Table of Contents

State/Territory Name: New Mexico

State Plan Amendment (SPA) #: 25-0005

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Medicaid and CHIP Operations Group

September 14, 2026

Alanna Dancis
Acting Director
Medical Assistance Division
New Mexico Human Services Department
2025 South Pacheco Drive
Santa Fe, New Mexico 87504-2348

Re: New Mexico State Plan Amendment (SPA) 25-0005

Dear Acting Director Dancis:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 25-0005. This amendment proposes to resume the Recovery Audit Contractor (RAC) program in New Mexico.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and implementing regulations at 42 CFR 455.12. This letter informs you that New Mexico's Medicaid SPA TN 25-0005 was approved on September 14, 2026, with an effective date of October 1, 2025.

Enclosed are copies of Form CMS-179 and approved SPA pages to be incorporated into the New Mexico State Plan.

If you have any questions, please contact Matthew Burriss at (410) 786-2842 or via email at matthew.burriss1@cms.hhs.gov.

Sincerely,

MEGAN K. BUCK -S
Digitally signed by MEGAN K. BUCK -S
Date: 2026.09.14 15:51:24 -05'00'

Megan K. Buck
Director, Division of Program Operations

Enclosures
cc: Valerie.Tapia@hca.nm.gov

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: 25-0005

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
10/01/2025

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 455.12, 1902(a)(42)(B)(i), 1902(a)(42)(B)(ii)(I), 1902(a)(42)(B)(ii)(II)(aa), 1902(a)(42)(B)(ii)(II)(bb), 1902(a)(42)(B)(ii)(III), ~~1902~~*

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ (122,584,000)
b. FFY 2027 $ (117,925,500)

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
4.5 pgs. 36
4.5 pgs. 36a-36b

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
4.5 pgs. 36
4.5 pgs. 36a-36b

9. SUBJECT OF AMENDMENT
New Mexico's two-year exception to discontinue the Recovery Audit Contractor (RAC) Program is expiring 9/30/2025 and New Mexico is resuming RAC effective10/01/2025 for the purpose of identifying underpayments and overpayments. This work will be done in accordance with the contract that went into effect 11/4/2019.

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
12/29/25

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

FOR CMS USE ONLY

16. DATE RECEIVED
12/29/2025

17. DATE APPROVED
September 14, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
October 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL
MEGAN K. BUCK -S
Digitally signed by MEGAN K. BUCK -S
Date: 2026.09.14 15:51:56 -05'00'

20. TYPED NAME OF APPROVING OFFICIAL
Megan K. Buck

21. TITLE OF APPROVING OFFICIAL
Director, Division of Program Operations

22. REMARKS

* State authorized pen & ink change in box 5 on 7/23/2026.

Instructions on Back

Revision: HCFA-AT-83-6 **(BPP)**

Citation	4.5 Medicaid Agency Fraud Detection and Investigation Program
42 CFR 455.12 AT-78-90 48 FR 3742	The Medicaid agency has established and will maintain methods, criteria, and procedures that meet all requirements of 42 CFR 455.13-455.23 for prevention and control of program fraud and abuse.

Citation	
Section 1902(a)(42)(B)(i) of the Social Security Act	X The State has established a program under which it will contract with one or more recovery audit contractors (RACs) for the purpose of identifying underpayments and overpayments of Medicaid claims under the State Plan and under any waiver of the State Plan. ____ The State is seeking an exception to establishing such program for the following reasons:
Section 1902(a)(42)(B)(ii)(I) of the Social Security Act	X The State/Medicaid agency has contracts of the type(s) listed in section 1902(a)(42)(B)(ii)(I) of the Act. All contracts meet the requirements of the statute. RACs are consistent with the statute. Place a check mark to provide assurance of the following: X The State will make payments to the RAC(s) only from amounts recovered. X The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.
Section 1902(a)(42)(B)(ii)(II)(aa) of the Social Security Act	The following payment methodology shall be used to determine State payments to Medicaid RACs for identification and recovery of overpayments (e.g., the percentage of the contingency fee): ____ The State attests that the contingency fee rate paid to the Medicaid RAC will not exceed the highest rate paid to the Medicare RACs, as published in the Federal Register. X The State will pay the Medicaid RAC a contingency fee rate of 17%. The State will submit FFP for the full contingency rate or amount requested and approved by CMS. ____ The contingency fee rate paid to the Medicaid RAC that will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The State will submit a justification for that rate and will submit for FFP for the full amount of the contingency fee.

Section 1902(a)(42)(B)(ii)(II)(bb) of the Social Security Act	X The following payment methodology shall be used to determine State payments to Medicaid RACs for the identification of underpayments (e.g., amount of flat fee, the percentage of the contingency fee): The State will comply with the requirements of 42 C.F.R. § 455.510(c) and pay an amount to the Medicaid RAC sufficient to adequately incentivize the detection of underpayments.
Section 1902(a)(42)(B)(ii)(III) of the Social Security Act	X The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).
Section 1902(a)(42)(B)(ii)(IV)(aa) of the Social Security Act	X The State assures that the amounts expended by the State to carry out the program will be amounts expended as necessary for the proper and efficient administration of the State Plan or a waiver of the plan.
Section 1902(a)(42)(B)(ii)(IV)(bb) of the Social Security Act	X The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share.
Section 1902(a)(42)(B)(ii)(IV)(cc) of the Social Security Act	X Efforts of the Medicaid RAC(s) will be coordinated with other contractors or entities performing audits of entities receiving payments under the State Plan or waiver in the State, and/or State and Federal law enforcement entities and the CMS Medicaid Integrity Program.