



State of New Mexico  
Medical Assistance Program Manual  
**Supplement**



**DATE: April 26, 2004**

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**TO:** ALL PHYSICIANS, PHYSICIAN GROUPS, PHYSICIAN ASSISTANTS, NURSE PRACTITIONERS, OCCUPATIONAL THERAPISTS, PHYSICAL THERAPISTS AND SPEECH THERAPISTS, DURABLE MEDICAL EQUIPMENT AND MEDICAL SUPPLY PROVIDERS AND OTHER PRACTITIONERS WHO BILL USING CURRENT PROCEDURAL TERMINOLOGY CODES (CPT) AND HEALTHCARE COMMON PROCEDURE CODING SYSTEM (HCPCS) CODES

**FROM:** CAROLYN INGRAM, DIRECTOR, MEDICAL ASSISTANCE DIVISION

**BY:** ROSEMARY B. MEDRANO, BENEFITS BUREAU

**SUBJECT:** 1. **MEDICAID FEE SCHEDULE REDUCTION**  
2. **PAYMENT LIMITATION ON CO-INSURANCE AND CO-PAYMENTS**

**1. MEDICAID FEE SCHEDULE WILL NOT EXCEED MEDICARE FEE SCHEDULE**

Beginning May 1, 2004, Medicaid reimbursement for CPT and HCPC codes for which the Medicaid Fee Schedule exceeds the 2004 Medicare Participating Provider Fee Schedule will be reduced to the Medicare amount. A list of the codes affected by this reduction has been placed on the Medical Assistance Division Website under "Provider Information - Fee Schedule Reductions" at <http://www.state.nm.us/hsd/mad/Index.html>.

The Code of Federal Regulations 42 CFR 447.205 regarding public notice for changes in Medicaid reimbursement specifically states that notice is "not required if – (1) The change is being made to conform to Medicare methods or levels of reimbursement". However, to assure providers are aware of this change, the above notice has been included with all providers' Medicaid remittance advices beginning April 19, 2004, and the reimbursement amount for each service has been placed on the Medicaid website.

**2. MEDICAID PAYMENT FOR MEDICARE CO-INSURANCE AND DEDUCTIBLE WILL BE LIMITED BY MEDICAID FEE SCHEDULE.**

Beginning May 1, 2004, payment for co-insurance and deductible following Medicare payment will be limited such that the total amount collected by the provider from Medicare and Medicaid together will not exceed the Medicaid allowed amount for the service. Also, Medicaid reimbursement for insurance co-payments will be limited to the lesser of the co-payment or the difference between the amount collected by the provider and the Medicaid allowed amount. The final regulation implementing this change with more detail and explanation is being placed on the Medical Assistance Division Website under “Registers/Final Registers/Third Party Liability” at <http://www.state.nm.us/hsd/mad/Index.html>. The final regulation allows for special consideration to be given to services for which Medicare applies 50% co-insurance rather than the more standard 80% co-insurance. Refer to the final register for more detailed information.

You may contact Rosemary Medrano, Benefits Bureau at (505) 827-6200 or Christine Poe, Benefits Bureau (505) 827-3180 if you have any questions.