

Letter of Direction #25



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Date: January 29, 2020
To: Centennial Care 2.0 Managed Care Organizations
From: Nicole Comeaux, Director, Medical Assistance Division
Subject: Medicaid Provider Payment Rates
Title: Payment Rate Increases Effective January 1, 2020



On November 27, 2019, the Human Services Department (HSD) announced its intention to raise certain Medicaid provider payment rates effective January 1, 2020, in the third set of rate increases scheduled to occur in state fiscal year 2020 (FY20). HSD believes that these rate adjustments will continue to build and protect the Centennial Care health care delivery network. The proposed rate increases were supported, endorsed and funded by the New Mexico Legislature during the 2019 regular session.

The purpose of this Letter of Direction (LOD) is to direct MCO implementation of the provider rate increases that are described in the November 27th public notice. All of the rate increases and adjustments described in this LOD have been calculated and considered as a component of the MCO capitation rates that will be effective on January 1, 2020.

1. Increase in Payment Rates for the Administration or Insertion of Long-Acting Reversible Contraception (LARC)

The MCOs are directed to increase payment rates for LARC administration and insertion codes effective January 1, 2020. The procedure codes, fee-for-service (FFS) rates, and percentage increases are listed below. The MCOs are expected to apply corresponding increases to their negotiated reimbursement rates for these codes with contracted providers. These rate increases apply to any setting in which these procedure codes are used on a billing claim, including in the physician/professional, outpatient, or other setting.

Procedure Code	Current Medicaid FFS Reimbursement	New Medicaid FFS Rate Effective 1/1/20	Percentage Increase
11981 – Insertion of LARC implant	\$149.34	\$300.00	101%
11982 – Removal of LARC implant	\$141.34	\$282.68	100%
11983 – Removal and reinsertion of LARC implant	\$256.46	\$512.92	100%
58300 – Insertion of Intrauterine Device (IUD)	\$119.07	\$300.00	152%
58301 – Removal of IUD	\$99.40	\$198.80	100%

2. Increase in Payment Rates to Governmental and Investor-Owned Hospitals

The MCOs are directed to raise reimbursement rates paid under the Centennial Care program to New Mexico's governmental and investor-owned hospitals to ensure that payments are sufficiently adequate to help cover certain business and operating expenses. The rate increase to these governmental and investor-owned hospitals is 2 percent. The MCOs are directed to apply the increase to both inpatient and outpatient hospital services at facilities eligible for this rate adjustment.

A list of the hospitals that are eligible for this rate increase can be found on HSD's website at www.hsd.state.nm.us/providers/fee-for-service.aspx; a copy has been provided with this LOD.

3. Increase in Payment Rates to Hospitals Serving a High Share of Native American Members

The MCOs are directed to raise reimbursement rates paid under the Centennial Care program to New Mexico hospitals that serve the highest ratio of Native American Medicaid members. This increase is being done to assure improved access to care for Native Americans who are enrolled in the Medicaid program, and to recognize the hospitals that serve the largest share of these members in New Mexico. The rate increase to these hospitals is 13 percent. The MCOs are directed to apply the increase to both inpatient and outpatient hospital services at facilities eligible for this rate adjustment.

The list of hospitals that qualify for this rate increase is based on New Mexico facilities with at least 15 percent of total patient volume attributed to Native American members, and can be found on HSD's website at www.hsd.state.nm.us/providers/fee-for-service.aspx. A copy has been provided with this LOD.

There are some hospital facilities that qualify for rate increases under both Section #2 (Governmental and Investor-Owned Hospitals) and Section #3 (Hospitals Serving a High Share of Native American Members) of this LOD. The MCOs are expected to apply both rate increases accordingly for these facilities.

4. Minimum Wage Adjustment for Personal Care Services (PCS)

The MCOs are directed to raise reimbursement rates for community benefit PCS providers to account for statewide and regional changes in minimum wage. The increase shall be applied to the MCOs' current reimbursement rates for consumer-directed PCS code 99509 and consumer-delegated PCS code T1019. This increase applies to each provider or provider agency's contracted rates with each MCO, and is based on the following projected minimum wage adjustments:

Geographic Area	Current Minimum Wage	Projected Minimum Wage
Bernalillo County	\$8.85/hour	\$9.05/hour
City of Albuquerque	\$8.95/hour	\$9.20/hour
Santa Fe	\$11.40/hour	\$11.80/hour
City of Las Cruces	\$9.20/hour	\$10.10/hour
All other areas	\$7.50/hour	\$9.00/hour

This increase is necessary to help mitigate the costs that will be borne by PCS provider agencies as a result of minimum wage increases that go into effect on January 1, 2020. HSD adjusted the MCOs' capitation rates based on minimum wage variances by location. HSD views this rate adjustment as part of the MCOs' normal course of business and therefore the MCOs may implement changes in accordance with their regular PCS contracting processes. This includes negotiations with providers that have multi-site and/or multi-branch locations, or whose headquarters are located outside of New Mexico.

The MCOs are directed to work closely with the PCS providers and provider agencies to proactively adjust contracts and rates; and to provide any needed technical assistance. This includes direction to providers about how to adjust Authenticare to assure that claims will be submitted using the correct contracted rates and to minimize the administrative burden of reprocessing claims due to lesser-of logic issues.

HSD also directs the MCOs to work with the NM Association for Home and Hospice Care to determine if there are providers that may require additional or expedited assistance in implementing this rate adjustment. HSD appreciates the flexibility of its MCO partners in making sure that the needs and concerns of PCS providers are prioritized and addressed as effectively as possible.

5. Transportation for Justice-Involved Members

The MCOs are directed to add a new component to the Non-Emergency Medical Transportation (NEMT) benefit for justice-involved Centennial Care members who are transitioning out of prison or jail. NEMT to the pharmacy will be allowed within the first seven days after release from prison or jail when the Medicaid-enrolled member has a current and valid prescription that has not been filled. The member may be transported directly to the pharmacy to obtain prescription medicines, and then transported to a domicile or residence within the same city limits as their originating pick-up point. To assure reimbursement, transportation must be provided by the MCO's approved vendor or transportation provider.

HSD will issue additional guidance about this benefit to the MCOs soon, and intends to make revisions to regulatory language at 8.301.6.11 NMAC immediately.

6. Photoscreening and Vision Screening Rate Equalization

The MCOs are directed to increase the payment rate for instrument-based ocular screening, as set forth in the table below for CPT code 99177. HSD has also adjusted the FFS rate for screening tests of visual acuity (CPT code 99173) to assure parity of reimbursement in vision acuity

screenings for children by primary care providers (PCPs) and pediatric ophthalmologists. The procedure codes, fee-for-service (FFS) rates, and percentage changes in reimbursement are listed below. The MCOs are expected to apply corresponding adjustments to their negotiated reimbursement rates for these codes with contracted providers.

Procedure Code	Current Medicaid FFS Reimbursement	New Medicaid FFS Rate Effective 1/1/20	Percentage Change
99173 – Screening test of visual acuity	\$39.93	\$35.00	(12%)
99177 – Instrument-based ocular screening	\$10.00	\$35.00	250%

Evidence indicates that instrument-based ocular screening is more effective than other vision screening methods for children age three and younger; therefore, HSD has equalized the rates for these screening services to assure sufficiency and parity of reimbursement.

7. Safety-Net Care Pool (SNCP) Hospital Payment Transition

New Mexico’s Section 1115 Demonstration Waiver for the Centennial Care program requires the state to transition the current SNCP program from its existing structure into a new design by January 1, 2020. HSD built some funding for the SNCP hospital payment transition into the MCO capitation rates effective January 1.

HSD is still engaged in program design and discussions with the Centers for Medicare and Medicaid Services (CMS) regarding the SNCP transition. Therefore, HSD intends to make an immediate adjustment to the MCO capitation rates to remove SNCP dollars pending completion of a final SNCP transition plan. No further instruction will be provided to the MCOs regarding the expenditure of SNCP funding at this time.

8. Rate Increase Implementation Timeframes and Reporting

For any claims submitted after January 1, 2020, but not paid based on these new parameters, the MCOs are directed to readjust payments retroactive to January 1, 2020.

The MCOs are directed to implement all changes associated with these instructions, including system changes, provider contract negotiations, and any necessary claims reprocessing no later than 180 days from the date of issuance of this directive. HSD directs the MCOs to prioritize the PCS minimum wage adjustment first, since affected providers and provider agencies are already subject to the new minimum wage law.

HSD directs the MCOs to provide weekly updates to the Department on the status of implementation of these rate increases, using a template and reporting schedule to be issued by HSD. Additionally, HSD may schedule monitoring calls to observe MCO progress in implementing these changes and reprocessing claims in accordance with the deadline.

HSD will amend the FIN-28 reporting template to include these rate increases and to monitor MCO implementation of these directives. An amended FIN-28 reporting template will be sent to the MCOs. HSD will enforce additional monitoring through quarterly reviews of MCO encounter data to ensure that rates were increased and services were added in accordance with HSD policy and as described in this LOD.

Attachments:

- List of Governmental and Investor-Owned Hospitals
- List of Hospitals Serving a High Share of Native American Members

**New Mexico Medicaid
List of Governmental & Investor-Owned Hospitals
November 27, 2019**

Hospital Name	Hospital Type
UNIVERSITY OF NEW MEXICO HOSPITAL	Governmental
ADV CARE HOSP OF SOUTHERN NEW MEXICO	Investor-Owned
ALBUQUERQUE - AMG SPECIALTY HOSPITAL	Investor-Owned
ALTA VISTA REGIONAL HOSPITAL	Investor-Owned
CARLSBAD MEDICAL CENTER	Investor-Owned
Central Desert Behavioral HC	Investor-Owned
CIBOLA GENERAL HOSPITAL	Governmental
EASTERN NEW MEXICO MEDICAL CENTER	Investor-Owned
GILA REGIONAL MEDICAL CENTER	Governmental
GUADALUPE COUNTY HOSPITAL	Governmental
HAVEN BEHAVIORAL SEN CARE OF ALBUQUER	Investor-Owned
HEALTHSOUTH REHABILITATION HOSPITAL	Investor-Owned
KINDRED HOSPITAL ALBUQUERQUE	Investor-Owned
LEA REGIONAL HOSPITAL	Investor-Owned
LOS ALAMOS MEDICAL CENTER	Investor-Owned
UNM SANDOVAL REGIONAL MEDICAL CENTER	Governmental
LOVELACE MEDICAL CENTER- DOWNTOWN	Investor-Owned
LOVELACE REGIONAL HOSPITAL-ROSWELL	Investor-Owned
LOVELACE REHABILITATION HOSPITAL	Investor-Owned
LOVELACE WESTSIDE HOSPITAL	Investor-Owned
LOVELACE WOMEN'S HOSPITAL	Investor-Owned
MEMORIAL MEDICAL CENTER	Investor-Owned
MESILLA VALLEY HOSPITAL	Investor-Owned
MIMBRES MEMORIAL HOSPITAL	Investor-Owned
MINER OF COLFAX MEDICAL CENTER	Governmental
MOUNTAIN VIEW REG MED CTR	Investor-Owned
NEW MEXICO REHABILITATION CENTER	Governmental
SAN JUAN REGIONAL REHAB HOSPITAL	Governmental
NOR-LEA HOSPITAL	Governmental
REHABILITATION HOSPITAL OF SOUTHERN	Investor-Owned
ROOSEVELT GENERAL HOSPITAL	Governmental
SIERRA VISTA HOSPITAL	Governmental
THE PEAK HOSPITAL	Investor-Owned
ARTESIA GENERAL HOSPITAL	Governmental
UNION COUNTY GEN. HOSPITAL	Governmental

LOD #25 Attachment: List of Hospitals with Highest Native American Patient Volume

**New Mexico Medicaid
List of Hospitals with Highest Native American Patient Volume
November 27, 2019**

Hospital Name
CIBOLA GENERAL HOSPITAL
REHOBOTH MCKINLEY CHRISTIAN HEALTH CARE SVCS
LOVELACE REHABILITATION HOSPITAL
SAN JUAN REGIONAL REHAB HOSPITAL
SAN JUAN REGIONAL MEDICAL CTR
LINCOLN COUNTY MEDICAL CENTER