

# New Mexico looks at cutting Medicaid

**By Barry Massey**

Associated Press

SANTA FE — State government's largest health care program faces a serious budget shortfall that could balloon to \$300 million next year, forcing Gov. Bill Richardson's administration to start planning for cutbacks in Medicaid.

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ing the reimbursement rates for doctors and other providers, according to New Mexico Human Services Secretary Pam Hyde.

If drastic cost-cutting becomes necessary, she said, the state might need to scrap entire portions of Medicaid, such as a program to help low-income workers with insurance coverage, or revamp Medicaid to provide a minimum amount of services.

"We know there is going to be some cost contain-

ment. The only question is how much," Hyde said in an interview last week.

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Pam Hyde  
NM Human Services Secretary



County:  
**Dona Ana**

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# Medicaid

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Medicaid accounts for about 11 percent of state spending.

The program's costs are projected to exceed its budget by \$35 million to \$40 million this year, and the shortfall could grow to \$200 million to \$300 million in the 2011 fiscal year that starts next July, according to the department.

Hyde cautions that the cost projections are preliminary and it's possible this year's financial squeeze for Medicaid could lessen if New Mexico qualifies for more federal matching money because of rising unemployment in the state.

Medicaid's costs have grown during the recession as more New Mexicans ask for government-financed health services. There's been a nearly 10 percent enrollment increase since mid-2008, according to Hyde.

Another problem for Medicaid is the looming loss of federal economic stimulus money. It will disappear next year and in 2012, leaving a more than \$200 million hole in the program's budget over those two years.

Federal economic recovery legislation boosted the share of Medicaid costs paid by the federal government and New Mexico lawmakers used the stimulus aid to replace some state money that otherwise would have helped pay for the program.

No decisions have been made on how

to trim costs, but Hyde said the state must start planning for reductions because it takes at least 90 days to implement changes in Medicaid through state regulations and perhaps six months to a year to get approval of waivers from the federal government for certain Medicaid revisions.

Because of that time schedule, Hyde said, the department likely can save only about \$10 million this year through cost containment measures. Larger cutbacks would come in the 2011 budget year.

Lawmakers allocated about \$590 million for the state's share of Medicaid this year. Counting federal matching money, however, Medicaid's total operating budget is almost \$3.7 billion.

"Medicaid is a huge part of our economy," said Hyde. "Medicaid represents a third or better of the health care industry. If you start making changes, you're making major changes to the economy as well as major changes to the delivery system."

The fallout of Medicaid cutbacks on families and New Mexico's health care system worries social services advocates, who are lobbying the Legislature to raise taxes rather than cut spending for services like Medicaid.

Bill Jordan, policy director for New Mexico Voices for Children, points out that for every \$1 the state spends on Medicaid, the federal government provides about \$4 for the program.

Those health care services are provided in the private market across New Mexico.

"We may save \$1 out of the state general fund but we're taking \$5 out of the health care economy that is providing jobs," Jordan said of Medicaid cuts.

"Just from the jobs perspective, that doesn't make good economic sense. But the greater concern of ours is obviously the health care needs of families that would be lost if the budget is cut," he said.

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# NM: Cutting Medicaid to control costs

By Barry Massey

Associated Press Writer

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