

January 26, 2016

**RE: Tribal Consultation Letter 16-03: New Mexico State Plan Amendment (SPA) 16-01, Pharmacy Dispensing Fee at \$3.65**

Dear Tribal Leadership, Indian Health Service, Tribal Facilities and other interested parties,

Consultation with New Mexico's Indian Nations, Tribes, Pueblos and their healthcare providers is an important component of the government-to-government relationship with the State of New Mexico.

In accordance with the New Mexico Human Services Department's (HSD) Tribal Consultation requirements, this letter is to inform you that HSD, through the Medical Assistance Division (MAD), is accepting written comments through February 29, 2016, regarding the proposed State Plan Amendment (SPA) 16-01 – Pharmacy Dispensing Fee at \$3.65.

The current dispensing fee used in calculating payment for pharmacy claims is \$2.50, unless product selection has occurred, in which case the dispensing fee is \$3.65. The proposed SPA would remove the provision related to product selection, allowing the New Mexico Medicaid program to use the higher dispensing fee of \$3.65 in calculating the payment on all pharmacy claims. Other limits, such as not paying more than the billed charge, will still apply.

The anticipated increase in payments to pharmacy providers in the Medicaid fee-for-service program is \$400,000 annually, of which approximately \$366,500 would come from federal matching funds. Of the \$400,000 annual increased expenditure, it is anticipated that approximately \$215,000 of that amount would be paid to IHS pharmacies. The remaining estimated \$185,000 would be increased payments to retail pharmacies. The SPA does not affect the payments made under the Medicaid managed care program.

This change is being made following a review of New Mexico's current reimbursement level to other state Medicaid programs and payers. In addition, because IHS pharmacies follow their own IHS pharmacy formulary, IHS has not been able to take advantage of the higher dispensing fee allowed for product selection. Therefore, the effect of this change will be to raise the dispensing fee from \$2.50 to \$3.65 for IHS pharmacies.

***Tribal Impact: HSD does not anticipate a negative service or financial impact to individuals, tribes or their healthcare providers. Of the \$400,000 annual increased expenditure, it is anticipated that approximately \$215,000 of that amount would be paid to IHS pharmacies.***

***There will be no changes in billing or any other action required on the part of IHS pharmacies to receive the increased payment level.***

**Tribal Consultation Comments –**

A copy of the state plan amendment with tracked changes is attached.

Tribes and their healthcare providers may view proposed SPA 16-01 on the HSD webpage at:  
<http://www.hsd.state.nm.us/providers/written-tribal-consultations.aspx>, **Consultation Letter 16-03.**

**IMPORTANT DATES:**

- **Written comments must be submitted by 5:00 p.m. Mountain Standard Time (MST) on February 29, 2016.** Please send your comments and questions to the MAD Native American Liaison, Theresa Belanger, Medical Assistance Division, P.O. Box 2348, Santa Fe, New Mexico 87504-2348, by phone at (505) 827-3122 or by email at: [Theresa.Belanger@state.nm.us](mailto:Theresa.Belanger@state.nm.us).
- All tribal consultation comments and responses will be compiled and available **after February 29, 2016.**
- Since this SPA increases payment to IHS facilities and to retail pharmacies serving Native Americans with no negative impact, HSD/MAD intends to file the state plan amendment on or before February 1, 2016, with a February 1, 2016, effective date. All tribal comments will still be fully considered with responses back to the commenter. If any changes are made due to tribal comments, those changes will be applied retroactively to pharmacy claims.

Sincerely,

for Nancy Smith-Leslie, Director  
Medical Assistance Division

cc: Theresa Belanger, Native American Liaison, MAD  
Kari Armijo, Deputy Director, MAD  
Robert Stevens, Program and Policy Bureau Chief, MAD