Financial Management Group

NOV 25 2014

Ms. Julie Weinberg, Director
New Mexico Human Services Department
Medical Assistance Division
Post Office Box 2348- ARK
Santa Fe, New Mexico 87504-2348

RE: New Mexico 14-05

Dear Ms. Weinberg:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 14-05. The purpose of this amendment is to increase the inpatient hospital fee for service rates for Sole Community hospitals and a State hospital.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. As part of the review process the State was asked to provide information regarding access to care issues and the funding of the State share of expenditures under Attachment 4.19-A.

Based upon your assurances, Medicaid State plan amendment 14-05 is approved effective April 1, 2014. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Tamara Sampson at (214) 767-6431.

Sincerely,

[Signature]

Timothy Hill
Director

Enclosures
### TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

<table>
<thead>
<tr>
<th>FOR: HEALTH CARE FINANCING ADMINISTRATION</th>
<th>1. TRANSMITTAL NUMBER: 14-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>TO: REGIONAL ADMINISTRATOR</td>
<td>2. STATE New Mexico</td>
</tr>
<tr>
<td>HEALTH CARE FINANCING ADMINISTRATION</td>
<td>3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</td>
</tr>
<tr>
<td>DEPARTMENT OF HEALTH AND HUMAN SERVICES</td>
<td>4. PROPOSED EFFECTIVE DATE April 1, 2014</td>
</tr>
</tbody>
</table>

**5. TYPE OF PLAN MATERIAL (Check One):**

- ☐ NEW STATE PLAN
- ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN
- X AMENDMENT

**COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)**

<table>
<thead>
<tr>
<th>6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447</th>
<th>7. FEDERAL BUDGET IMPACT:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>for FFY 2014: $10,218,971</td>
</tr>
<tr>
<td></td>
<td>for FFY 2015: $14,287,407</td>
</tr>
</tbody>
</table>

**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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):** Attachment 4.19-A, page 6a; supersedes pages 6a (TN 97-07)

**10. SUBJECT OF AMENDMENT:**

Addition of language regarding the Safety Net Care Program under Computation of Hospital Prospective Payment Rates

**11. 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

- X OTHER, AS SPECIFIED: Authority Delegated to the Medicaid Director.

**12. SIGNATURE OF STATE AGENCY OFFICIAL:**

[Signature]

**13. TYPED NAME:** Julie B. Weinberg

**14. TITLE:** Director, Medical Assistance Division

**15. DATE SUBMITTED:** March 21, 2014; rev. July 8, 2014

**16. RETURN TO:** Julie B. Weinberg, Director

Medical Assistance Division

P.O. Box 2348

Santa Fe, NM 87504 – 2348

**17. DATE RECEIVED:** 3-24-2014

**18. DATE APPROVED:** NOV 25 2014

**19. EFFECTIVE DATE OF APPROVED MATERIAL:** 4-1-2014

**20. SIGNATURE OF REGIONAL OFFICIAL:**

[Signature]

**21. TYPED NAME:** Kristian Fan

**22. TITLE:** Deputy Director, MED

**23. REMARKS:**
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 will be set as of July 1, 2014 and be effective for services performed on or after that date until such time as the State makes future rate amendments. 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.1.

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.
**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL**

**R: HEALTH CARE FINANCING ADMINISTRATION**

**TO: REGIONAL ADMINISTRATOR**

**HEALTH CARE FINANCING ADMINISTRATION**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**1. TRANSMITTAL NUMBER:** 14-05  
**2. STATE:** New Mexico

**3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)**

**4. PROPOSED EFFECTIVE DATE:** January 1, 2014

**5. TYPE OF PLAN MATERIAL (Check One):**

- [ ] NEW STATE PLAN  
- [ ] AMENDMENT TO BE CONSIDERED AS NEW PLAN  
- [X] 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 2014: $63,919,313
- for FFY 2015: $21,306,437
- (total of $85,225,750 is for CY2014)

**8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:**

Attachment 4.19-A; page 6a

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- [ ] NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL  

**X OTHER, AS SPECIFIED: Authority Delegated to the Medicaid Director.**

**12. SIGNATURE OF STATE AGENCY OFFICIAL:**

**13. TYPED NAME:** Julie B. Weinberg

**14. TITLE:** Director, Medical Assistance Division

**15. DATE SUBMITTED:** March 21, 2014

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**FOR REGIONAL OFFICE USE ONLY**

**16. RETURN TO:**

Julie B. Weinberg, Director  
Medical Assistance Division  
P.O. Box 2348  
Santa Fe, NM 87504 – 2348

**17. DATE RECEIVED:**  
**18. DATE APPROVED:**

**19. EFFECTIVE DATE OF APPROVED MATERIAL:**

**20. SIGNATURE OF REGIONAL OFFICIAL:**

**21. TYPED NAME:**

**22. TITLE:**

**23. REMARKS:**