

New Mexico Behavioral Health Assessment and Feasibility Study

Stakeholder Summary, Prepared by Manatt Health for the New Mexico Health Care Authority

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Stakeholder Summary of the New Mexico Behavioral Health Assessment and Feasibility Study

Background

In 2025, the New Mexico Legislature directed the New Mexico Health Care Authority (HCA) to study whether the state should pursue a “waiver” from the federal government to set up a new Medicaid initiative to improve care for people with a serious mental illness (SMI) and/or substance use disorder (SUD). The resulting study evaluated what is working well in New Mexico’s current system, what is missing, and what could make it better for people with SMI, SUD, and/or brain injury. It is especially focused on people who could end up homeless or in jail, the emergency room, crisis centers, or hospitals. Experts from Manatt Health, Milliman, and Kauffman and Associates, Inc. completed this study.

What the Study Found

New Mexico’s Behavioral Health System Has Many Strengths

New Mexico spends about **\$1 billion each year** and helps nearly **295,000 people**. Medicaid pays for over 90% of these services, and the state also pays for services for people who are uninsured or who have limited coverage.

The state already covers many proven mental health and SUD treatments and supports, including:

- A full range of mental health and SUD services, ranging from prevention to treatment
- Crisis response services that people can use instead of 911 or the emergency room
- Programs like Linkages and the Set Aside/Special Needs Housing Program that help people with mental illness and SUD find housing, pay for their rent, and receive ongoing support
- A Community Benefit program for people who have both physical health disabilities **and** behavioral health needs or a brain injury to help them live in the community

The state has also made many other recent improvements—like launching new Certified Community Behavioral Health Clinics, new mobile crisis teams, new services for people before they leave incarceration (called JUST Health Plus), higher provider payment rates, and more.

Finally, an important new law passed in 2025 – **Senate Bill (SB) 3** known as the **Behavioral Health Reform and Investment Act (BHRIA)** – that will help improve the entire behavioral health system.

Identified Gaps

Despite strong programs, there are people with SMI, SUD, or brain injury that can’t get the help they need because:

- There aren’t enough behavioral health providers in rural and frontier areas of the state
- Some people do not qualify for services that could help them stay stable in the community
- There isn’t enough supportive housing for people with SMI or SUD, particularly when people leave a hospital, jail, or a residential treatment center
- People with brain injuries are not always identified or connected to the services they need
- Some important services are not available to people without Medicaid

What the Report Recommends

The report suggests **six main strategies** for improving care for people with SMI, SUD, and brain injury. It recommends that New Mexico start with the steps that don't require new approval from the federal government. Also, the report recommends that new changes are closely coordinated with work that is already happening, especially regional planning through SB 3 (BHRIA).

Recommended Strategies:

1. Expand access to already-covered services like Assertive Community Treatment and mobile crisis
2. Expand supportive housing programs that help with rent and offer services
3. Provide more help or “navigational tools” to people with SMI, SUD, or brain injury so that they can learn about and connect to the services that are available to them
4. Consider adding new home- and community-based services like personal care, life skills coaching, and supportive employment over time, if these gaps are not filled by SB 3 (BHRIA) programs
5. Improve services for special populations like people with brain injuries, children and youth, people who need care in a nursing facility, and pregnant women with SUD
6. Strengthen the foundation of the behavioral health system by continuing to expand the workforce, creating new educational tools, and improving access to transportation

Does New Mexico Need a Major New Medicaid Waiver?

No—at least not right now.

The report suggests it is not the right time for New Mexico to apply for a major new Medicaid waiver. It can be complex and time-consuming to secure a waiver from the federal government and to oversee and implement it. Plus, it is unlikely that the federal government would approve a waiver at this time to address some of New Mexico's biggest challenges – like the need for more supportive housing. Instead, the study recommends that New Mexico:

- Focus on improving and expanding existing programs and allow SB 3 (BHRIA) to roll out
- Consider using a simpler Medicaid tool – known as a 1915(i) option – rather than a waiver to secure federal authority to provide new community supports for people with SMI, SUD, and brain injury, if still needed after a few years of SB 3 implementation

Conclusion of the Report

Even without a new Medicaid waiver, New Mexico has a significant opportunity to improve care for people with SMI, SUD, and/or brain injury by increasing access to already-covered benefits, expanding supportive housing, connecting people to the services that they need, and implementing SB 3 effectively. While this study does not recommend that New Mexico pursue a major new Medicaid waiver at this time, the state may want to consider using a simpler tool to address gaps in community supports for people with SMI, SUD, and/or brain injury after a few years of SB 3 implementation.