**Effects of Budget Reconciliation Bill on NM (Medicaid and Education) & how NM can deal with the Cuts**

The Big Beautiful Bill passed the Senate with a 51-50 vote and was signed into law by President Trump 7-4-25. The Law makes 2017 tax cuts permanent and increases taxes on lower income brackets. This massive change also revises federal policies impacting health care, energy development, and immigration policy and education, adding $3.4 Trillion to the deficit over the next 10 years and rolling back Obamacare insurance expansion. These healthcare and safety net provisions do not take effect until after the 2026 midterm elections.

Medicaid cuts (source: NM Health Care Authority and Legislative Finance Committee) have a $2.8B negative impact on NM with 92,000 NM losing coverage altogether. 250,000 New Mexicans will face increased co-pays, work requirements and an end to automatic enrollment. 6-8 NM rural hospitals (including Taos, Las Vegas, and Clayton) face closure. Job losses of 1300 and effects on health care providers because the key mechanism for funding will be undercut (provider taxes decreased). Impacts include $50B rural hospital fund and the NM Insurance Exchange “Be Well NM” which provides lower cost insurance will lose members as tax credits expire. Insurance rates for all will increase due to cost shifting. Planned Parenthood will no longer be reimbursed by Medicaid (21,000 abortions, mostly TX residents).

**Medicaid Explainer:**

What is Medicaid: Started in 1965 by President Johnson this is a joint federal-state program focused on children and the disabled. Each state is different in eligibility and benefits – some are generous and some are not and some states expanded covrage under Obamacare. NM has 14,000 enrolled (38.5%, highest in the nation). In NM there is a high federal match rate ($10.8B NM budget) and most adults are working Undocumented immigrants are not covered. The reimbursement rate is a benchmark for hospitals, doctors, and insurance companies.

**Why are so many on Medicaid?**

Income level low. 814Knew Mexicans on Medicaid (38.5% of population). $11.6B (US & NM) budget for Medicaid.

Various expansions based on the idea of prevention take advantage of federal match.

1990’s CHIP

Inclusion of behavioral health benefits ~2000

Obamacare – ACA Expansion – Governor Susana Martinez instituted 2013; Medicaid expansion covers many chronic health conditions, thereby decreasing emergency room visits

Covid expansion and retrenchment

Economic Impact to providers, hospitals, employment, cost shifting

Premium Taxes

Previous attempts at reform – Obamacare, expansion, exchanges – uninsured dropped to 8%

2025 changes To cut costs – benefits, eligibility, enrollments, work requirements, bureaucratic hurdles, reimbursement reforms

**What can NM do?**

Must do systems redesign, educational effort

NM better off than many states with surplus used to create $200M Medicaid Trust Fund

$1B Behavioral Health care Trust fund

**SNAP** (supplemental nutrition assistance program, formerly food stamps)

460,000 New Mexicans receive benefits

Increase in state share from 50 – 75%

58,000 to lose benefits (including non-lawful permanent residents)

AK Senator Murkowski negotiated a 2025 carve-out: states with error rates of over 13.3 % can delay cost-sharing (AK & NM included)

**Education**

Includes $5B for Vouchers – annual tax credits for private and religious schools ($1700 tax deduction for donations to private school tuition) as per Project 2025

Pell Grants eliminate full ride scholarships, changes how financial need calculated but creates workforce Pell Grant for training

(not included in the BBB: $6.8B in Title Funds for After School programs and programs for non-English speakers were impounded, frozen a few weeks ago

AmeriCorps Programs cut

**NM**

90% of funding for K-12 comes from state funds but state gets $1.5B in federal funds, mainly for school lunches and breakfasts, special ed, Indian education, school nurses, low income and rural schools and HeadStart

1 in 6 NM children are enrolled in special education, one quarter live in households below the poverty line

HeadStart’s early childhood $2.8M in jeopardy and will be applying for state funds

NM has $19M state funding in Early Childhood Education and Care Department