



HEALTH CARE AUTHORITY

Transition Plan November 1, 2023

Vision Statement

Every New Mexican has access to affordable health care coverage through a coordinated and seamless health care system.

Mission Statement

We ensure that New Mexicans attain their highest level of health by providing whole-person, accessible, high-quality health care and safety-net services.

Michelle Lujan Grisham, Governor
Kari Armijo, Secretary Designate

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I. Objective

The objective of this Transition Plan is to outline and describe the process and blueprint for the establishment of the New Mexico Health Care Authority (HCA), as created by 2023 Senate Bill 16 (SB16), as enacted by the Legislature of the State of New Mexico through amended Section 9-8-2 NMSA 1978 (being Laws 1977, Chapter 252, Section 2), and as signed into law by Governor Michelle Lujan Grisham. The purpose of the Health Care Authority Department Act is to establish a single, unified department to administer laws and exercise functions relating to health care purchasing, policy, and regulation for the State of New Mexico.

In accordance with the [HCA statute](#), this Transition Plan describes:

- The process for transitioning from the New Mexico Human Services Department (HSD) to the New Mexico Health Care Authority;
- The units of the executive department(s) that shall be transferred to or from the HCA, and working organizational charts for affected units of the executive department;
- How and when functions, personnel, money, appropriations, equipment, supplies and other property of HSD, the Department of Health (DOH), the General Services Department (GSD), and other units of the executive department(s) shall be transferred to or from the HCA; and
- Proposed statutory changes, including changes in Chapters 9, 10 and 24 NMSA 1978 and the creation of a new chapter of the NMSA 1978 to include sections of Chapters 9 and 24 NMSA 1978 and other provisions of law pertaining to health care purchasing and regulation.

II. Executive Summary

The establishment of the HCA is a significant moment for the State of New Mexico that demonstrates Governor Michelle Lujan Grisham's commitment to prioritizing the health and well-being of every New Mexican by creating a single agency that will be responsible for health care purchasing, policy, and regulation. The HCA will transform the way New Mexico purchases health care benefits for New Mexicans, leveraging the purchasing power of the Medicaid program, which covers 46% of the state's population, to improve the cost-effectiveness, quality of care, and health outcomes for over 180,000 public employees, including employees of state government, municipal and local governments, public schools, and covered retirees. The alignment of executive units will provide the opportunity to leverage expertise, optimize data analytics, and drive accountability to achieve improvements in the health care system.

New Mexico has one of the highest levels of [social vulnerability](#)¹ in the United States, and the HCA will continue to address many of the underlying issues that influence health outcomes, such

¹ **Social vulnerability** refers to the potential negative effects on communities caused by external stresses on human health. Such stresses include natural or human-caused disasters, or disease outbreaks.

as expanding access to health care in rural communities, building a robust behavioral health system, and providing income and child support programs that address poverty and food insecurity.

Effective July 1, 2024, the HCA will be a new executive department that has formally and successfully merged HSD, the Employee Benefits Bureau from GSD, and the Developmental Disabilities Supports Division (DDSD) and Division of Health Improvement (DHI) from DOH. The establishment of the HCA is not merely a name change for the Human Services Department, but a demonstration of the Governor’s commitment to building a healthier New Mexico by ensuring:

- **Transparency and Clarity**

By consolidating health care purchasing functions under one agency, the HCA will provide a more transparent view of the cost and value of health care, the performance of our health care system, the outcomes we are achieving for New Mexicans, and how health care funds are utilized.

- **Oversight and Accountability**

With purchasing functions centralized in one agency, oversight will be simpler and more streamlined, leading to accountability, a renewed focus on system performance, and better quality of care.

- **Cost-Effectiveness**

Over time, as the HCA improves data analytics, identifies redundancies, optimizes operations, leverages purchasing power, and renegotiates health care contracts, there will be opportunities to reduce health care costs for New Mexicans and to create a long-term, sustainable plan for predicting and proactively managing state funds. This reorganization is an investment in a more cost-effective future, particularly as the HCA identifies new opportunities to optimize additional federal Medicaid funds.

- **Customer Service**

By centralizing functions, improving technology, and implementing a true no-wrong-door approach, the HCA will be able provide services to eligible New Mexicans in an innovative, timely, streamlined, and customer-focused way.

- **A Unified Approach to Health Care**

Reducing social vulnerability can decrease both human suffering and economic loss. The Centers for Disease Control and Prevention interactive Social Vulnerability Index can be found [here](#).

The HCA allows for a more holistic approach to service, program, and benefit delivery. Instead of piecemeal solutions scattered across different agencies, the HCA will be the new home for a unified vision and strategy to address not just health care but key factors that influence health outcomes such as support for the health care workforce, improving access to care in rural New Mexico, and advancing health equity by addressing poverty and food insecurity.

Executive Units Transferring to the HCA

Beginning in State Fiscal Year 2025 (FY25) in accordance with SB16, the following executive units and employees will transition to the HCA:

1. The Division of Health Improvement (DHI) from the Department of Health (DOH);
2. The Developmental Disabilities Supports Division (DDSD) from DOH; and
3. The Employee Benefits Bureau (EBB) from the General Services Department (GSD).

The HSD leadership team began transitional meetings with the leadership of each of these agencies, together with leadership and staff from the Department of Finance and Administration and the Office of the Governor, in April 2023 to plan for the development of an inaugural executive budget request for the HCA for FY25, and to develop the components of this Transition Plan. Discussions included:

1. The mission, vision, goals, and operational details and considerations for each transitioning team;
2. Programmatic and budgetary opportunities and challenges;
3. Priorities and justification for their proposed FY25 budget requests; and
4. Additional gaps and opportunities, including legislative options, for advancing the goals of the HCA.

The information that was gathered over the seven months of cross-agency meetings and detailed discussions provided the foundation for developing an HCA organizational structure, inaugural budget request, and this Transition Plan.

Working Better Together

In addition to meeting the statutory requirements of SB16, this Transition Plan outlines a roadmap to improve health care purchasing and negotiation by working better together across the New Mexico agencies and authorities that procure and purchase health care, but which are not specifically mentioned in the HCA statute, including:

- The New Mexico Public Schools Insurance Authority (NMPSIA);
- The New Mexico Retiree Health Care Authority (NMRHCA); and
- The Interagency Benefits Advisory Committee (IBAC).

Together, these agencies and entities collectively procure and purchase health care for more than 180,000 New Mexicans. With the intention of optimizing health care purchasing power for the State of New Mexico, Governor Lujan Grisham will issue an Executive Order requesting that the HCA, NMPSIA, NMRHCA, and other IBAC agencies work together to develop a coordinated and comprehensive purchasing plan for health care benefits for public employes and retirees that can be executed and implemented by July 1, 2025. Working together across agencies will facilitate the intentional and necessary collaboration, coordination, communication, data-sharing, and planning in order to achieve the HCA's vision of achieving a coordinated, seamless, and more cost-effective health care system for New Mexicans.

Actions are being taken now by the leadership of HSD to initiate the needed fiscal, data, and policy analyses that will inform recommendations and decision-making on a new purchasing plan; and additional legislative changes are proposed for advancing alignment and formalizing partnerships across agencies, as discussed later in this Transition Plan.

FY25 Executive Budget Preparation

On September 1, 2023, HSD submitted its budget request to Governor Lujan Grisham to stand up the New Mexico Health Care Authority effective July 1, 2024.

The FY25 budget request advances three primary goals:

1. Medicaid coverage innovations and support for New Mexico's health care provider workforce;
2. Investments in New Mexicans by expanding critical safety-net programs including the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF); and
3. The foundational establishment of the New Mexico Health Care Authority, including the transition of divisions from GSD and DOH, and the request for sufficient program support to ensure accountability and meet the mission and goals of the new agency.

III. Strategic Approach

On August 14, 2023, the Human Services Department (HSD) facilitated a full-day Strategic Planning meeting for the Health Care Authority. A total of 19 leaders from each agency (DOH, GSD, and HSD) came together to develop a vision, mission, and introductory set of four primary goals for the new HCA:

HCA Vision

Our vision is that every New Mexican has access to affordable health care coverage through a coordinated and seamless health care system.

HCA Mission

Our mission is to ensure that New Mexicans attain their highest level of health by providing whole-person, accessible, high-quality health care and safety-net services.

HCA Goals

Our goals are to:

1. **Leverage purchasing power and partnerships** to create innovative models of comprehensive health care coverage that improve the health and well-being of New Mexicans and the workforce.
2. **Achieve health equity** by addressing poverty, discrimination, and lack of resources, building a New Mexico where everyone thrives.
3. **Implement innovative technology** and data-driven decision-making to provide unparalleled, convenient access to services and information.
4. **Build the best team** in state government by supporting employees' continuous growth and wellness.

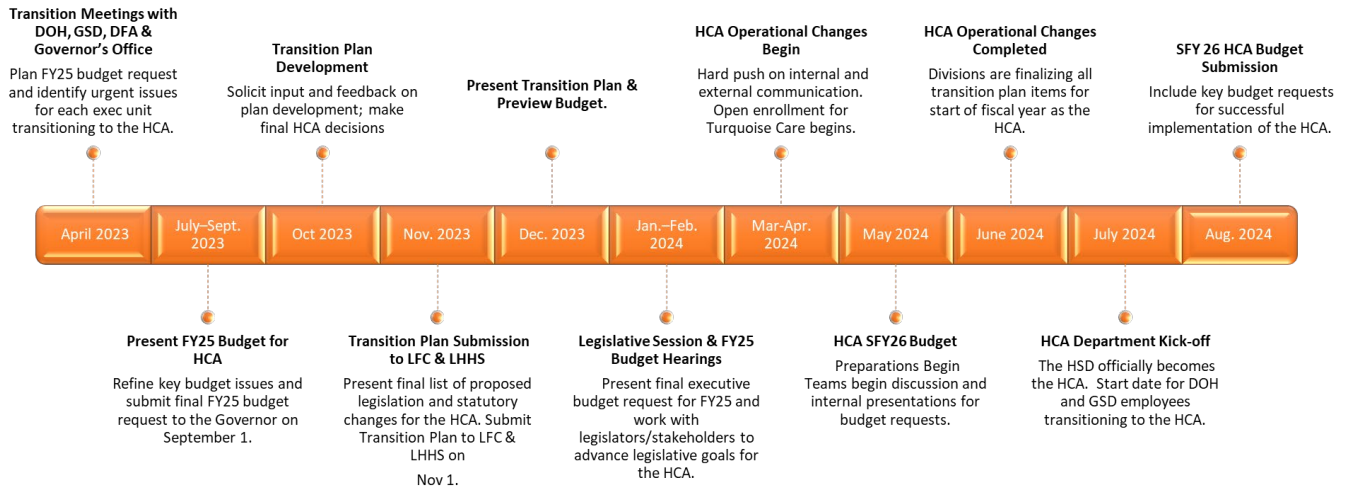
The cross-agency leaders who participated in the HCA strategic planning session and who helped with the development of the agency's vision, mission and goals included:

	Department/Division or Bureau	Name	Title
1.	DOH	Pat Allen	Secretary
2.	DOH/DDSD	Jose Acosta	Director
3.	DOH/DHI	Shadee Lauer	Deputy Director
4.	DOH/DHI	Dan Maxwell	Deputy Director
5.	GSD/RMD	Markita Sanchez	Director
6.	GSD/RMD	Crystal Lawrence	Training & Labor Manager
7.	HSD	Kari Armijo	Acting Secretary
8.	HSD	Alex Castillo Smith	Deputy Secretary
9.	HSD	Kathy Slater-Huff	Acting Deputy Secretary
10.	HSD/Medical Assistance Division	Lorelei Kellogg	Acting Director
11.	HSD/Behavioral Health Services Division	Nick Boukas	Director
12.	HSD/Income Support Division	Karmela Martinez	Director
13.	HSD/Child Support Services Division	Betina McCracken	Director
14.	HSD/Administrative Services Division	Carolee Graham	Chief Financial Officer
15.	HSD/Office of General Counsel	John Emery	Acting General Counsel
16.	HSD/Office of Human Resources	Dustin Acklin	Employee Relations Manager
17.	HSD/Information Technology Division	Paula Morgan	Chief Information Officer
18.	HSD/Communications Office	Marina Pina	Director
19.	HSD/Office of Tribal Affairs	Shelly Begay	Tribal Liaison Lead
20.	HSD/Office of the Secretary	Sally Jameson	Project Manager
21.	HSD/Office of the Secretary	Ryan O'Connor	Project Manager

Each division within the HCA is charged with creating division-specific objectives and tactics that will align with, support, and advance the department's overall goals. Feedback from the leaders who participated in the strategic planning session indicated appreciation for the process of coming together to plan and prepare for change, and a new understanding of the intention and purpose of working together to establish the new agency.

HCA Implementation Timeline

The following implementation timeline for the HCA outlines major milestones that will be realized over the next several months.



The HCA will include opportunities for feedback on the transition process from customers and stakeholders. Additional details about the agency's strategy for communicating about the HCA transition with customers, employees, and stakeholders are outlined further in this plan.

HCA Leadership Team & Organizational Structure

The HCA organizational structure contains a combination of teams to support an effective and efficient transition to the HCA in FY25. The new organizational structure includes the executive units that are being transitioned from the Department of Health (DOH) and General Services Department (GSD) in accordance with the HCA statute, specifically:

1. The Division of Health Improvement (DHI) from DOH;
2. The Developmental Disabilities Supports Division (DDSD) from DOH; and
3. The Employee Benefits Bureau (EBB) from the General Services Department (GSD).

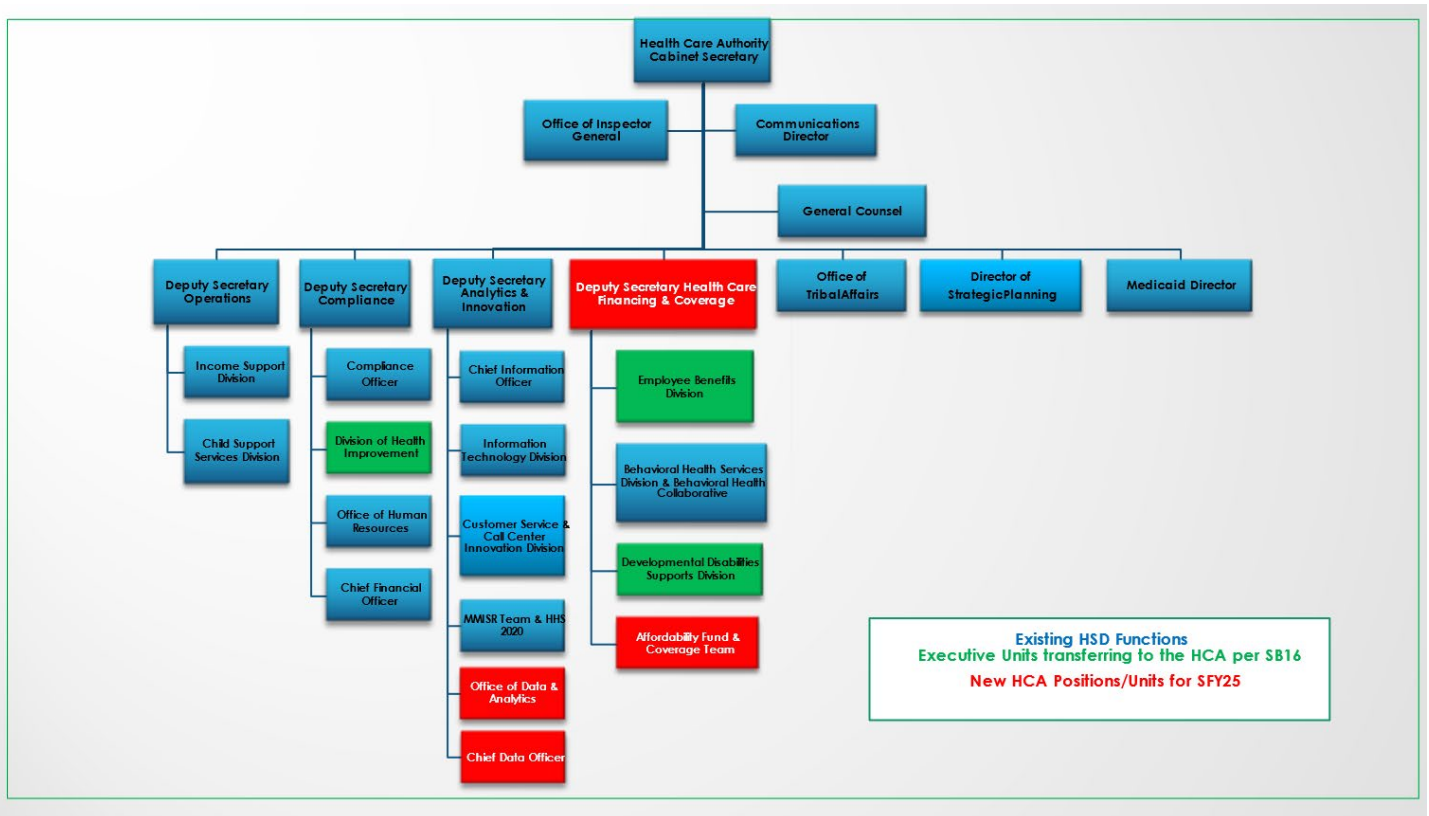
As outlined in the Executive Summary of this plan, Governor Lujan Grisham will issue an Executive Order requesting that the HCA, NMPSIA, NMRHCA, and other IBAC agencies work together to develop a coordinated and comprehensive purchasing plan for health care benefits for public employees and retirees that can be executed and implemented by July 1, 2025. Working together across agencies will facilitate the intentional and necessary collaboration, coordination, communication, data-sharing, and planning in order to achieve the HCA's vision of achieving a coordinated, seamless, and more cost-effective health care system for New Mexicans.

To truly advance the HCA’s vision of ensuring that every New Mexican has access to affordable health care coverage through a coordinated and seamless health care system, the organizational structure includes a proposal to move the New Mexico Affordability Fund (and the coverage team that manages it) from the Office of the Superintendent of Insurance (OSI) to the HCA. This change will require a statutory revision in the 2024 legislative session as discussed further in this Transition Plan.

The initial organizational structure of the HCA does not include the All-Payer Claims Database (APCD) that is currently in development by the Department of Health (DOH); however, the agencies will continue to work together on the APCD project through a General Services Agreement (GSA) that includes data sharing and the design of the database to encompass the needs of the HCA. The HCA and DOH will reevaluate the most suitable permanent agency ownership for the database once the APCD is in production.

- **Blue Boxes** identify executive units that currently exist within HSD.
- **Green Boxes** identify executive units outlined in statute that will transfer to the HCA.
- **Red Boxes** identify new teams and positions needed to effectively achieve the mission and goals of the HCA (including the proposed transfer of the Affordability Fund).

FY25 Organizational Structure



FY25 Budget Request

The HCA's inaugural budget request for FY25 was submitted to Governor Lujan Grisham on September 1, 2023. The agency's request totals \$12.8 billion (\$2.2 billion in state general funds, and \$9.7 billion federal funds²), which is a 16.0% increase over HSD's FY24 Operating Budget. The budget request includes all existing HSD functions, plus those of the DDS and DHI from DOH, and the Employee Benefits Bureau from GSD. The primary drivers of budget growth for the HCA include the movement of the DDS program budget from DOH to the HCA (which corresponds with a reduction in the DOH FY25 budget request), changes in the federal funding match rate for the Medicaid program, and innovations and investments in program and service delivery for New Mexicans.

As stewards of state and federal funding, the FY25 HCA request strives to optimize and make efficient use of resources. The HCA FY25 inaugural budget request can be broadly categorized into three categories:

1. Medicaid coverage innovations and support for New Mexico's health care provider workforce;
2. Investments in New Mexicans by expanding critical safety-net programs including the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF); and
3. The foundational establishment of the New Mexico Health Care Authority, including the transition of divisions from GSD and DOH, and the request for sufficient program support to ensure accountability and meet the mission and goals of the new agency.

The agency's FY25 budget request supports a total of 2,417.5 full-time equivalents (FTE), which includes the transfer of 402 FTE from DOH and 9 FTE from GSD.

The HCA FY25 budget request can be found in its entirety [here](#).

Proposed Legislation

Successfully establishing the HCA and setting the foundation for achieving the agency's mission, vision, and goals will require additional statutory changes to execute and fulfill an improved plan for procuring and purchasing health care for New Mexico's public employees and retirees, and for proactively managing the Employee Benefits Fund. Legislation is proposed for the 2024 legislative session that will:

- Administratively attach the New Mexico Retiree Health Care Authority to the HCA effective July 1, 2024;
- Require the Interagency Benefits Advisory Committee (IBAC) to make purchasing recommendations to the Secretary of the HCA for final decision-making; and require the IBAC agencies to engage in joint contracting for health benefits effective July 1, 2025; and

² Values may not add to total due to rounding.

- Move the New Mexico Health Care Affordability Fund and coverage team (including the transfer of staff and appropriations) from the Office of the Superintendent of Insurance (OSI) to the HCA effective July 1, 2024.

Administratively attaching the NMRHCA to the HCA will formalize a partnership between the two agencies while also retaining and leaving intact the NMRHCA's executive structure, authority, governance, Board of Directors, operations, funds, and staff. Formalizing the partnership between agencies is intended as a purposeful signal to enable and ensure their deliberate collaboration to identify opportunities for improvement and alignment in health care purchasing, procurement, and contracting. This approach is designed to foster alignment and leverage opportunities and synergies across agencies while also recognizing and respecting the existing structure, funding, and governance of NMRHCA.

HSD is currently evaluating options and possible strategies for formalizing a partnership with the New Mexico Public Schools Insurance Authority, acknowledging that the scope of that agency extends beyond health care purchasing, but also recognizing the importance of working together and leveraging purchasing power to achieve a better result for employees. The HCA will serve as a convener for all key stakeholders – including the NMRHCA, NMPSIA, and IBAC – to identify opportunities to leverage expertise, share knowledge, utilize data, advance shared goals, and make improvements in New Mexico's health care system.

Additional legislative changes will be proposed to change statutory references of the Human Services Department to the Health Care Authority, and to clarify where functions that are outlined in statute shall reside. Changes will impact:

- NMSA Chapter 9 – Executive Department: Articles outlining the functions and purposes of the Department of Health, Human Services Department, and General Services Department;
- NMSA Chapter 10 – Public Officers & Employees: State employees group benefits plan and Retiree Health Care;
- NMSA Chapter 13 – Public Purchases & Property: Health care purchasing and mandatory consolidated purchasing;
- NMSA Chapter 22 – Public Schools: Public Schools Insurance Authority;
- NMSA Chapter 24 – Health & Safety functions; and
- NMSA Chapter 59A – Insurance Code: Health Care Affordability Fund

IV. Tactical Approach

The tactical component of this Transition Plan outlines the communication plan and operational details for establishing the new HCA, including activities that will be undertaken in early 2024 to ensure that the agency will be ready to launch on July 1, 2024.

HCA Communication Plan

The communication plan for the roll-out and implementation of the HCA is a critical component for ensuring that HCA customers, employees, and stakeholders understand the purpose and impact of the new agency and – even more important – how benefits such as SNAP, TANF and child support are affected. A cross-agency communication workgroup was created in September 2023 that includes employees from each of the divisions across all impacted agencies. The team meets weekly and is developing and implementing a detailed Communication Plan that will be executed over the next several months. The workgroup has identified key internal and external stakeholders at the city, county, state, tribal, legislative, and federal levels.

The objectives of the Communication Plan are to:

Communicate Clearly with Customers

- Connect directly with the HCA’s 1,091,376 customers – including DDSD, DHI, and Employee Benefits customers – to ensure awareness of the change and how it affects them; and
- Ensure brand recognition so that all customers of HCA programs know how and where they need to go to apply for and renew their benefits.

Communicate Clearly with Employees

- Provide clear, timely, and accurate information about the new agency to all HCA employees and establish a process for obtaining their feedback;
- Foster employee engagement, facilitating two-way communication, and advance messaging so that employees feel valued, well-informed, connected to the mission, and motivated to contribute to the agency’s success;
- Advance a culture of open communication within the organization, promoting collaboration and a unified vision; and
- Successfully utilize change management strategies to promote a sense of “One Team” at the HCA.

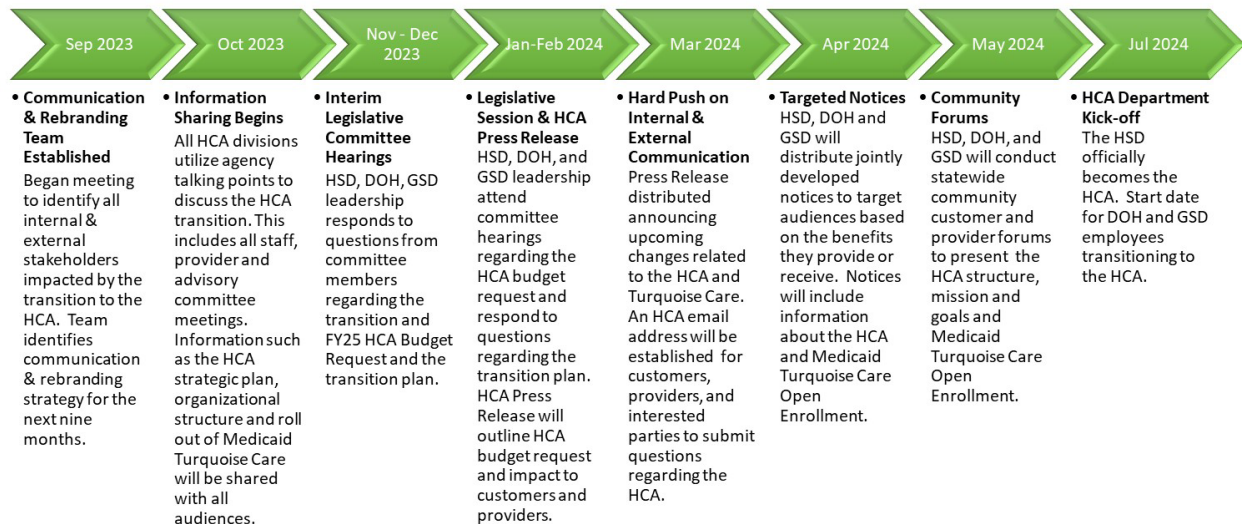
Communicate Clearly with Other Stakeholders

- Engage with external stakeholders, including health care providers, community organizations, and the public, identifying ways to engage them and consider their feedback;
- Partner directly with the NMPSIA, NMRHCA, and IBAC to plan for and articulate a shared vision for purchasing health care for New Mexico employees and retirees;
- Enhance the HCA's reputation as a transparent, accountable, and reliable state agency; and
- Advance the HCA’s vision, mission, and goals broadly to increase awareness across the State of New Mexico.

The development of a full Communication Plan is still underway and will continue to occur through the cross-agency communication workgroup. In September 2023, the agencies began communicating with employees about the HCA's vision, mission, and goals during regularly scheduled employee meetings and email communications. Beginning in November and December 2023, managers transitioning from DOH and GSD will join HSD's monthly all-manager meetings and staff will join HSD's quarterly all-employee meetings to facilitate collaboration, share information, and build the new team. Transitioning leadership will also join HSD's Strategy Team and Operations Team so that the agencies can begin working together as one team that will support health outcomes and improve performance of the health care system for New Mexicans.

HCA Communication Timeline

The following timeline includes key action items for effective messaging regarding the HCA.



HCA Brand Identity

A consistent and strong brand identity reinforces the HCA's purpose and familiarity with customers and stakeholders. Brand identity will be essential for the HCA to ensure consistency and avoid confusion, especially because HSD will no longer exist. During this time, it is essential that the agency considers and takes action to address *all* brand identity elements so that the new agency is prepared to launch on July 1, 2024. HSD's brand identity plan includes will ensure completion of updates to the following by July 1:

- Agency website(s);
- Customer-facing portal(s);
- Customer notices;
- Department forms and letterhead;
- Employee badges and business cards;
- Email domains;
- Building signage; and

- Marketing and outreach materials.

V. Operational Approach

There are additional operational details that are being planned and addressed as part of the agency transition to address the location of employees, the transfer of equipment and supplies, and the updating of legal and regulatory citations.

Properties & Equipment

DOH will maintain building and property leases for transitioning staff in FY25, which will be supported by an interagency agreement with the HCA for payment of space, supplies and equipment. A long-term plan will be developed for the permanent location of DHI and DDSD staff, with consideration given to the optimal co-location of teams balanced against the timing of current lease agreements.

The GSD team will move to an existing HCA building effective July 1, 2024.

Legal & Regulatory Documents

Amendments to all federal agreements, waivers, regulations, contracts, and memoranda of agreement/understanding will be identified and completed by June 30, 2024.

VI. Conclusion

The establishment of the HCA is a significant and intentional transition for the State of New Mexico that will ensure a renewed focus on the performance, cost-effectiveness, and seamlessness of its health care system. The HCA will transform health care procurement, purchasing, and negotiation, leveraging the purchasing power of Medicaid to improve quality of care and health outcomes for covered New Mexicans. The core priorities of the HCA as it prepares to launch are laid out fully in this Transition Plan; however, the agency recognizes that additional opportunities for streamlining, addressing gaps in the system, reorganizing, and/or coordinating with other agencies may become evident over time and as the agency begins its work. This plan is dynamic and anticipates the likelihood of future changes and evolution as needed to support the health and well-being of New Mexico.