




HEALTH CARE
AUTHORITY

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Letter of Direction #29-1

Date: November 15, 2024

To: Turquoise Care Managed Care Organizations

From: Dana Flannery, Director, Medical Assistance Division 

Subject: Health Care Quality Surcharge (HCQS) Per Diem and Market Basket Index (MBI) Increase for State Fiscal Year (SFY) 2025
Repeal and Replace Turquoise Care LOD# 29

Title: HCQS Per Diem and MBI Increase for SFY 2025

Background

The purpose of this Letter of Direction (LOD) is to provide instructions to the Turquoise Care (TC) Managed Care Organizations (MCOs) for implementing the Health Care Quality Surcharge (HCQS) Per Diem and Market Basket Index (MBI) increase for State Fiscal Year (SFY) 2025 (July 1, 2024, through June 30, 2025) as required by New Mexico statute, §7-41-4 and §7-41-6 NMSA 1978, originally enacted under Senate Bill 246 (SB246) during the 2019 Regular Legislative Session. In accordance with SB246 statutory requirements, the Per Diem and MBI will be adjusted on July 1st of each year. The purpose of the surcharge is to increase each nursing facility's Medicaid reimbursement rates by at least the rate of inflation and to provide additional quality payments to Nursing Facility's (NFs) based on performance data. Increases shall be applied to New Mexico NFs and do not apply to out-of-state facilities. Out-of-state facilities are not subject to the surcharge; therefore, out-of-state facilities are not eligible to receive rate increases or quality payments under the HCQS program.

There are three NF classes created under the statute:

- Class 1 – A healthcare facility with less than 60 beds.
- Class 2 – A healthcare facility with 60 or more beds and less than 90,000 annual Medicaid bed days; and
- Class 3 – A healthcare facility with 60 or more beds and 90,000 or more annual Medicaid bed days.

Nursing Facility Per Diem and MBI increases effective July 1, 2024

Retroactive to July 1, 2024, the MCOs are directed to implement Medicaid rate increases to NFs into categories as follows:

1. Revised uniform per diem rate increases based on the class of facility; this amount **is not subtracted from prior year**, this amount replaces the prior SFY24 Class 2 amount of \$24.39

and Class 3 amount of. \$8.54.

- Class 1 - <60 beds – exempt from surcharge: No per diem rate increase.
- Class 2 - 60 or more beds and <90,000 Medicaid bed days: \$24.97/Medicaid bed day; and
- Class 3 - 60 or more beds and 90,000 or more Medicaid bed days: \$8.74/Medicaid bed day.

2. Market Basket Increase (MBI) of 6.60% (0.066) for each facility. This amount is calculated before the per diem increase add-on cited above This amount shall be in addition to the MBI's added from January 1, 2020, at 2.8%, SFY21 at 2.8%, SFY22 at 2.2%, SFY23 at 2.7% and

SFY24 at 5.4%. All prior MBI's from January 1, 2020, through SFY24 should already be incorporated in the Nursing Facility's July 2023 through June 2024 rate currently in effect. The operational formula associated with the SFY25 MBI increase is as follows:

July 2023 through June 2024 Nursing Facility Rate * (1+0.0660) + Uniform per diem = July 2024 through June 2025 Nursing Facility Rate

Rate Calculation Example:

\$225.01	Current Rate 6.30.2024 (includes HB2 2023)			
1.066	inflate			
\$ 239.86	Rate after MBI			
\$24.97	SFY 25 HCQS Add-on			
\$264.83	SFY 25 Total Reimbursement Paid per Day			
\$24.97	2025 HCQS Surcharge/Day			
\$239.86	Reimbursement per dav			

The HCQS Add on Surcharge is not applied to Leave of Absence (LOA) Bed Hold Days.

LOA Rate Calculation Example:

\$225.01	Rate 6.30.2024 (includes HB2 2023)			
1.066	inflate			
\$239.86	Rate after MBI			
\$ 24.97	SFY 2025 HCQS Add-on			
\$264.83	SFY 25 Total Reimbursement Paid per Day			
(\$24.97)	LOA: remove 2025 HCQS Surcharge/Day			
\$239.86	SFY 25 Total Reimbursement Paid per Day; excluding Add-on			
*.50	50% of current NF rate			
\$119.93	SFY 25 LOA Total Reimbursement Paid per Day			

Please note that the surcharge is assessed on **all** non-Medicare bed days, including hospice; therefore, the rate increases cited above should also be applied to Medicaid hospice bed days. The NFs may need to negotiate reimbursement changes with their contracted hospice agencies accordingly.

Within **5 days** of issuance of this LOD, the TC MCOs are directed to increase NF per diem rates by the uniform percentage MBI factor and the uniform per diem add-on for utilization for both short-term and long-term bed days incurred by Medicaid members retroactive to July 1, 2024.

Inclusion of the HCQS Program in MCO Capitation Rates

To support the HCQS Per Diem and MBI increase, HCA will increase the capitated rates for impacted cohorts in the Physical Health (PH), Long-Term Services and Supports (LTSS), and Other Adult Group (OAG) programs. The payment will be calculated based on the program allocation and the distribution of affected members. The MCOs will receive the increased capitation for these cohorts related to the per diem rate increase retroactive to July 1, 2024, as part of the CY 2024 Rates effective July 2024-December 2024 and the CY2025 Rates effective January 2025-December 2025. The MCOs will receive the increased capitation related to the MBI increase retroactive to July 1, 2024, as part of the CY2025 Rates effective January 2025-December 2025, which will include the MBI increase impact from July 1, 2024, to December 31, 2024.

Quality Metrics and Payment Distribution Schedule

The quality payments for the HCQS program will be based on the four long-term stay quality metrics below. The data for these metrics will be collected by the HCA contracted data intermediary.

1. Percentage of LS residents experiencing one or more falls with major injury;
2. Percentage of LS residents who have symptoms of depression;
3. Percentage of LS residents who needed and got a flu shot for the current flu season; and
4. Percentage of LS residents who needed and got a vaccine to prevent pneumonia.

The quality payment does not affect a facility’s per diem or MBI rate increase.

All quality payments for SFY25 will be made based on the distribution schedule below:

Quality Period	Deadline to Pay NFs
July 1, 2024 – September 30, 2024 **	January 28, 2025
October 1, 2024 – December 31, 2024	April 29, 2025
January 1, 2025 – March 31, 2025	July 30, 2025
April 1, 2025 – June 30, 2025	October 29, 2025

** The payment date of January 28, 2025, may be delayed due to the requirement of new TC MCO’s systems encounter testing and uploading of encounters.

Data Vendor

The HCQS statute requires the use of a data vendor for calculating and measuring the quality data of participating NFs. The MCOs entered into an agreement with the data vendor for this program. HCA has incorporated the cost of the data vendor into the capitation amounts for each MCO. As part of the agreement, the data vendor will share NF performance data with the NFs, MCOs, and HCA.

HCQS Operational and Reporting Requirements

This section provides information about operational, and reporting requirements associated with the directed payment.

- The directed payments are classified as revenue attributed to medical expenses and therefore classified as “premium”. The quarterly payments will include gross-up amounts to reflect applicable risk/margin and premium taxes.
 - MAD will provide each MCO the amount of the directed payment and break out the gross-up amounts for each rate cohort.
- The directed payment will be included in the MCO’s Medical Loss Ratio and Underwriting Gain calculations outlined in the MEDICAID MANAGED CARE SERVICES AGREEMENT.
 - MAD directs each TC MCO to report the revenue received for the directed payment in the quarterly and annual Financial Reporting package as “other revenue”. The amounts recorded in the financial reporting package **must** match the total payment made by MAD to the MCO by rate cohort.
 - MAD directs each TC MCO to report the amount paid by the MCO to NFs for the directed payment in the quarterly and annual Financial Reporting package as “other services”. The amounts recorded in the financial reporting package **must** match the total payment made by MAD to the MCO by rate cohort.
 - MAD directs the TC MCOs to support NFs by providing support to Medicaid beneficiaries to improve quality of care outcomes.
- Amounts paid by the MCO to NFs for the directed payment should also be reported in FIN-Report #5 for “Other Services” in the Shared Risk/Incentive Arrangements (All programs – Line 42). This will ensure that the FIN-Report Check Totals tab do not identify submission errors.
- Reconciliations performed as part of the TC MCO contract (Retroactive Period and Patient Liability) will not include the directed payment revenue or expense.

Attachment: 1. Healthcare Facility Classifications – July 1, 2024

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 BHSD Billing and Systems Manual. The LOD may also sunset upon HCA notification or completion of the Turquoise Care Program.

LOD 29-1- ATTACHMENT 1 - HEALTHCARE FACILITY
CLASSIFICATIONS JULY 1, 2024

Provider ID	Provider Name	Provider NPI	FEIN	DOH License	Beds	Class
82551839	ADVANCED HEALTH CARE OF ALBUQUERQUE	1629244124	260886501	1078	47	Class 1
21301221	ALBUQUERQUE HEIGHTS HEALTHCARE AND REHAB CENTER	1629260781	260675040	1069	134	Class 2
95074759	ARTESIA HEALTHCARE AND REHABILITATION CENTER	1770113722	843356492	4115	65	Class 2
82955085	AZTEC HEALTHCARE	1003471541	834668531	4093	86	Class 2
37900226	BEAR CANYON REHABILITATION CENTER	1902098072	208386337	1066	178	Class 2
53508319	BELEN MEADOWS HEALTHCARE AND REHAB CENTER	1528250685	260675094	1071	120	Class 2
37134302	BLOOMFIELD NURSING AND REHAB	1134607690	364905637	4054	95	Class 2
82555320	CABEZON NURSING AND REHAB CENTER (THE SUITES RIO VISTA)	1295238418	824778648	4046	136	Class 2
10207830	CALIBRE POST ACUTE	1972133924	843340121	4118	120	Class 2
33759014	CANYON TRANSITIONAL REHAB CENTER LLC	1326230483	260675157	1070	74	Class 2
49537539	CASA ARENA BLANCA NURSING CENTER	1972690154	200044148	1024	117	Class 2
59602295	CASA DE ORO CENTER	1295780146	200068615	1031	158	Class 2
72952032	CASA DEL SOL CENTER	1164476008	710950059	1032	62	Class 2
35981261	CASA Maria Healthcare	1174237002	921283534	7189	118	Class 2
20326327	CASA REAL	1629556188	384089170	4053	118	Class 2
51671808	CLAYTON NURSING AND REHAB	1730668880	371905331	4052	45	Class 1
47952563	CLOVIS HEALTHCARE AND REHABILITATION CTR LLC	1225220387	260675210	1073	90	Class 2
08925879	COLFAX GENERAL LTC	1073749487	264644021	5041	33	Class 1
64704297	DESERT SPRINGS HEALTHCARE	1366007809	834668049	4091	80	Class 2
22757279	DIAMOND CARE SANTA FE LLC	1093280281	832043051	4068	120	Class 2
79408231	LA VIDA LLENA LIFECARE	1891482683	923420483	7219	102	Class 2
78557526	FARMINGTON OPERATIONS CEDAR RIDGE INN	1710683446	922101617	7191	101	Class 2
76808700	FIESTA PARK WELLNESS & REHABILITATION	1518600949	881602183	7132	105	Class 2
51972786	FORT BAYARD MEDICAL CENTER	1982730669	856000565	5011	200	Class 2
000I0563	GOOD SAMARITAN CENTER-SOCORRO	1164413688	450228055	5108	61	Class 2
000I0233	GOOD SAMARITAN SOCIETY BETTY DARE	1396726063	450228055	5033	90	Class 2
000I0621	GOOD SAMARITAN SOCIETY LAS CRUCES	1730179565	450228055	5116	94	Class 2
000I0449	GOOD SAMARITAN SOCIETY-MANZANO DEL	1427030436	450228055	5081	117	Class 2
000I0316	GRANTS GOOD SAMARITAN CTR	1447241005	450228055	5052	80	Class 2
93974353	Coronado Care Center	1225754955	884009640	7182	80	Class 2
000I0100	LA VIDA LLENA LIFECARE	1972500957	850282570	5061	50	Class 1
09280740	LADERA CARE AND REHABILITATION CENTER	1932153855	850484183	1037	120	Class 2
000I0365	LAGUNA RAINBOW CORPORATION	1316926041	850287581	5063	58	Class 1
79726801	Las Cruces of Cascadia	1982294427	861545560	7030	50	Class 1
61158569	Las Estancias by Pure Health	1700523750	882015599	7150	120	Class 2
93303254	LAS PALOMAS CENTER	1780639617	850484183	1038	120	Class 2
000I1275	LIFE CARE CENTER OF FARMINGTON	1760422596	621630069	5157	144	Class 2
40480895	LOVINGTON HEALTHCARE	1700441243	834668447	4090	62	Class 2
18920217	Gallup Nursing and Rehabilitation	884009640	884009640	7223	62	Class 2
67601081	MESCALERO CARE CENTER	1609816206	680542483	2026	40	Class 1
000I1286	MIMBRES MEMORIAL NURSING HOME	1073584579	850438008	5158	66	Class 2

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Provider ID	Provider Name	Provider NPI	FEIN	DOH License	Beds	Class
00010472	MINERS COLFAX MEDICAL CENTER	1871630665	850323546	5083	37	Class 1
62221001	MISSION ARCH CARE/REHABILITATION CT	1952355885	200068604	1035	120	Class 2
00010480	NEW MEXICO STATE VETERANS HOME	1942287370	856000565	5087	135	Class 2
00010381	NORTHGATE UNIT OF LAKEVIEW	1487644464	850160614	5088	112	Class 2
12830887	Odelia Healthcare	1811552359	834664407	4089	119	Class 2
2983834	PRINCETON PLACE/WW HEALTHCARE, LLC	261586791	1003091521	1077	369	Class 2
76081702	RED ROCKS CARE CENTER	1356820419	364906274	4055	102	Class 2
80507816	REHABILITATION CENTER OF ALBQ LLC	1699967760	260675426	1068	120	Class 2
00010514	RETIREMENT RANCHES INC	1528059011	850159406	5092	104	Class 2
48279315	RIO RANCHO CENTER	1659325504	850484183	1041	120	Class 2
77280296	SAN JUAN CARE CENTER	1124702246	931770555	7227	93	Class 2
99852225	SANDIA RIDGE CENTER LLC	1447442512	208386810	1065	136	Class 2
42221374	PALOMA SPRINGS HEALTHCARE	1225742315	1528772621	7200	94	Class 2
85704709	SILVER CITY CARE CENTER	1992284053	301116161	4056	100	Class 2
69930325	SKIES HEALTHCARE AND REHAB CTR LLC	1932391745	260675263	1067	120	Class 2
89474228	LOS ALAMOS WELLNESS & REHABILITATION	1528772621	921548894	7233	64	Class 2
75120232	SOUTH VALLEY CARE CENTER LLC	1124059084	204998095	1053	58	Class 1
29183324	SPANISH TRAILS REHABILITATION SUITES	1821536087	320468361	1102	134	Class 2
65708270	ST ANTHONY HLTHCARE & REHAB CTR LLC	1720270887	260675327	1072	70	Class 2
00010126	STATE OF (NM BEHAVIORAL HEALTH INSTITUTE)	1992867998	850390576	5067	162	Class 2
73908363	SUNSET VILLA HEALTHCARE	1598479420	1598479420	7190	52	Class1
10477098	TAOS HEALTHCARE	1306517362	872572425	7102	100	Class 2
81080557	THE NEIGHBORHOOD IN RIO RANCHO	1609231448	471462853	4005	72	Class 2
65050703	THE VILLAGE OF NORTHRISE DESERT WILLOW/PEAK MEDICAL ASSISTED LIVING LLC	1194772939	522088942	5841	31	Class 1
63083523	UPTOWN REHABILITATION CENTER	1700078870	260675370	1064	134	Class 2
19708394	WHITE SANDS HEALTHCARE	1265097703	834664537	4092	118	Class 2