

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Dallas Regional Office  
1301 Young Street, Suite 833  
Dallas, Texas 75202



**DIVISION OF MEDICAID & CHILDREN'S HEALTH - REGION VI**

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February 14, 2017

**Our Reference: SPA NM 16-009**

Ms. Nancy Smith-Leslie, Director  
Medical Assistance Division  
New Mexico Department of Human Services  
P.O. Box 2348  
Santa Fe, New Mexico 87504

Dear Ms. Smith-Leslie,

Enclosed is a copy of approved New Mexico State Plan Amendment (SPA) No. 16-009, with effective dates of August 1, 2016 and January 1, 2017. This amendment was submitted to implement a five percent rate increase for Early and Periodic Screening, Diagnosis and Treatment screenings and various rate reductions for medical practitioner reimbursement.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act (the Act) and the implementing Federal regulations at 42 CFR 447 Subpart C.

Because the proposed SPA would reduce or restructure provider payment rates, New Mexico is required to provide documentation in support of its determination that the payments are consistent with efficiency, economy and quality of care and sufficient to enlist enough providers so that services under the plan are available to beneficiaries at least to the extent that these services are available to the general population, as established in Section 1902(a)(30)(A) of the Act and codified in 42 CFR 447.203(b)(6) and 42 CFR 447.204. To demonstrate compliance with these requirements, the state submitted the following to the Centers for Medicare & Medicaid Services (CMS) with the proposed SPA:

1. With respect to the public process requirements at 42 CFR 447.204(a)(2), New Mexico provided documentation to show that the state considered input from beneficiaries, providers and other affected stakeholders on beneficiary access to the affected services, and the impact of the proposed rate change.

The notice of rate reductions and request for public comment was published in both the Albuquerque Journal and the Las Cruces Sun News on April 30, 2016. The state notified Medicaid providers of the proposed payment reductions and requested public comment, in a Medical Assistance Program Manual Supplement sent on April 29, 2016. The state created a

dedicated website and email address for accepting comments on the proposed rate reductions. The state mailed a letter on April 28, 2016, to tribal leadership, Indian Health service (IHS), and tribal health providers notifying them about the proposed reductions and requesting their comments. Additionally, the New Mexico Human Services Department (HSD) held an open forum and comment period concerning the proposed reductions during the May 9, 2016, Medical Advisory Committee (MAC) meeting and conducted an in-person tribal consultation on June 6, 2016, in response to requests from tribal leadership. To allow for additional time to comment after the tribal consultation, HSD extended the tribal comment timeframe to June 15, 2016. The State received numerous comments from providers, tribal representatives, and the public. All comments were given consideration and HSD made revisions to the originally proposed reductions in response to concerns that were expressed during the comment period.

2. With respect to requirements at 42 CFR 447.204(b), New Mexico submitted an analysis of the effect of the change in payment rates on access, and an analysis of the information and concerns expressed through stakeholder input. The impact of this reimbursement change applies only to Medicaid fee-for-service (FFS) payments. Given the extensive work that HSD did to engage providers through the MAC subcommittee and through subsequent deliberation and involvement with the New Mexico Medical Society, a negative impact on recipient access to providers as a result of these reductions is not expected.
3. The state established procedures to monitor continued access to care after implementation of these rate reductions, consistent with 42 CFR 447.203(b)(6). The state established baseline data and thresholds against which analyses can be performed to monitor FFS recipient access. Additionally, HSD is including access as a standing agenda topic in its bi-weekly discussions with Indian Health Service (IHS) and tribal health care facilities. Access is also a regular agenda item for the state's Native American Technical Advisory Committee.

The impact of this reimbursement change applies only to Medicaid FFS payments. In New Mexico, most Medicaid recipients (approximately 90 percent) are enrolled in the Centennial Care managed care program and 99 percent of FFS recipients in New Mexico are Native American. Rates paid to IHS and tribal facilities are not being reduced; therefore, the impact on beneficiary utilization is projected to be minimal.

4. The state also demonstrated that it has ongoing mechanisms for beneficiary and provider input on access to care. The HSD maintains a Medicaid call center and website that recipients and providers can use to express concerns about access and a complaint and grievance tracking system is maintained to insure that concerns are addressed. Such concerns can also be raised by IHS or tribal facilities during regularly scheduled bi-weekly calls with HSD.

CMS is approving this SPA as the state has reasonably substantiated its conclusion that access for these services is sufficient through a process consistent with the requirements of 42 CFR 447.203 and conducted the public process and notice described in 42 CFR 447.204 and 42 CFR 447.205. Consistent with the aforementioned regulations, the state has committed to monitoring access and CMS will be periodically contacting the state to understand how the state's monitoring activities are progressing. If access deficiencies are identified, the state will submit a corrective action plan within 90 days of identification.

This letter affirms that the New Mexico Medicaid state plan amendment 16-009 is approved effective August 1, 2016 as requested by the state.

We are enclosing the HCFA-179 and the following amended plan page.

- Attachment 4.19-B, Page 2
- Attachment 4.19-B, Page 3
- Attachment 4.19-B, Page 3a

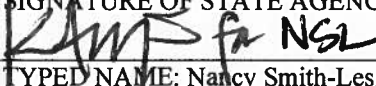

If you have any questions please contact Ford Blunt of my staff. Mr. Blunt may be reached at (214) 767-6381 or by e-mail at [Ford.Blunt@cms.hhs.gov](mailto:Ford.Blunt@cms.hhs.gov).

Sincerely,

A handwritten signature in black ink that reads "Bill Brooks". The signature is written in a cursive, slightly slanted style.

Bill Brooks  
Associate Regional Administrator

cc: Jennifer Mondragon

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		16-009	2. STATE New Mexico
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE  August 1, 2016, with a second phase effective January 1, 2017	
5. TYPE OF PLAN MATERIAL ( <i>Check One</i> ): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT ( <i>Separate Transmittal for each amendment</i> )			
6. FEDERAL STATUTE/REGULATION CITATION:  42 CFR 447 Subpart F		7. FEDERAL BUDGET IMPACT:  for FFY 2016: (-\$61,328) – a reduction for FFY 2017: (-\$850,355) - a reduction	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19B page 2, 3, and 3a		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Attachment 4.19B page 2, 3, and 3a	
10. SUBJECT OF AMENDMENT: Practitioner Reimbursement reflecting a 5% increase in reimbursement for EPSDT screening and reductions for other services based on comparison to Medicare rates, as described in the public notices (attached), in 2 phases.			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Authority Delegated to the Medicaid Director. <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Nancy Smith-Leslie, Director Medical Assistance Division P.O. Box 2348 Santa Fe, NM 87504 – 2348	
13. TYPED NAME: Nancy Smith-Leslie			
14. TITLE: Director, Medical Assistance Division			
15. DATE SUBMITTED: July 29, 2016, revised November 18, 2016			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: July 29, 2016		18. DATE APPROVED: February 14, 2017	
<b>PLAN APPROVED – ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: August 1, 2016		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Bill Brooks		22. TITLE: Associate Regional Administrator Division of Medicaid and Children's Health	
23. REMARKS:			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE OF NEW MEXICO

STANDARDS FOR ESTABLISHING PAYMENT RATES  
--OTHER TYPES OF CARE

State: New Mexico  
Date Received: 07-29-2016  
Date Approved: 02-14-2017  
Date Effective 08-01-2016  
Transmittal Number: NM 16-0009

Attachment 4.19-B  
Page 2

The average commercial rates are determined by:

- i. Calculating a commercial payment to charge ratio for all services paid to the eligible providers by commercial insurers using the providers' claims-specific data from the most currently available fiscal year period.
  - ii. Multiplying the Medicaid charges by the commercial payment to charge ratio to establish the estimated commercial payments to be made for these services; and
  - iii. Subtracting the interim Medicaid payments already made for these services to establish the supplemental payment amount.
- a. Providers eligible under Part (a) of this section will be paid on an interim claims-specific basis through the Department's claims processing system using the methodology outlined elsewhere in this state plan. The supplemental payment, which represents final payment for services, will be made on a quarterly basis subject to available claims data.

**A. Medical and Dental Services**

Medical and dental services are reimbursed on a fee schedule basis and include physicians, dentists, radiologists, and radiological facilities, licensed treatment and diagnostic centers and family planning clinics, podiatrists, optometrists, certified nurse midwives and certified nurse practitioners working under the direction of a physician.

Preventive services provided to alternative benefit plan recipients not otherwise covered under standard Medicaid benefits are also reimbursed using this methodology including annual preventive care physicals, expanded nutritional and dietary counseling, and expanded skin cancer and tobacco use counseling. Electroconvulsive therapy services provided to alternative benefit plan recipients not otherwise covered under standard Medicaid benefits are paid at the Medicare fee schedule rate.

Services rendered under the supervision of one of the above providers are paid at the fee schedule rate for the supervising provider when the service is performed by one of the following: a dietician; clinical pharmacist; physician assistant; dental hygienist; nurse; certified nurse practitioner; or, clinical nurse specialist.

The agency's medical fee schedule rates implemented a first phase reduction effective August 1, 2016, and a second phase effective January 1, 2017 for services provided on or after those dates. All rates and any updates or periodic adjustments to the fee schedule are published on the agency's website for the New Mexico Human Services Department, Medical Assistance Division, Providers, Fee for Service, under Fee Schedules, at: <http://www.hsd.state.nm.us/providers/fee-schedules.aspx> Notice of changes to rates will be made as required by 42 CFR 447.205.

TN No. 16-0009

Supersedes TN No. 14-16

Approval Date 02-14-17

Effective Date 08-01-16

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE OF NEW MEXICO

STANDARDS FOR ESTABLISHING PAYMENT RATES

--OTHER TYPES OF CARE

Attachment 4.19-B

Page 3

State: New Mexico  
Date Received: 07-29-2016  
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**B. Other Practitioners Services**

- 1. Behavioral health professional services are reimbursed on a fee schedule basis applicable to psychologists, counselors, therapists, licensed alcohol and drug abuse counselors, behavioral health agencies, licensed independent social workers and psychiatric clinical nurse specialists.

The agency's fee schedule rates implemented a first phase reduction effective August 1, 2016, and a second phase effective January 1, 2017 for services provided on or after those dates. set as of August 1, 2016, and are effective for services provided on or after that date. All rates and any updates or periodic adjustments to the fee schedule are published on the agency's website for the New Mexico Human Services Department, Medical Assistance Division, Providers, and Fee for Service, under Fee Schedules, at: <http://www.hsd.state.nm.us/providers/fee-schedules.aspx> Notice of changes to rates will be made as required by 42 CFR 447.205.

Non-independent behavioral health practitioners who are required by state law to be supervised are not paid directly for their services. Rather, payment is made to the supervising practitioner, or the appropriate group, licensed treatment and diagnostic center or agency to which the behavioral health worker belongs.

- 2. Independently practicing certified Nurse Practitioners and Clinical Nurse Specialists are reimbursed at 90% of the physician fee schedule as described in Item I. A of Attachment 4.19 B, including preventive services for alternative benefit plan recipients.

The agency's fee schedule rates implemented a first phase reduction effective August 1, 2016, and a second phase effective January 1, 2017 for services provided on or after those dates. All rates and any updates or periodic adjustments to the fee schedule are published on the agency's website for the New Mexico Human Services Department, Medical Assistance Division, Providers, Fee for Service, under Fee Schedules, at: <http://www.hsd.state.nm.us/providers/fee-schedules.aspx> Notice of changes to rates will be made as required by 42 CFR 447.205.

- 3. Certified nurse anesthetists and anesthesiology assistants are reimbursed a rate per anesthesia unit for the procedure and for units of time for medically directed and non-medically directed services.

The agency's fee schedule rates were set as of March 31, 2014 and are effective for services provided on or after that date. All rates and any updates or periodic adjustments to the fee schedule are published on the agency's website for the New Mexico Human Services Department, Medical Assistance Division, Providers, Fee for Service, under Fee Schedules, at: <http://www.hsd.state.nm.us/providers/fee-schedules.aspx> Notice of changes to rates will be made as required by 42 CFR 447.205.

TN No. 16-0009

Approval Date 02-14-17

Supersedes TN No. 12-06B

Effective Date 08-01-16

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE OF NEW MEXICO  
AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
--OTHER TYPES OF CARE

State: New Mexico  
Date Received: 07-29-2016  
Date Approved: 02-14-2017  
Date Effective 08-01-2016  
Transmittal Number: NM 16-0009

Attachment 4.19-B  
Page 3a

- 4 Licensed Midwives (Lay Midwives): Payments to licensed midwives are reimbursed at 77% of the physician fee schedule as described in Item I. A of Attachment 4.19 B for global delivery codes; payments for other codes are reimbursed at 100% of the physician fee schedule

The agency's fee schedule rates implemented a first phase reduction effective August 1, 2016, and a second phase effective January 1, 2017 for services provided on or after those dates. All rates and any updates or periodic adjustments to the fee schedule are published on the agency's website for the New Mexico Human Services Department, Medical Assistance Division Providers, Fee for Service, Under Fee Schedule at <http://www.hsd.state.nm/providers/fee-schedules.aspx> Notice of changes to rates will be made as required by 42 CFR 447.205.

**C. Other Services**

**1. Ambulatory Surgical Centers Services**

Free standing ambulatory surgical centers are paid at the Medicare fee schedule. For procedures not covered by Medicare, the Department establishes a fee schedule amount equivalent to the amount allowed for procedure of similar complexity.

The agency's fee schedule rates were set as of March 31, 2014, and are effective for services provided on or after that date. All rates and any updates or periodic adjustments to the fee schedule are published on the agency's website for the New Mexico Human Services Department, Medical Assistance Division, Providers, Fee for Service, under Fee Schedules, at: <http://www.hsd.state.nm.us/providers/fee-schedules.aspx> Notice of changes to rates will be made as required by 42 CFR 447.205.

**2. Renal Dialysis Facilities**

Renal dialysis facilities are paid at the Medicare fee schedule. For procedures not covered by Medicare, the Department establishes a fee schedule amount equivalent to the amount allowed for procedure of similar complexity.

The agency's fee schedule rates were set as of March 31, 2014, and are effective for services provided on or after that date. All rates and any updates or periodic adjustments to the fee schedule are published on the agency's website for the New Mexico Human Services Department, Medical Assistance Division, Providers, Fee for Service, under Fee Schedules, at: <http://www.hsd.state.nm.us/providers/fee-schedules.aspx> Notice of changes to rates will be made as required by 42 CFR 447.205.

TN No. 16-0009

Supersedes TN No. 12-06B

Approval Date 02-14-17

Effective Date 08-01-16