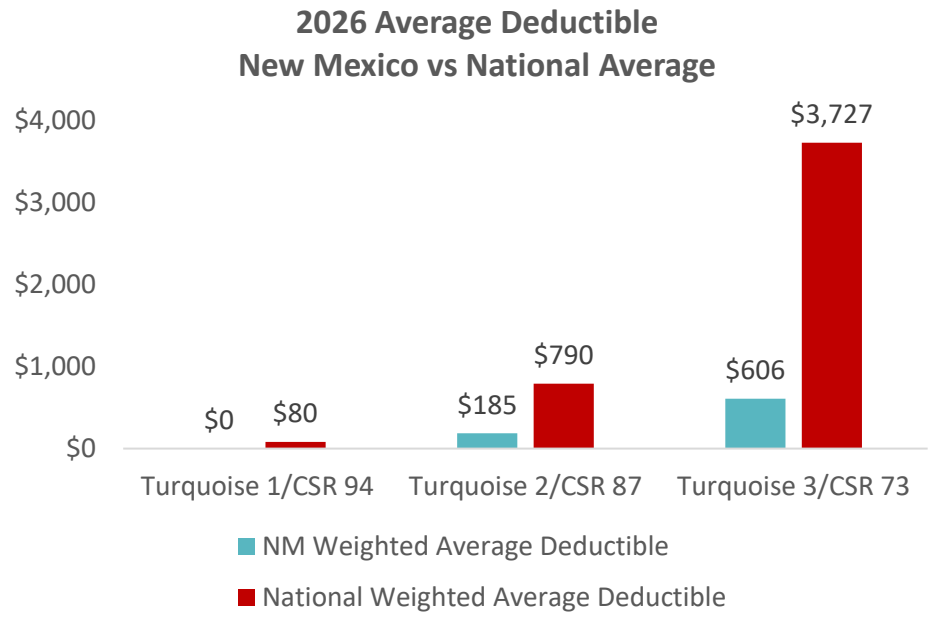


Figure 16. Data on consumer deductibles in New Mexico for those enrolled in Turquoise plans as of September 2026 versus the national average of deductibles for consumers enrolled in Silver plans with federal CSRs applied (CSR 94% AV, CSR 87% AV, and CSR 73% AV). (Sources: National KFF Analysis; HCAF 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% of the FPL), nearly $2,000 higher than for New Mexicans enrolled in Turquoise 2 plans (150.01-200% of the FPL), and more than $5,000 higher than for New Mexicans enrolled in Turquoise 3 plans (see figure 17).

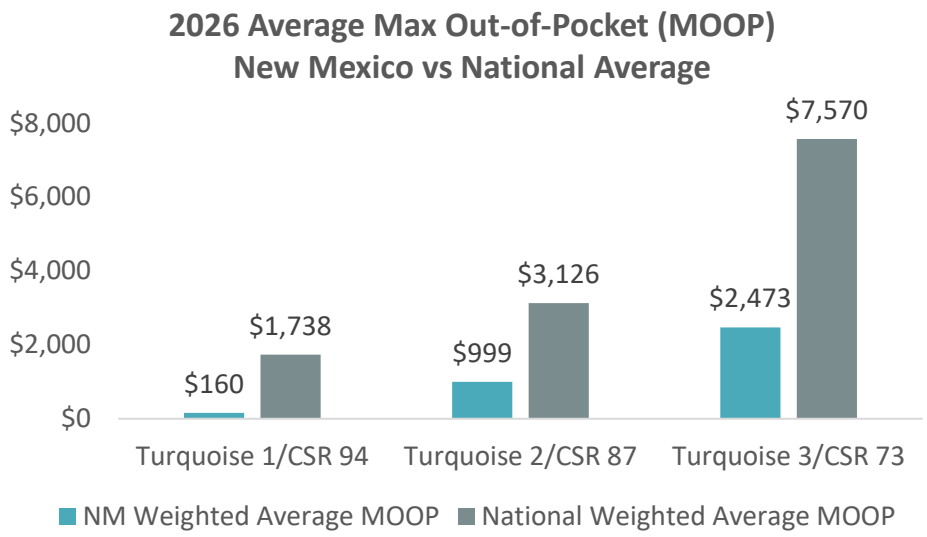


Figure 17. Data on consumer maximum out-of-pocket costs in New Mexico for those enrolled in Turquoise plans as of September 2026 versus the national average of maximum out-of-pocket costs for consumers enrolled in Silver plans with federal CSRs applied (CSR 94% AV, CSR 87% AV, and CSR 73% AV). (Sources: National KFF Analysis; HCAF program data)

In partnership with BeWell, the HCA created additional financial support for those individuals transitioning from Medicaid 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 FY26, 1,998 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 $98.24 per household. The HCA views MTPR as a cost-effective way to build a bridge between Medicaid and Marketplace coverage while protecting New Mexicans' overall access to health coverage.

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 House Bill 100 to give the BeWell Board of Directors the authority to establish standardized health plans. The Board, based on recommendations from their 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.



DOÑA ANA COUNTY

A STUDENT:
HOUSEHOLD INCOME $25,000*

*reductions are a result of Federal and State assistance programs

Lowest Cost Turquoise Plan / Benchmark Silver

Monthly Premium: $0 from $537.97 without assistance

Deductible: $75 from $4,750 without assistance

Maximum Out-of-Pocket: $950 from $10,000 without assistance

Generic Prescription Medicine: $1 from $6 without assistance

Mental Health: $0 for all Turquoise Plans



As of September 2026, 36% of Marketplace enrollees are signed up for a Clear Cost Plan, down from 42% in 2025. Click here to view the approved Clear Cost Plan requirements for 2026 or visit the BeWell website. See the Clear Cost table for information about 2026 Turquoise Clear Cost Plan designs and applicable co-pays for various services.

Clear Cost Turquoise Plan Designs for Plan Year 2026

Plan	Turquoise 1	Turquoise 2	Turquoise 3
Income Eligibility Group (by FPL)	Up to 150%	150-200%	200-400%
Annual Deductible	$0	$200	$700
Annual Max Out of Pocket	$250	$1,200	$2,800
Actuarial Value	99.25%	95.05%	90.13%
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

Clear Cost Turquoise Plan designs for Plan Year 2026 for an individual.
Cells highlighted in blue are subject to deductible.

SMALL BUSINESS HEALTH INSURANCE PREMIUM RELIEF INITIATIVE

According to a 2026 national survey conducted by Morgan Health, nearly one-third (30%) of small and medium-sized businesses with fewer than 50 employees reported that health insurance costs are worsening their overall business situation—compared to 22% of businesses with 50-499 employees**.** Surveyed businesses reported a median premium increase of 18% in 2026, while 47% cited "affordability to employees" as their top challenge when searching for health plans. 71% reported taking at least one step in the past three years to respond to rising health insurance costs, including but not limited to reducing benefits or coverage options (16%), slowing hiring or reducing headcount (19%), or shifting costs to employees (17%). Finally, nearly half of businesses (47%) ranked transparency of overall plan costs as a top challenge when searching for health plans.

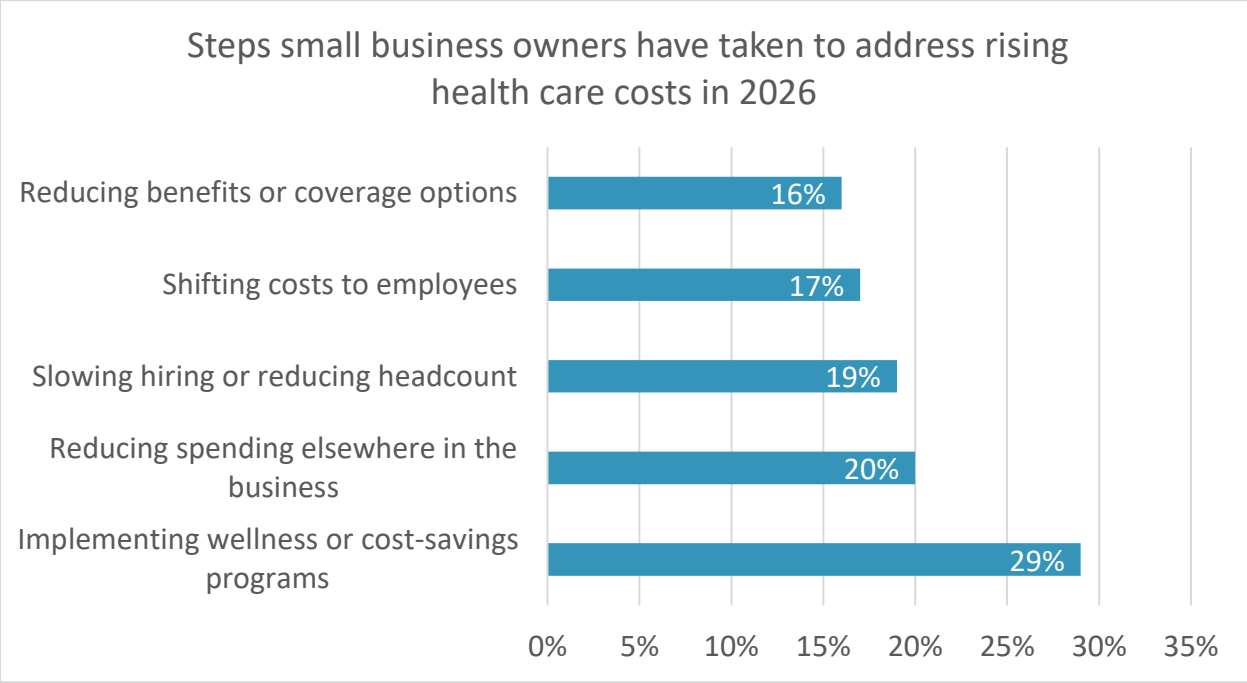


Figure 19. Steps small business owners have taken to address rising health care costs. (Source:Morgan Health, June 2026)

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 (FTEs)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, employers purchase these plans directly from participating health insurance carriers. The carriers then automatically apply a credit to the employer's monthly invoice and charge the HCA for the benefit. The HCA reimburses carriers monthly. Three

[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.

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 2027.

Small Group Enrollment

In 2025, KFF indicated New Mexico had 29,058 small businesses of fewer than 50 employees. Of those small businesses, 21,823 (75%) do not offer any employer-sponsored coverage; 7,235 (25%) of those small businesses do offer some kind of employer-sponsored coverage.[6] HCA data shows that of those 7,235 businesses offering employer-sponsored coverage, 48% of these small businesses are benefiting from the Small Business Initiative as of July 2026 (see figures 20 – 22).

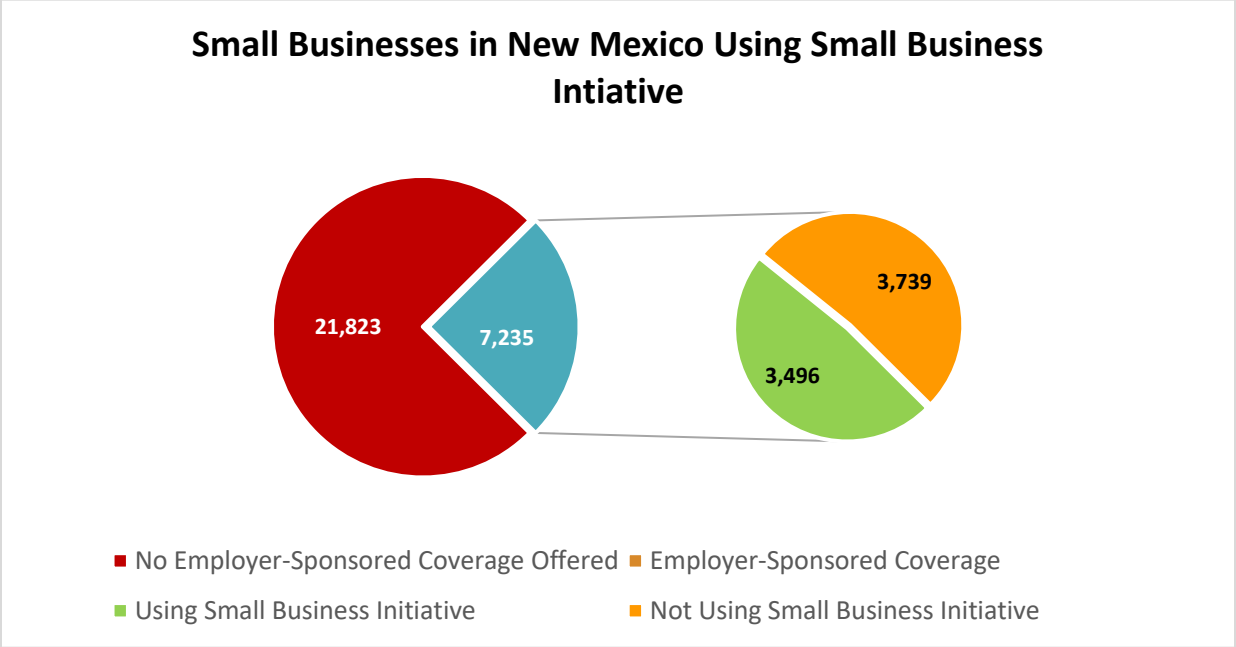


Figure 20. The total number of small businesses in New Mexico in 2025 was 29,058. Of those, only 25%, or 7,235 offered employer-sponsored coverage. As of July 2026, 3,496 were using the Small Business Initiative.

Since the program began, enrollment has seen a 30% reduction from 43,624 members to 30,475 members. The total number of businesses offering small group coverage also decreased during this period, with 6,057 groups offering coverage in July of 2022 to 3,496 offering coverage by July 2026 (see figure 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

[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.

savings described in the previous section if the employer does not offer employer-sponsored health coverage.

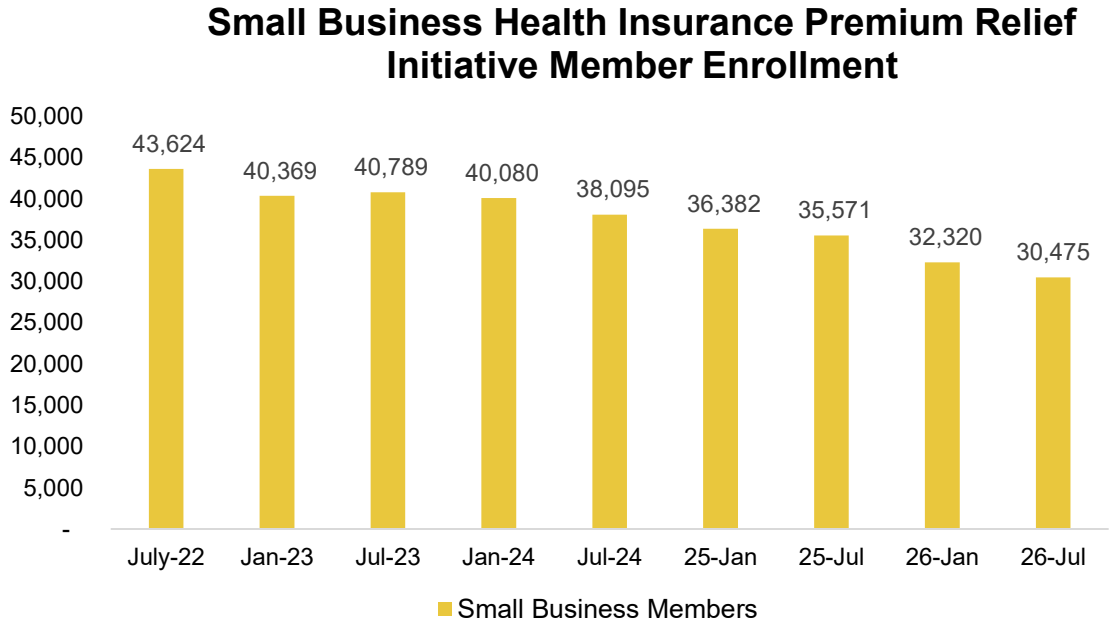


Figure 21. Small Business Initiative member enrollment.

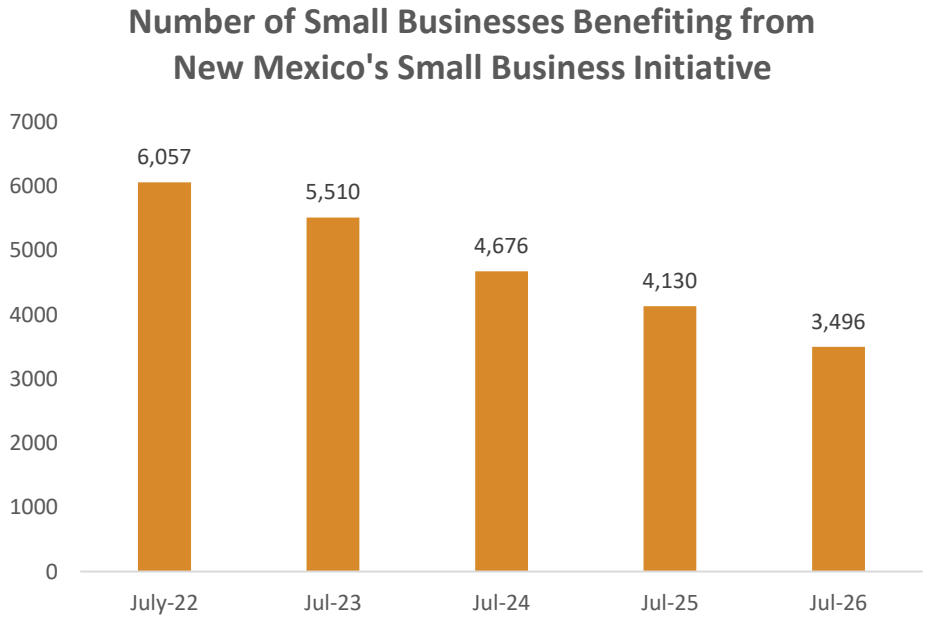


Figure 22. Number of small businesses benefiting from New Mexico's Small Business Initiative.

The chart below shows the number of businesses benefiting from HCA's Small Business Initiative in July 2023 through 2026 by the group size (see figure 23).

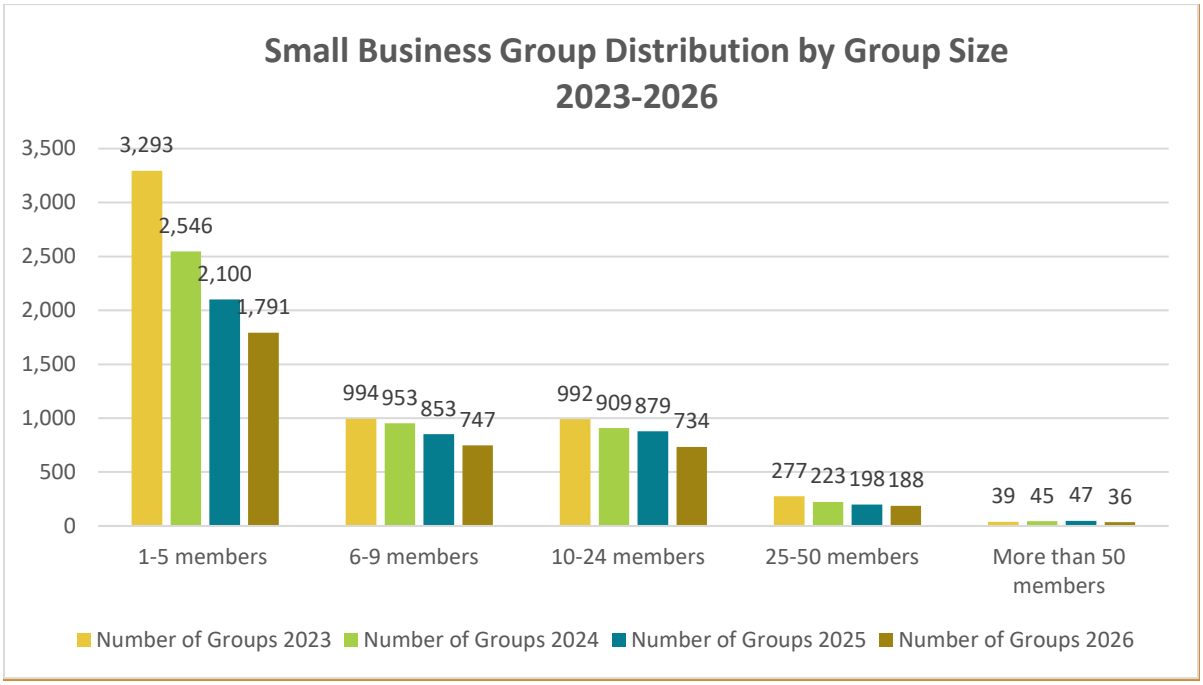


Figure 23. Small business group distribution by group size range from 2023 through 2026. Note: There is data on groups with more than 50 members because, though the businesses have 50 or fewer FTEs, when dependents are included, the group enrollment can exceed 50 members.

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% premium reduction for Bronze and Silver plans and 15% premium reduction for Gold and Platinum plans in the small group market provides a straightforward reduction that minimizes administrative burdens on employers, their employees, and the HCA. The figure below displays the average monthly savings per member per month July 2022 through July 2026. Average savings per member has increased by approximately $13 per month since the program started, largely driven by premium increases (see figure 24).

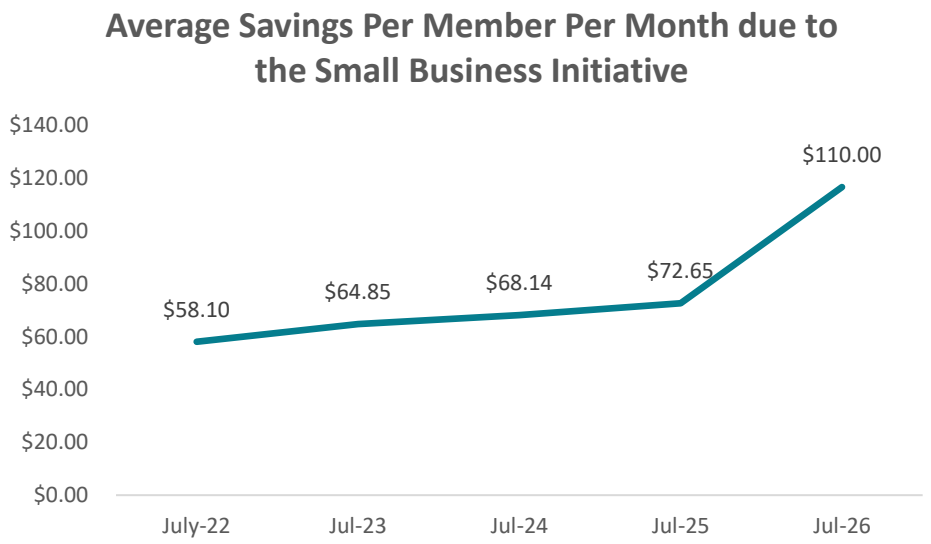


Figure 24. Average savings per member per month due to the Small Business Initiative.

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 alternative 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% of the 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. This demonstrates that New Mexico's Marketplace Affordability Program serves as a critical support for small businesses and their workers.

COVERAGE PROTECTION PROGRAMS

Impact of Federal Changes on Coverage

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 other state and federal actions further lowered costs for eligible consumers, including the 2021 American Rescue Plan and the 2022 Inflation Reduction Act. As federal changes put tens of thousands of New Mexicans' coverage at risk, the HCA continues to prioritize protecting enrollees at the most immediate risk of losing Marketplace coverage.

The enhanced federal PTC originally enacted in 2021 expired on December 31, 2025, driving sharp premium increases. According to a recent analysis by KFF since the enhanced PTC expired, Marketplace enrollees saw premiums increase nationally by an average of 58%, which was lower than projected because many consumers chose to purchase less robust plans in PY26. Many households lost access to the PTC altogether. HCA's Marketplace Affordability Program has helped to mitigate these cost increases by backfilling lost federal subsidies. However, some groups have lost eligibility because of H.R. 1, signed into law July of 2025, and have only continued coverage because the State took action to protect access to coverage.

Lawfully Present Non-Citizens Impacted by the 2025 Tax and Budget Law Source: KFF, 2025

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

Beginning in PY26, lawfully present immigrants with income below 100% of the FPL who do not qualify for Medicaid no longer qualified for the PTC. This included lawful permanent residents (e.g. green-card holders) and others subject to the five-year Medicaid waiting period or "bar." On January 1, 2027, individuals over 100% of the FPL will not qualify for subsidy eligibility unless they are lawful permanent residents (past the five-year waiting period), 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 and do not qualify for state-funded programs.) In addition, Deferred Action for Childhood Arrivals (DACA) recipients were restricted from obtaining Marketplace coverage under a 2025 federal rule. Beginning October 1, 2026, approximately 2,350 lawfully present immigrants in New Mexico were projected to lose their Medicaid benefits.

These significant changes in federal laws and regulations caused immediate hardship for enrollees effective in PY26 and may cause further hardship throughout PY26 and into PY27, leaving thousands at risk of losing health coverage. As a result of coverage loss, these individuals risk 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 continues to safeguard New Mexicans who are at risk of losing coverage from these federal changes by developing and maintaining the following Coverage Protection Programs:

- The Puente Health Program provides state premium assistance through the BeWell Marketplace to replace the PTC for lawfully present immigrants under 100% of the FPL who lost PTC eligibility on January 1, 2026. The state also provides SOPA to this population to ensure that services are still in reach. This program will extend to consumers up to 400% of the FPL in PY27. The program is administered through the BeWell Marketplace and gives these individuals access to the same affordability standards that were available in previous years. As of September 2026, over 600 consumers are benefiting from this program.

- The Middle-Income Household Program provides state subsidies to cover the loss of the enhanced PTC for those over 400% of the FPL enrolled on the BeWell Marketplace since Congress did not act by December 31, 2025. These subsidies allow those over 400% of the FPL to pay 8.5% of their annual household income on health insurance premiums, as they did under the enhanced PTC. These subsidies are administered through the BeWell Marketplace. As of September 2026, 3,021 consumers were benefiting from this program.

- The DACA Coverage Program provides state assistance for off-Marketplace, Clear Cost Gold health plans for eligible DACA recipients without other coverage options. This program operates with an annual enrollment cap, currently set at 300 consumers. Income-based premium costs are as similar as possible to the HCA's Marketplace programs.

- A new program was implemented on October 1, 2026, in collaboration with BeWell to support lawfully present immigrants who lost Medicaid coverage due to H.R. 1. Supported by a $40 million special appropriation from the New Mexico State Legislature, the initiative will maintain coverage for approximately 2,350 individuals through June 2027. Most participants are expected to enroll in health insurance through the BeWell Marketplace, using premium assistance and Turquoise plans to help offset out-of-pocket costs. HCA continues to evaluate and develop this coverage protection programs to keep overall healthcare costs for this population as close as possible to what they experienced under Medicaid.

By implementing these Coverage Protection Programs in combination with HCA's other existing programs, New Mexico continues to minimize coverage losses for tens of thousands of New Mexicans despite the federal cuts that threaten access to care.

HCAF FINANCE AND ADMINISTRATION

The Impact of 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 of enrollment 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).

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

Program Impact on Insurance Uptake - Additional Insured

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

Public Outreach and Communication

To maximize the impact of HCAF initiatives, the HCA maintains a dual strategy approach to outreach and communication. This approach combines direct outreach and engagement with consumers and ongoing collaboration with stakeholders, including state agencies, health insurance carriers, advocacy organizations, and community partners to increase awareness of programs that make health coverage more affordable for New Mexicans.

Outreach and Education

Outreach and education provides clear and timely information on existing HCAF initiatives and emerging programs as state and federal policies change coverage affordability. Outreach activities include the use of both traditional and digital communication channels to reach individuals and communities throughout the state.

Activities include maintaining up-to-date HCAF program information on the HCA website; partnering with Health Action New Mexico to extend outreach across urban, rural, and underserved communities; producing informational and educational digital content through coordinated social media efforts; creating bilingual consumer materials in English and Spanish to broaden reach; developing health insurance literacy resources and hosting educational events; and offering consumer tools such as a premium impact calculator to help New Mexicans understand potential changes in health insurance costs.

Partner Collaboration and Engagement

This work emphasizes sustained collaboration with health care partners, advocacy organizations, and state agencies to support the implementation of HCAF initiatives and broaden the reach of public information. A central component of these efforts is HCA's partnership with BeWell. Joint activities include supporting assister outreach, coordinating program development and implementation, and participating in BeWell's annual Open Enrollment Kick-Off Event with brokers, other assisters, and participating carriers.

HCA also engages advocacy organizations and community partners to disseminate consistent, timely information about HCAF initiatives. Communications extend beyond Open Enrollment to include year-round affordability programs, new initiatives, and policy changes affecting access to coverage. Through these partnerships, HCA strengthens statewide outreach, expands information access in rural and underserved communities, and helps New Mexicans better understand the financial assistance available to support their health coverage needs.

HCAF Finances

HCAF[7] programs are funded through a distribution from the state's surtax on health insurance companies. The State Legislature makes appropriations from the sur-tax every year to support affordability initiatives. In FY26, 55% of the revenue generated through the surtax, an estimated $211.5 million, was distributed to the Fund. The Legislature appropriated $195.6 million for affordability initiatives in FY26. In FY27, 55% of the revenue generated through the surtax, or $279 million, is projected to be distributed to the Fund according to the August 2026 Consensus Revenue Estimating Group (CREG) estimates. The Legislature appropriated $191.3 million in recurring appropriations and $103.1 million in special appropriations for HCAF programs and administration for FY27. The Health Care Affordability Bureau (HCAB) is the bureau within the HCA that administers the Fund. The administrative budget is $2 million in FY27, representing just 1.1% of the Bureau's base budget.

Early Years

In the early years of HCAF implementation, there was lower-than-anticipated program spending due to significant federal and state policy uncertainty; however, in spite of ongoing, the FY26 HCAF operating budget now closely aligns with projected revenues. When OSI initially modeled costs for the first year of the Marketplace Affordability Program, 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 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

[7] All finance information is as of October 1, 2026

enrollment has increased substantially, and the loss of federal subsidies at the end of 2025 significantly increased program costs to maintain coverage affordability.

Another factor that contributed to lower costs in early years of the Fund was the scheduled reduction in revenue distributed to HCAF for 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 Legislative Session, the Legislature readjusted the share to 55% starting in FY26, which allowed key Marketplace programs to provide coverage to more consumers 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 and out-of-pocket assistance available to New Mexicans enrolling in health plans available through the BeWell Marketplace.

According to the August 2026 CREG estimates provided by the Taxation and Revenue Department, surtax distributions will continue to grow through FY30. Overall revenue projections in the coming years have been revised significantly upward over the next several years (see table 5), despite the negative impacts H.R. 1 is expected to have on enrollment in insurance coverage and surtax revenue.

HCAF Revenue Projections in Dec 2025 vs Aug 2026

In millions	FY27	FY28	FY29	FY30
Dec 2025	$215.40	$201.40	$198.20	$198.40
Aug 2026	$279.00	$437.30	$550.70	$572.20
Difference	$63.60	$235.90	$352.50	$373.80

Table 5. Projected HCAF revenue for FY27- FY29. (Source: CREG, Aug 2026)

This significant increase in revenue comes at a time when the HCAF plays a critical role in mitigating the effects of federal funding reductions. As demonstrated in this report, HCAF programs provide substantial value to individuals, families, and small businesses. To ensure long-term program sustainability, surplus revenues may be directed toward building reserves amid continued federal policy uncertainty. Alternatively, the HCA may develop policy proposals for future consideration aimed at further strengthening health care affordability.

The Health Insurance Marketplace Affordability Program

The Marketplace Affordability Program has reduced consumer costs for the past four 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.

The significant increase in spending in FY26 was due to multiple factors. The first was backfilling of enhanced federal premium subsidies, which expired on December 31, 2025. In anticipation of this expiry, 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 with the current federal policy landscape has increased program costs significantly. In addition to backfilling federal subsidies, Marketplace Affordability Program spending increased in FY26 due to average health insurance premium increases and increased enrollment in the BeWell Marketplace of 15% from January 2025 to January 2026. Even though average gross premiums rose 35% (from $650 to $875), the average *net* premium paid by consumers increased much more slowly at 26%. This is because the HCAF was used to fill a portion of the gap left by declining federal support with state subsidies (see figure 25).

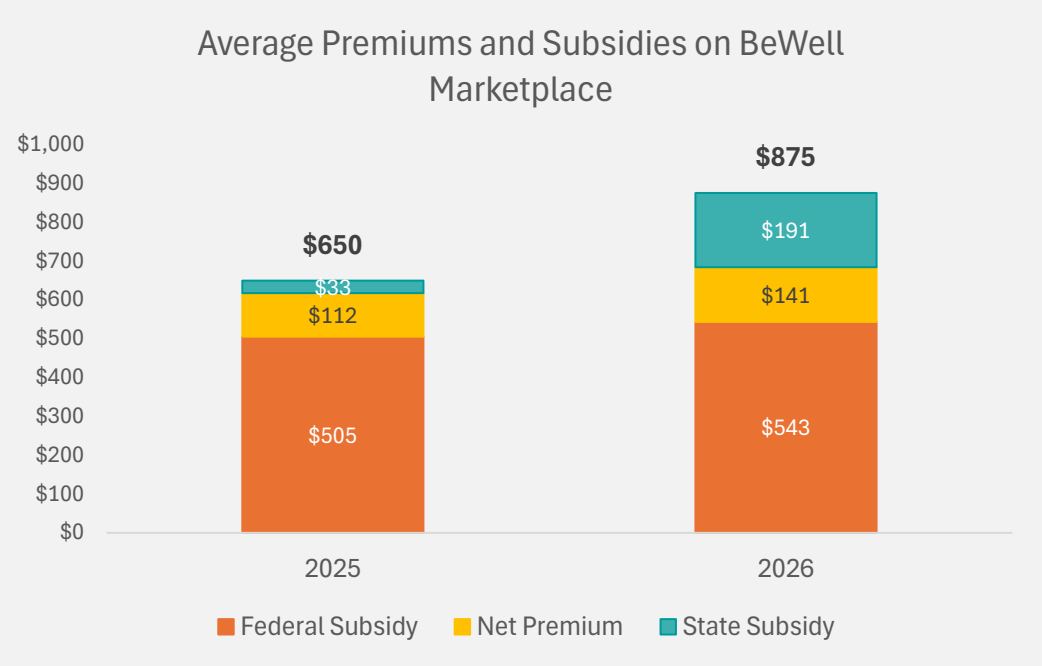


Figure 25. Average premiums and subsidies on BeWell Marketplace in 2025 and 2026. The numbers above each bar represent average gross (total) premiums. "Federal Subsidy" reflects the federal PTC. "State Subsidy" reflects payments from the New Mexico Premium Assistance program "Net Premium" is the amount consumers pay after all subsidies. 2025 figures represent annual averages; 2026 figures reflect January 2026 averages. All figures are per member per month.

As shown in the chart below, premium assistance costs are projected to increase substantially between FY26 and FY27. The primary factor driving this increase is that FY26 costs reflect only half a year of the State backfilling the loss of the federal enhanced PTC, while FY27 represents a full year of these costs (see figure 26).

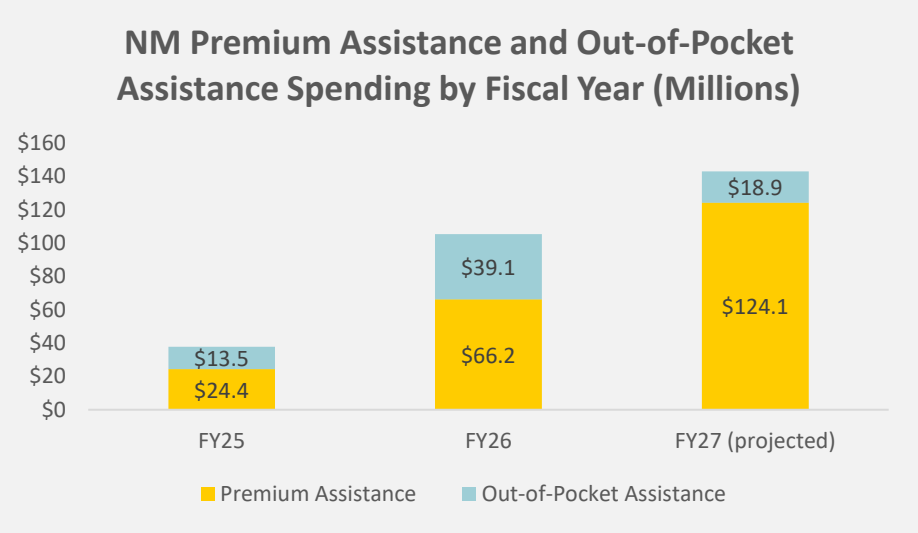
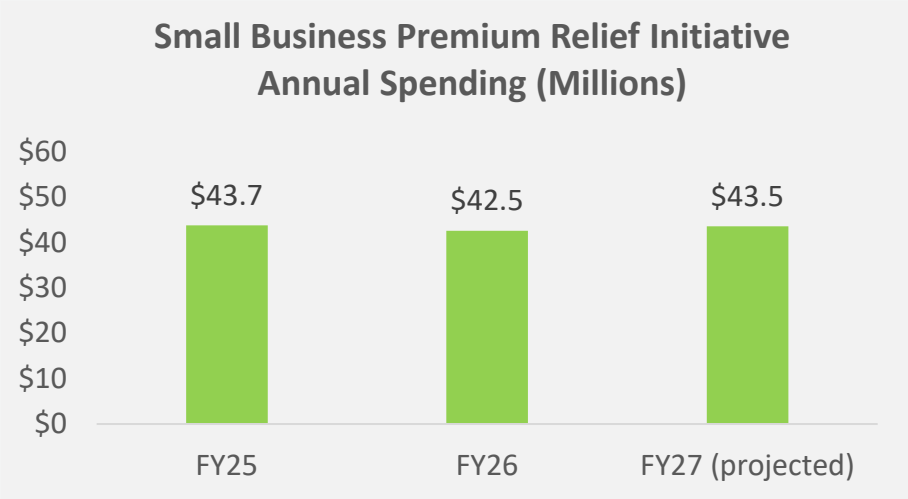


Figure 26. Marketplace Affordability Program payment distribution for premium assistance vs. state out-of-pocket assistance. Only reflects premium assistance for those under 400% of the FPL.

Small Business Health Insurance Premium Relief Initiative

Base program spending for the Small Business Initiative 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. The figure below 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 are projected to be the biggest drivers of program costs moving forward.



Other Spending

During FY22-26, 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 6). During the 2026 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 2026

HCA received $195.6 million in appropriations for HCAF programs in FY26. These funds were used to continue the HCA's existing programs, backfill federal subsidies, assist with consumer transitions from Medicaid to Marketplace coverage, and support the launch of HCAF's Coverage Protection Program. In light of federal policy changes, the Coverage Protection Programs have replaced HCAF's planned Coverage Expansion Program, which was meant to reduce New Mexico's uninsured rate, which has remained steady at approximately 10% since 2022. The Bureau continues to use the HCAF to protect the coverage and financial assistance that New Mexicans have come to rely on to maintain their physical and financial well-being.

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% of the FPL in FY27, which was not included in HCA's original budget request due to available projections at the time of the budget submission.

Health Care Affordability Fund – Projected Spending, Revenue, and Fund Balance			
Description	**FY26 Actual**	**FY27 Projection**	**FY28 Projection**
HCAF Division Budget	$115,190,400	$179,944,900	$359,944,900
Special Appropriation - Affordability Programs	$10,000,000		
Special Appropriation - Cover Loss of Enhanced Federal Premium Tax Credit	$22,300,000	$25,000,000	
SB376 Special Appropriation - State Employee and National Guard Affordability	$78,500,000		
HCA Medical Assistance Division (Medicaid) Transfer	$30,000,000	$30,000,000	

Special Appropriation - Maintain Coverage for Individuals Losing Medicaid on 10/1/26		$40,000,000	
Special Session Appropriation and FY27 for Middle-Income Loss of Enhanced Federal Premium Tax Credits	$17,300,000	$38,100,000	

Total Expenses	$278,521,400	$313,044,900	$359,944,900
Revenue	$211,500,000	$279,000,000	$437,000,300

Beginning Fund Balance	$200,195,400	$133,174,000	$99,129,100
Projected Ending Fund Balance	$133,174,000	$99,129,100	$176,184,500

Table 6. Projected spending, revenue, and fund balance for FY26, FY27 and FY28. FY26 Actual Expenditures are still being finalized.

HCAF Administration and Operations

Upon passage of the statute that created the HCAF, OSI established the Health Care Affordability Bureau within the Life and Health Division. As of July 1, 2024, the Bureau transitioned to the HCA. The Bureau focuses on implementing the HCA's affordability initiatives and works collaboratively with state agencies and other stakeholders to improve and expand coverage for those they serve. The Bureau currently has nine authorized full-time, classified positions, one of which is currently open.

DeAnna Stock – Director of Coverage Affordability and Expansion

DeAnna Stock joined the Bureau in March 2025 and, as of May 2026, serves as the Director of Coverage Affordability and Expansion. In this leadership role, she provides strategic oversight for key initiatives across the Bureau, ensuring that priorities, deliverables, and milestones are executed with efficiency and precision. She leads and develops staff, strengthens operational effectiveness, and advances the Bureau's mission through coordinated, results-driven management.

Mrs. Stock works closely with the Health Care Coverage Innovations Director on budget development, state legislative initiatives, and the design and implementation of policy solutions that expand access to affordable health coverage. She also plays a central role in stakeholder engagement, cultivating strong partnerships and fostering effective communication across state agencies, community organizations, and external collaborators.

Jessica Rosenthal – Senior Program Coordinator

Jessica ("Jess") Rosenthal (she/her) joined the Health Care Affordability Bureau in June 2024 and currently serves as the Senior Program Coordinator, supporting cross-functional activities within the Bureau. In FY27, she continues to contribute to the development and implementation of new and recent Bureau programs such as the DACA Coverage Program and the program to assist lawfully present immigrants in maintaining state-funded health coverage following the implementation of H.R. 1; to work with the BeWell Marketplace to support innovative coverage strategies and protect consumers' access to state-funded financial assistance; and to review and update existing program policies.

Shubha Chakravarty – Senior Economist

Shubha Chakravarty is the Senior Economist at the Bureau, which she joined in July 2026. She supports the Bureau's vision of achieving health care affordability for every New Mexican by leading economic analysis to inform policy design, contributing to strategic planning, and translating the impact of HCAF initiatives to produce clear, measurable outcomes for stakeholders across New Mexico.

Cynthia C. Cisneros – Public Outreach Coordinator

Cynthia C. Cisneros joined the Bureau in 2022. She oversees the Bureau's outreach and engagement efforts for the Coverage Protection Programs and Marketplace Affordability Program, including management of its contracted outreach vendor. Ms. Cisneros develops consumer-facing educational materials, maintains the Bureau's webpages, and coordinates public communications to help New Mexicans understand available health coverage and affordability programs. She also collaborates with partner agencies, develops and presents educational information and collateral, and supports media engagement to expand public awareness of affordable and accessible health coverage across New Mexico.

Sonya Watts – Financial Analysis Specialist

Sonya Watts joined the Health Care Affordability Bureau in June of 2025 and serves as the Financial Analysis Specialist. 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 is continuing these activities, as well as developing a payment tracking process for the Bureau's Coverage Protection Programs.

Sheila Appleton- Assistant Program Coordinator

Sheila Appleton joined the Bureau in January 2026 and serves as Assistant Program Coordinator, supporting efforts to ensure effective implementation of Bureau initiatives. She develops and issues guidance for the Bureau's affordability programs; supports updates to the HCAF rule; and oversees stakeholder engagement and public communications. She also collaborates with the BeWell Marketplace on innovative coverage strategies and contributes to the Bureau's outreach and communication efforts to strengthen clarity, transparency, and public engagement.

Alexis "Lexi" Martinez- Assistant Outreach Coordinator

Alexis "Lexi" Martinez joined the Bureau in 2026. She helps develop consumer-facing materials for outreach and engagement activities and works closely with HCA's Communication Team and the Bureau's contracted vendor on social media campaigns highlighting key dates and educational information. Mrs. Martinez also supports the Public Outreach Coordinator in collaborating with partner agencies, advocacy organizations, and contracted vendors to expand access to health literacy resources for rural and marginalized communities across New Mexico.

Kaitlyn Ward- Administrative Assistant

Kaitlyn Ward joined the Bureau in August 2026. As Senior Administrative Assistant, she provides administrative and operational support to the Bureau, coordinating internal communications, preparing reports, and maintaining program documentation. Her work supports day-to-day operations, strengthens coordination among team members, and helps facilitate collaboration with partner agencies.

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, former Deputy Secretary Alex Castillo Smith, and Deputy Secretary Kathy Slater-Huff; 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; the former Health Care Coverage Innovations Director, Colin Baillio and the diligent, hard-working staff of the Health Care Affordability Bureau. 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 Interim Chief Executive Officer, Brent Earnest; Director of Policy and Compliance, Director of Operations, Perry Coleman, Sara Cloutier; Senior Director of IT, Vanessa Farmer; Director of Outreach and Partnerships, Tonya Bruno; and Director of Marketing, Clint Reecer. 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, and United Healthcare.

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.



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