



Susana Martinez, Governor  
Brent Earnest, Secretary  
Nancy Smith-Leslie, Director

June 30, 2015

Bill Brooks, Medicaid Associate Regional Administrator  
Division of Medicaid and Children's Health  
Centers for Medicare and Medicaid Services  
1301 Young St.  
Dallas, TX 75202

Dear Mr. Brooks,

Enclosed are documents related to New Mexico State Plan Amendment (SPA) 15-012, DRG Rate Change.

The purpose of this SPA is to update the language regarding the setting of the DRG rates to include that new DRG rates are being implemented effective July 1, 2015.

We appreciate your consideration of this state plan amendment.

Should you have any questions on this amendment, please contact Ellen Costilla at [Ellen.Costilla@state.nm.us](mailto:Ellen.Costilla@state.nm.us) or at (505) 827-3180.

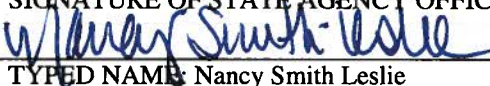
Sincerely,

A handwritten signature in blue ink that reads "Nancy Smith Leslie".

Nancy Smith Leslie  
Director

Copies:

Stacey Shuman, CMS  
Robert Stevens, MAD Chief, Program Policy & Integrity Bureau  
Ellen Costilla, MAD, Health Care Operations Manager

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 15-12	2. STATE New Mexico
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION		4. PROPOSED EFFECTIVE DATE July 1, 2015	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES			
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:  42 CFR 447		7. FEDERAL BUDGET IMPACT:  for FFY 2015: (- \$4,375,000) for FFY 2016: (- \$17,500,000)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19 – A, page 6a		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Attachment 4.19-A, page 6a supercedes same page from TN 14-05, approved 11/25/14	
10. SUBJECT OF AMENDMENT: DRG Rate Change			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT		X OTHER, AS SPECIFIED: Authority Delegated to the Medicaid Director.	
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED			
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Nancy Smith Leslie, Director Medical Assistance Division P.O. Box 2348 Santa Fe, NM 87504 – 2348	
13. TYPED NAME: Nancy Smith Leslie			
14. TITLE: Director, Medical Assistance Division			
15. DATE SUBMITTED: 6/30/2015			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:		18. DATE APPROVED:	
<b>PLAN APPROVED – ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL:		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:		22. TITLE:	
23. REMARKS:			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE OF NEW MEXICO  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES IN PATIENT  
HOSPITAL SERVICES

Attachment 4.19-A  
Page 6a

- Effective for services on or after October 1, 1997, the rates that were in effect as of October 1, 1996 will be updated.
- Effective April 1, 2014, base rates will be increased for all Safety Net Care Pool (SNCP) qualifying hospitals by 124 percent. Effective July 1, 2014, those rates will decrease to an amount equal to the pre-April 1, 2014 rate times 1.62 (increasing the historical rate by 62 percent). For the University of New Mexico Hospital the rates will be increased by 90 percent and 45 percent, respectively.
- In accordance with the above paragraph, hospital rates will be set as of April 1, 2014 and be effective for services performed on or after that date and until June 30, 2014. Revised rates are set as of July 1, 2015 effective for services performed on or after that date until such time as the state agency makes future rate adjustments. Hospital base rates are published on the agency's website (<http://www.hsd.state.nm.us/providers/fee-schedules.aspx>). Except as otherwise noted in this plan, state developed fee schedule rates are the same for both governmental and private providers of hospital inpatient services.
- No payment under this section is dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity.
- The rates will be updated annually for inflation, effective October 1 each year, using the methodology in paragraph C. I.
- Cost reporting periods ending in 1993 are used as the base year for the rates in effect as of October 1, 1996. The October 1, 1996 base year cost per discharge was determined from Title XIX discharges from audited or desk reviewed cost reports for reporting periods ending in calendar year 1993 and inflated forward to the midpoint of the federal fiscal year 1997 using the update factors specified in III.C.8- as described in paragraphs C.2.b. through C.13 below.  
The operating cost per discharge and the excludable cost per discharge as of October 1, 1996 will be combined into one base year cost per discharge. The combined base year cost per discharge will be updated for inflation using the update factor in paragraph C.1.
- The excludable cost per discharge will be handled in the same manner as described in III.E.
- The methodology described in paragraphs C.2.b. through C.13 below represent the methodology in effect prior to October 1, 1997 and is retained intact in the state plan solely to document how the rates in effect as of October 1, 1997 were determined.