

## Medicaid Forward: a Misguided and Costly Plan

Rio Grande Foundation Policy Brief  
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Medicaid Forward is a proposed expansion of New Mexico's Medicaid system. Legislation ([HB 186](#)) has been introduced in the 2025 Legislature. The aim is to increase coverage for an additional 250,000 people in New Mexico. If adopted, an estimated 60% of the state's population would be on Medicaid. New Mexico already has the largest Medicaid population (as a percent of population) of any US state with nearly [42% of the State's population on the government program](#).

The core of the proposal is “expanded coverage.” Unlike existing programs like Turquoise, it would have no income limit. Estimated costs are \$581.7 million. The state could implement the proposal through a state plan amendment or by leveraging federal laws with support from the HCA, Governor, and Legislature.

Workers with incomes over 200% FPL would pay premiums and out-of-pocket costs on a sliding scale, with each family's combined spending capped at 5% of income. The plan is for Medicaid spending for newly eligible people would qualify for federal matching funds at the state's standard FMAP of 71.68%. Whether that will in fact happen depends on whether the Trump Administration will willingly go along with such a match.

In fact, Trump would be foolhardy to willingly put the federal government on the hook for a new Medicaid program that would be used to offset state costs for health care benefits that New Mexico and other states traditionally fund with their own tax dollars.

New Mexico policymakers have plenty of oil and gas money to pay the additional costs of this new Medicaid addition but have traditionally been reticent to use “home grown” tax dollars to fund such government expansions.

While it will not happen given New Mexico's current governor and legislature the State should be focused on shrinking Medicaid. Instead, even in the absence of Medicaid Forward New Mexico's annual Medicaid spending will clock in at an astonishing [\\$15.5 billion total once this year's budget is adopted](#). That is nearly 1/3<sup>rd</sup> more than the Gov.'s proposed \$10.9 billion general fund budget.

Considering the [“benefits cliff”](#) and the current generosity of New Mexico's Medicaid program, it is no surprise that New Mexico's workforce participation rate is among the lowest in the nation. It will take time, major political changes, and real leadership, but New Mexico MUST move the opposite direction. Instead of expanding Medicaid it must rein it in.