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Kari Armijo, Secretary
Alanna Dancis, Acting Medicaid Director

Letter of Direction #39-1

Date: December 18, 2025

To: Turquoise Care Managed Care Organizations

From: Alanna Dancis, Acting Director, Medical Assistance Division *Alanna Dancis*

Subject: Medicaid Provider Payment Rate Increase to Hospitals Serving a High Share of Native American Members
Repeal and Replace Turquoise Care Letter of Direction #39

Title: High Total Medicaid and High Native American Utilization Inpatient Only Rate increase Effective January 1, 2026

This Letter of Direction (LOD) is intended to repeal and replace LOD #39 issued by the Health Care Authority/Medical Assistance Division (HCA/MAD) on November 27, 2024. The following updates are included in this revised LOD:

- Removal of Centennial Care 2.0 (CC 2.0) references.
- Sunsetting three of four provider classes no longer eligible for this directed payment effective January 1, 2026:
 - High Native American Utilization Class (13% inpatient hospital services).
 - High Native American Utilization Class (13% outpatient hospital services).
 - High Total Medicaid and High Native American Utilization Class (33% outpatient hospital services).

Increase in Payment Rates to Hospitals Serving a High Share of Native American Members

The Managed Care Organizations (MCOs) are directed to raise reimbursement rates paid under the Turquoise Care program to eligible New Mexico hospitals. The payment increase is intended to assure improved access to care for Native Americans who are enrolled in the Medicaid program, and to recognize the hospitals that serve the largest share of these members in New Mexico. Effective January 1, 2026, the Turquoise Care MCOs are directed to apply a uniform rate increase to the “High Total Medicaid and High Native American Utilization” for inpatient services for the three eligible hospitals listed in the table below.

Provider Class	Hospitals	NPI	Uniform Percent Increase
High Total Medicaid and High Native	REHOBOTH MCKINLEY CHRISTIAN HOSPITAL	1720084999	33%

American Utilization Inpatient ONLY	CIBOLA GENERAL HOSPITAL	1780677039	
	SAN JUAN REGIONAL MEDICAL CENTER	1427058510	

The MCOs are expected to apply the inpatient rate increase for the three hospitals listed on the provided table. This rate increase is a managed care directed payment; therefore, there will not be a corresponding increase applied through Medicaid FFS or based on FFS payment methodologies.

The inpatient rate increase described in this LOD has been calculated and considered as a component of the MCO capitation rates effective January 1, 2026. This is not a separate payment term state directed payment.

Rate Increase Implementation Timeframes and Reporting

The MCOs are directed to implement all changes associated with these instructions, including system changes, provider contract negotiations, and any necessary claims reprocessing no later than 60 days from the date of issuance of this LOD.

The MCOs will provide weekly updates, via email, to HCA/MAD on the status of the IP rate increase implementation each Friday by 5 pm until the implementation is complete and HCA/MAD requests to cease the status update.

This LOD will sunset when direction is provided in one or more of the following: Turquoise Care Managed Care Services Agreement, Managed Care Policy Manual, NMAC, Systems Manual, or Behavioral Health Services Division (BHSD) Billing and Systems Manual. The LOD may also sunset upon HCA/MAD notification or completion of the Turquoise Care Program.