HEALTH CARE
AUTHORITY

Michelle Lujan Grisham, Governor
Kari Armijo, Secretary
Kathy Slater Huff, Deputy Secretary
Niki Kozlowski, Acting Deputy Secretary
Alanna Dancis, Acting Medicaid Director

July 30, 2026

Courtney Miller, Director
CMS/Center for Medicaid & CHIP Services
Medicaid & CHIP Operations Group
601 E. 12th St., Room 355
Kansas City, MO 64106

Dear Ms. Miller:

Enclosed, please find documents related to New Mexico State Plan Amendment (SPA) 26-0006, Medicaid School-Based Services (MSBS) for Medical Assistance Program (MAP) Eligible Recipients Under Twenty-One Years of Age.

New Mexico is requesting to add a list of allowable direct service providers who can render services as part of the Medicaid School-Based Services (MSBS) Program. The addition of this provider list is being done at the request of CMS to be in compliance with the May 2023 "Delivering Services in School-Based Settings: A Comprehensive Guide to Medicaid Services and Administrative Claiming".

The estimated total Federal Budget Impact is $0.00 in federal funds for FFY 2026 and $0.00 in federal funds for FFY 2027. The proposed State Plan updates do not change the current payment methodology, therefore, there is no fiscal impact.

The HCA followed a process that included public notification, tribal notification, and web posting. The HCA did not receive comments from the general public or tribal partners, nor was a tribal consultation formally requested. Documentation of these activities is attached, along with the transmittal form and supporting SPA materials.

We appreciate your consideration of this state plan amendment. Should you have any questions, please contact Valerie Tapia at: Valerie.Tapia@hca.nm.gov or (505) 257-8420.

Sincerely,

Alanna Dancis
Acting Medicaid Director

cc: Dana Brown, CMS

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 26 — 0006

2. STATE: NM

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447; Section 1905(a) of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 26 $ 0
b. FFY 27 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B pages 3e and 3e.1 (New)

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-B page 3e

9. SUBJECT OF AMENDMENT
Medicaid School-Based Services - New Mexico Medicaid is amending this section of the State Plan to include the list of allowed direct service providers to be in compliance with the May 2023 "Delivering Services in School-Based Settings: A Comprehensive Guide to Medicaid Services and Administrative Claiming".

10. GOVERNOR'S REVIEW *(Check One)*
( ) GOVERNOR'S OFFICE REPORTED NO COMMENT
( ) COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
( ) NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
(●) OTHER, AS SPECIFIED:
Delegated to the Acting Medicaid Director

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
Alanna Dancis

13. TITLE
Acting Medicaid Director, Medical Assistance Division

14. DATE SUBMITTED
7/30/2026

15. RETURN TO
Alanna Dancis
Medical Assistance Division
P.O. Box 2348
Santa Fe, NM 87504-2348

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

established for direct medical services, general and administrative time, and all other activities to account for 100% of time to ensure there is no duplicate claiming.

The RMTS methodology will utilize one cost pool for direct medical services which includes all eligible staff:

- Speech Language Pathologists
- Speech Language Pathology Clinical Fellows
- Speech Language Pathology Apprentices
- Audiologists
- Physical Therapists
- Physical Therapy Assistants
- Occupational Therapists
- Certified Occupational Therapy Assistants
- Licensed Independent Social Workers (LISW)
- Licensed Clinical Social Workers (LCSW)
- Licensed Marriage & Family Therapists (LMFT)
- Licensed Master's Level Social Workers LMSW)
- Licensed Bachelor's Level Social Workers (LBSW)
- Licensed Mental Health Counselors (LMHC)
- Licensed Psychiatric Clinical Nurse Specialists (CNS)
- Licensed Registered Nurses (RN)
- Licensed Practical Nurse (LPN)
- Certified Nurse Practitioner
- Licensed Professional Clinical Counselors (LPCC)
- Psychologists, Ph.D., Psy.D., Ed.D. or Ed.S.
- Psychologists, Masters Level Practitioner – Level 2 or 3
- Psychologists, Masters Level Practitioner – Level 1
- Psychiatrists
- Physicians
- Licensed Dieticians
- Licensed Nutritionists
- Case Managers–(Bachelor's Degree)
- Delegated Nursing Service Providers
- Associate Marriage Family Therapists
- Physician Assistant

The RMTS will generate the statewide Direct Medical Services time study percentages, one for Direct Medical Services pursuant to an IEP/IFSP and one for Direct Medical Services pursuant to other medical plans of care. The two Direct Medical Service time study percentages will be applied to only those costs associated with Direct Medical Services to generate a Direct Medicaid Service cost amount for services provided pursuant to an IEP/IFSP and a Direct Medical Services cost amount for services provided pursuant to other medical plans of care for each cost pool. The Direct Medical Services costs and time study results will be aligned to ensure proper cost allocation. The CMS approval letter for the time study will be maintained by the Health Care Authority of New Mexico.

- The Random Moment Time Study (RMTS) Activity Code 4B (Direct Medical Services), Activity Code 4C (Free Care/Direct Medical Service pursuant to other medical plans of care), and Activity Code 10 (General Administration) are specifically applied based on the results of the four quarterly time studies for that fiscal year.

3. Indirect costs are determined by applying the school district's specific unrestricted indirect cost rate to its net direct costs. New Mexico public school districts use predetermined fixed rates for indirect costs. The Public Education Department (PED) is the cognizant agency for the school districts and approves unrestricted indirect cost rates for school districts for the US Department of Education (USDE). Only Medicaid-allowable costs are certified by providers. Providers are not permitted to certify indirect costs that are outside their unrestricted indirect cost rate.

    - The indirect cost rate applied will be based on the approved PED rate that has been published and approved for the dates of services in that year.

4. Net direct costs and indirect costs are combined.

5. Medicaid's portion of total net costs is calculated by multiplying the results from Item 4 by applying two separate ratios for each participating LEA. When applied, these ratios will discount the associated Direct Medical Service costs by the percentage of Medicaid enrolled students:

    - Medicaid IEP Ratio: The Medicaid IEP Ratio will be used in the calculation of the Medicaid Direct Medical Service costs pursuant to an IEP/IFSP. The names, gender, and birthdates of students on an IEP/IFSP will be identified from the 80th Day Count Report and matched against the Medicaid enrollment file to determine the percentage of those that are enrolled in Medicaid. The numerator of the rate will be the number of Medicaid-enrolled students with an IEP/IFSP receiving Medicaid-eligible medical services and the denominator will be the total number of enrolled students with an IEP/IFSP receiving