HEALTH CARE AUTHORITY

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

Date: September 12, 2025

To: Gabriel Parra, CEO Presbyterian Health Plan

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 Presbyterian Health Plan (PHP) 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.

Upon review of PHP’s encounter records from July 2023 to December 2024, HCA identified several instances where claims were reimbursed below the State Plan fee schedule, or the allowable thresholds described above. These findings were communicated with PHP on May 23, 2025, with a request for justification.

In response, PHP provided documentation on June 4, 2025, for the sampled records, and HCA determined that many of the underpayments were justified in accordance with the applicable rules, including:

- Non-contracted providers being reimbursed at 95% of the fee schedule.

- Payment reductions due to identified place of services.
- Claims where Medicaid was the secondary payor.

However, the review also identified the following concerns:

- Payments to contracted providers were based on outdated fee schedules, resulting in underpayments
- PHP failed to provide adequate explanation for certain underpayments
- PHP did not provide sufficient information to determine whether claims payments processed by an administrative contractor were accurate.

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

In addition, PHP 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. Explanation for underpayments in Claim #31 and #32 in Addendum A.
2. Identification and rectification of any systemic and/or programmatic issues leading to the payment discrepancies.
3. Implementation of activities to ensure such issues are prevented in the future, including the dates of completion.
4. Identification of other providers affected, along with steps taken to resolve these concerns.
5. Communication and technical assistance provided to impacted providers.
6. Submission of updated policies detailing MCO internal claim audit, monitoring and correction processes, including a workflow of claims processed by an administrative contractor.

PHP's plan must be submitted by email to 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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