

NMPCA - Key Points on FQHC Funding and **Medicaid Impacts** in New Mexico

- **In the 209 sites in NM, Federally Qualified Health Centers (FQHCs) Serve a Unique Role:**
 - Unlike for-profit private practices, FQHCs **must provide care regardless of patients' ability to pay.**
 - FQHCs use a **sliding fee scale** for indigent patients—most pay a **nominal fee (typically \$30 for medical, behavioral health, dental).**
 - In 2024, **23%** of New Mexico FQHC patients were on the sliding fee scale.
- **Coverage Gaps by Payers:**
 - Some insurers do not cover all services (e.g., **Medicare does not cover dental care**).
 - FQHCs still provide these uncovered services using the sliding fee scale.
 - These gaps further increase **uncompensated care** costs.
- **Subsidies for Uncompensated Care:**
 - In 2024, **federal grants covered only 17%** of FQHC total operating costs.
 - **Medicaid only reimburses 85 cents per dollar of the cost** of care for Medicaid patients.
 - The shortfall between Medicaid payments and actual costs is subsidized by federal grants contracts.
- **Upcoming Threats from OBBA:**
 - Recent legislation will **reduce Medicaid coverage** through multiple policy changes:
 - New **provider taxation** rules
 - Restrictions on **state-directed payments (DACA, undocumented residents)**
 - **Enrollee work requirements**
 - **Tighter eligibility and enrollment requirements (re-enrollment every 6 months)**
- **Projected Medicaid Coverage Loss:**
 - Kaiser Family Foundation projects **13% of New Mexico Medicaid enrollees** will lose coverage over 10 years.
 - This would translate to a loss of **\$18.1 million annually** in Medicaid revenue for FQHCs-- or more as New Mexico's FQHCs generally care for disproportionately more Medicaid patients.
- **Continued Obligation to Serve:**
 - Despite Medicaid losses, FQHCs are **federally required** to continue serving all patients regardless of ability to pay.
 - This will result in a significant **increase in uncompensated care.**
 - FQHCs will also likely absorb **new patients** from other providers who no longer serve the **uninsured.**
- **Federal Requirement:**

Federal grants require that FQHC fee schedules reflect the actual costs of operation.
- **Revenue vs. Costs (2024):**
 - Patient-generated revenue covered only **66%** of all New Mexico FQHC operating costs.
 - **Medicaid** accounted for **48%** of that patient-generated revenue.
 - The **remaining unrecovered costs** were subsidized by **federal grants and state contracts.**
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