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*This is a transcription of New Mexico Health Care Authority (HCA) Secretary Kari Armijo's response to questions/comments from Representative Joanne J. Ferrary and from Chair Elizabeth "Liz" Thomson, at the Legislative Health and Human Services Committee (LHHS) meeting in Gallup, New Mexico August 18, 2025. The video of the LHHS meeting can be found on the New Mexico Legislature's Webcast online page ([click here](#)). Fast forward to 2:58:09 PM on the video, to view and hear the following exchange between the Legislators and the HCA Secretary.*

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**Representative Joanne J. Ferrary asks:**

*"Thank you, Madam Chair and thank you Madam Secretary.*

*"It's been in the news lately, about the \$168 million in overpayments to managed care. And I was wondering why we're, um, forgiving them, and the \$119 million that the Feds want back, and then the \$50 million that was overcharged.*

*"Couldn't we use that money to help pay, and for, you know, what we're losing, especially for SNAP, and also to shore up you know BeWell, um, members?"*

**Secretary Kari Armijo responds:**

*"Madam Chair, Representative, I don't believe that was in the news, I think it was in a blog.*

*"And it isn't accurate, so I just want to really kind of be super clear.*

*"There ... there is a ... there was an Office of Inspector General audit of the agency's capitation payments and reconciliations, that goes back to about 2014, and I think that's what is being referred to.*

*"Uh, there, under that, the Federal Office of Inspector General calculated that we owed about \$119 million, I believe.*

*"Um, however we're very much still in negotiations about that with the federal government. And the federal CMS, which makes the final decision, has not made a final decision.*

*"So, that is very much in flux."*

*"And of course, I don't think it's an overpayment.*

*"Our position is that we owe zero, and that it's really an incorrect finding.*

*"And it's a very complicated financial issue, so I'd be happy to kind of talk offline.*

*"It's, probably would put half of you all to sleep.*

*"But it is really about reconciliations and, um, recoupments, uh, related to our Community Benefit program, and it goes back more than a decade, so it's kind of a complicated finding.*

*"I just ... I don't really think it's an apples to oranges kind of comparison, and I think the information was a little bit inaccurate, um, yeah.*

**Representative Joanne J. Ferrary states:**

*"Okay, well thank you, Madam Chair and Madam Secretary, for that explanation.*

*"Because I'm sure if there were funds that we could recoup, that we would put them to better use than just letting the MCOs have them."*

**Secretary Kari Armijo responds:**

*"Madame Chair, Representative, of course, I think a big part of that financial burden actually would be general fund, and so I don't think it's fair to say that it's overpayments.*

*"And like I said, our position is that there's zero.*

*"Um, and many of those MCOs, some of them don't even, aren't even in the New Mexico market.*

*"We've, we don't have relationships with them now, so it's, how you get money back from an exited MCO, it's kind of a complicated scenario.*

*"So, we'll work through it.*

*"I'm happy to provide you all with updates and information, but, um, you know, our position really is to try and protect the state against \$119 million, uh, finding or hit.*

*"Um, so that's really what we're coming from, and we don't think that it's an accurate finding, so.*

**Representative Joanne J. Ferrary states:**

*"Thank you for that explanation. Thank you, Madam Chair."*

**Chairwoman Liz Thomson states:**

*"So, just on that, on that issue, um if it turns out that it is an overpayment, can't we take companies that we don't have a relationship with to Court, or the ones we do, for that matter?"*

*"I mean, it's not really a lost cause, is it?"*

**Secretary Kari Armijo responds:**

*"Madam Chair, Uh, maybe not.*

*"I think, uh we have actually been looking at the contract, and I, I mean, to be, to be fair, we are preparing in case we have to pay this back.*

*"I mean, we are, we do have a plan.*

*"We've been working with the LFC.*

*"It's been pretty transparent in terms of our budgets and our projection.*

*"Um, because it is a risk to the budget.*

*"But I think we are trying to figure out.*

*"There's usually sort of a run out on financial liabilities, and so we're really kind of researching that.*

*"But, you're not wrong, Madame Chair, that there could be some liabilities for old, if there was an overpayment."*

**Chairwoman Liz Thomson states:**

*"Okay, thank you."*

***(That line of questions and responses relative to OIG report holding that New Mexico needs to pay back \$119 million to the federal government ends, and the meeting continues with questions on other Health Care Authority matters.)***