



**Michelle Lujan Grisham, Governor**  
Kari Armijo, Secretary  
Dana Flannery, Medicaid Director

**Date: September 12, 2025**

**To: Darcie Robran-Marquez, CEO Molina Healthcare of New Mexico**

**From: Jennifer Jones, Deputy Bureau Chief, Managed Care Oversight Bureau (MCOB)**

**CC: Dana Flannery, Medical Assistance Division (MAD) Director, Michal Hayes, MAD Deputy Director, Tallie Tolen, Acting MCO Bureau Chief, and Valerie Tapia, Federal Relations Manager/Policy Advisor**

**Notice of Concern: Special Reimbursement Requirements**

The New Mexico Health Care Authority, Managed Care Oversight Bureau (HCA/MCOB) is writing to Molina Healthcare of New Mexico (MHC) to express concerns regarding claims that were paid below the approved Medicaid fee schedule pursuant to the Turquoise Care Medicaid Managed Care Services Agreement (MSA) and New Mexico Administrative Code (NMAC).

MSA Section 4.10.3, Special Reimbursement Requirements, requires managed care organizations (MCOs) to reimburse all providers at or above the state plan approved fee schedule for services paid at a fee-for-service basis. For value-based payment, alternative payment method, or risk-based reimbursements, the "at or above" threshold must be incorporated into the payment methodology and demonstrated through utilization and payment data. MSA 4.10.4 requires reimbursement for most non-contracted providers at 95% of the Medicaid fee schedule for covered services provided.

The General Appropriation Act of 2025 mandates that HCA monitor MCO implementation of Medicaid rate increases and report findings to the Legislative Finance Committee quarterly. NMAC regulations permit certain exceptions to the standard fee-for-service rates, including:

- NMAC 8.310.3.11(B)- Reimbursement for professional services must be paid at the "lesser of" the provider's billed charges or the Medicaid fee schedule.
- NMAC 8.310.3.11(B)(5)- Reimbursement for hospital services in settings usually furnished in a provider's office is 60% of the Medicaid fee schedule.
- NMAC 8.302.3.10 and NMAC 8.302.2.12- Medicaid as the secondary payor for the claim.

A review by HCA of MHC's encounter records from July 2023 to December 2024 revealed instances where claims were paid below the State Plan fee schedule, or the thresholds described above. These findings were shared with MHC on May 23, 2025, with a request for justification.



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MHC responded on June 2, 2025, and HCA found that many of the underpayments were justified based on the applicable rules listed above (see MHC: Addendum A). However, MHC acknowledged errors in other claims, specifically where contracted providers were paid at the non-contracted provider rate, which does not align with MSA nor NMAC requirements.

MHC is required to adjudicate and resolve impacted claims according to the Medicaid Fee Schedule, NMAC and MSA within 90 days of receipt of this letter. Identified claims are cited in MHC Addendum A (attached).


In addition, MHC is required to submit a comprehensive plan, inclusive of defined timelines, goals, completion dates, and persons responsible, that addresses, at a minimum, the following elements:

1. Identification and rectification of any systemic and/or programmatic issues leading to the payment discrepancies.
2. Implementation of activities to ensure such issues are prevented in the future, including the dates of completion.
3. Identification of other providers affected, along with steps taken to resolve these concerns.
4. Communication and technical assistance provided to impacted providers.
5. Submission of updated policies detailing MCO internal claim audit, monitoring and correction processes.

MHC's plan must be submitted by email to [HCA-Deliverables@hca.nm.gov](mailto:HCA-Deliverables@hca.nm.gov) within 14 business days of receipt of this letter.

Failure to demonstrate compliance with the requirements outlined in this Notice of Concern may result in progressive compliance actions pursuant to Section 7.3 of the MSA, up to and including monetary penalties.

If you have any questions, please contact your MCO contract manager.

  
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MCOB Deputy Bureau Chief  
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