The New Mexico Human Services Department Medical Assistance Division is providing this notice for the purpose of receiving comments on payment rate reductions to hospitals related to the safety net care pool which is part of the final Diagnosis Related Group (DRG) payment made to hospitals. DRG rates were previously increased as counties were providing a portion of the DRG payment for the safety net care pool including quality improvements. The total required amount from the counties that have been supporting those hospitals is equivalent to 1/8 of a percent of the gross receipts, the entire tax increment that counties use and dedicate to indigent care. However, counties chose not to relinquish the entire portion of that tax increment. During the 2014 Regular Session for FY 2015 budget year, the Legislature, in a compromise, diverted an equivalent of 1/12 of a percent from those counties to support the safety care pool and DRG rate increase along with $9 million of General Fund. During the 2015 Regular Session for the FY 16 budget year, the Legislature did not continue to provide that $9 million of General Fund. Thus, HSD is proposing to reduce the base DRG rates to those qualified proposed to be implemented effective with dates of service July 1, 2015. The rates for the Safety Net Care Pool qualifying hospitals are determined specifically for each facility. The proposed rates will reduce payments to those qualifying hospitals by a total estimated of $25 million annually of which $9 million are state funds with the remainder being federal Medicaid matching funds. Each facility will be notified of their specific rate with an opportunity to comment or respond.

Should the Department revise the proposed decrease based on comments received; the Department will make retroactive payment adjustments as appropriate. Copies of comments will be provided upon request. Recorded comments and requests may be left at (505) 827-7743. Interested persons may also address comments and requests via electronic mail to: cecelia.salazar@state.nm.us. Written mail, electronic mail and recorded comments must be received no later than 5 p.m MDT on July 31, 2015.