4. Payment for Inappropriate Brief Admissions

Hospital stays of up to two days in length will be reviewed for medical necessity and appropriateness of care. (Discharges involving healthy mothers and health newborns are excluded from this review requirement). If it is determined that the inpatient stay was unnecessary or inappropriate, the prospective payment for the inpatient discharge will be denied. If the inpatient claim is denied, the hospital is permitted to resubmit an outpatient claim for the services rendered. Such review may be further focused to exempt certain cases at the sole discretion of the Department.

5. Payment for Non-Medically Warranted Days

a. Reimbursement for hospital patients receiving services at an inappropriate level of care will be made at rates reflecting the level of care actually received. The number of days covered by the Medicaid program is determined based only upon medical necessity for an acute level of hospital care.

b. When it is determined that an individual no longer requires acute-level care but does require a lower level of institutional care, and when placement in such care cannot be located, the hospital will be reimbursed for "awaiting placement" days. Reimbursement will be made at the weighted average rate paid by the Department in the preceding calendar year for the level of care needed. There is no limit on the number of covered "awaiting placement" days as long as those days are medically necessary. However, the hospital is encouraged to make every effort to secure appropriate placement for the individual as soon as possible. During "awaiting placement" days, no ancillary services will be paid, but medically necessary physician visits will be reimbursed.

6. Targeted Access Payments

The amount of supplemental targeted access payments is based on New Mexico's most recent upper payment limit (UPL) demonstration for the State Fiscal Year (SFY). The payment amount will be based on the demonstrated UPL Room and paid to the hospitals if it falls within the UPL Gap of the respective hospital class as determined by the UPL demonstration. The targeted access payments are designed as a supplemental payment within existing and applicable limits in accordance with New Mexico's most recent UPL demonstration for the SFY. The Human Services Department (HSD) will verify that all qualifying hospitals receiving targeted access payments have Medicaid fee-for-service utilization. HSD will provide demonstration that inpatient/outpatient hospital payments are within the applicable fee-for-service UPL as defined in 42 CFR 447.272. Payments will not exceed the UPL. Eligibility for payments is limited to Safety-Net Care Pool hospitals. The targeted access payments will be made annually; for each SFY the HSD's payments applicable to the year shall be based on the amount allocated in HSD's budget.

7. State Operated Teaching Hospital Adjustment

Teaching hospitals (as defined in section 4.19-A.III.F.8.a) operated by the State of New Mexico or an agency thereof, shall qualify for an inpatient State Operated Teaching Hospital rate adjustment. The adjustment shall result in total payments to the hospitals that are equal to but not in excess of the individual facility's Medicare-related upper payment limit (specified at 42 CFR 447.272). The Department will calculate the Medicare upper payment limit for State Operated Teaching Hospitals annually. If the upper payment limit has not been exceeded, additional payments will be distributed by the Department to the State Operated Teaching Hospital. The adjustment shall be calculated as follows:

a. Each federal fiscal year, the Department shall determine each State Operated Teaching Hospital's Medicare per discharge rate and Medicaid per discharge rate. The Medicare and/or Medicaid discharge rate will be adjusted to reflect any acuity differences that exist between the Medicare and Medicaid patients served. Acuity differences will be determined from the Medicare and Medicaid case-mix indices (CMI) for Medicaid discharges at the hospital (using data from the most recent state fiscal year for which complete data is available).

b. The Medicaid per discharge rate shall be subtracted from the Medicare per discharge rate.

c. The difference shall be multiplied by the number of Medicaid discharges at the hospital for the most recent state fiscal year. The result shall be the amount of the State Operated Teaching Hospital Adjustment for the current federal fiscal year.

d. For federal fiscal year 2000, and subsequent federal fiscal years, payment shall be made on an annual basis before the end of the federal fiscal year.

e. In the even that the State Operated Teaching Adjustment amount exceeds the Medicare-related upper payment limit for that year, the State Operated Teaching Hospital adjustment will be revised by the difference.