



State of New Mexico
Medical Assistance Program Manual
Supplement



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TO: ALL PROVIDERS PARTICIPATING IN THE NEW MEXICO MEDICAID PROGRAM

FROM: CAROLYN INGRAM, DIRECTOR, MEDICAL ASSISTANCE DIVISION

BY: ROBERT STEVENS, CHIEF, BENEFITS BUREAU

SUBJECT: PROVIDER NOTICE OF INCREASES IN MEDICAID REIMBURSEMENT

The 2007 state fiscal year budget approved by the Legislature and Governor included money to the Human Services Department (HSD) designated for providers of services paid by the Medicaid Program, including the Fee-For-Service (FFS) Medicaid Program, Medicaid managed care (SALUD!), behavioral health services, and the New Mexico State Coverage Insurance (SCI) Program. The appropriation is being used specifically for provider reimbursement and not for administrative costs of HSD or its contractors. This notice is to inform providers of how these appropriations will be used.

In determining Medicaid reimbursement changes, several guiding principles were considered. Among these principles were the following:

- Promoting preventative and cost effective care, including early periodic screening, diagnosis, and treatment (EPSDT) of children and prenatal care.
- Establishing parity among similar services when disparity currently exists.
- Considering the national fee schedule on a one-time basis for the purpose of comparing the relative valuations between procedures.
- Considering when payment includes reimbursement for materials which have increased in cost.
- Considering the frequency and history of past fee increases and decreases for the service or provider, and situations where a provider type may be almost exclusively dependent on Medicaid levels of reimbursement.
- Meeting the federal definition, levels, and requirements for reasonableness of reimbursement; not exceeding federal limits on reimbursement; and following Medicaid Program policy.
- Considering available funding and legislative language.

We appreciate the many practitioners, agencies, facilities, and organizations that provide medical services to Medicaid recipients. As such, we are pleased with the appropriations that permit the Department to make these reimbursement changes. However, it is important to understand that as the appropriations were for fixed amounts, HSD will closely monitor the payments throughout the fiscal year. Adjustments may be necessary to assure the amount of the payments is very close to the actual appropriations. Increases in payment are not necessarily guaranteed to be carried forward in future years nor is a similar adjustment planned to occur annually. Changes to current estimates of expenditures may also change the final reimbursement amounts as they are implemented.

Following is a description of how HSD anticipates providers will be affected by the changes in reimbursement. Changes are anticipated to be effective July 1, 2006, except where federal approval may be required or regulations must be changed. In these cases, it may take longer to implement reimbursement changes. All policy provisions regarding payment policy and limitations are still applicable.

Services Based on the Medicaid Fee Schedule: A copy of the fee schedule will be placed on the web at <http://www.state.nm.us/hsd/mad/Regs.htm> under Fee Schedule and Billing Information. Because the national fee schedule was used for the purpose of comparing the relative valuations between procedures, some individual procedures may be reduced in payment. However, overall reimbursement for procedures is increasing by approximate average percentages as follows:

- Surgical procedures 16.5%
- Obstetrical procedures 18.4%
- Early Periodic Screening, Diagnosis and Treatment (EPSDT) screening 21.5%
- Evaluation/Management codes 21.2%

The following changes will also be made:

- Laboratory services will be reimbursed at the Centers for Medicare and Medicaid (CMS) laboratory rate. Currently, reimbursement is at the CMS rate less 1.5%.
- Anesthesia services will be increased by an average of approximately 3%.
- Proposed regulations will be issued to increase reimbursement to licensed midwives to 80% of the physician rate, in order to more closely approximate the same fee increase experienced by physicians. Currently, reimbursement is at 77% of the physician rate.

To the extent that SALUD! Managed Care Organizations use the Medicaid fee schedule, their payments will increase similarly.

Behavioral Health Services: Behavioral health service rates are being adjusted across multiple fund sources. Therefore, a separate notice will be issued at a later date. Reimbursement changes will be issued for behavioral health procedures when they are available. While Medicaid FFS rates may increase for some of these procedures, individual providers and practitioners may experience an increase or decrease depending on their history or current status.

Inpatient Hospital Services: DRG hospital payment calculations will be increased by 1.5%. Inpatient hospitals and inpatient units that are cost-settled annually by the Medical Assistance Division will not be affected by this reimbursement change. Though SALUD! Managed Care Organizations may not reimburse inpatient hospital services using the same methodology as the Medicaid Program, their reimbursement to network inpatient hospitals will increase similarly.

Outpatient Hospital Services: Laboratory services will be reimbursed at the CMS rate. Currently, reimbursement is at the CMS rate less 1.5%.

Free-standing Ambulatory Surgical Centers, Dialysis Facilities, Durable Medical Equipment/Medical Supplies, Prosthetic/Orthotic and Nutritional Services: These are all services for which CMS issues reimbursement rates. Currently, Medicaid reimburses at the CMS rate less 1.5%. Starting July 1, 2006, the CMS amounts in effect will be used without deducting 1.5%. For diapers and under-pads for which CMS does not provide a rate, an increase will be made after considering the current rate at which these items are available to the provider. Nutritional products will be treated similarly.

EPSDT Private Duty Nursing Services; EPSDT Personal Care Services; and Physical Therapy, Occupational Therapy, and Speech and Language Pathology Services Home and Center Services: These are services for children under 21 years of age. In the past, these services were primarily provided under the Home and Community Based Services (HCBS) waiver but are being transferred to the Medicaid fee-for-service and SALUD! Managed Care Programs effective July 1, 2006. Reimbursement for these services will be set such that rates under the Medicaid fee-for-service program or the SALUD! Managed Care Program will not be reimbursed less than the current highest HCBS waiver rate for the same service. These levels will also be posted on the web at <http://www.state.nm.us/hsd/mad/Regs.htm> under Fee Schedule and Billing Information.

Other Home and Community Based Services (HCBS Waivers): All waiver rates will be increased by 0.5%.

Dental Services: Reimbursement for most dental services will be increased by an average of 5.5%. The increase in reimbursement for limited children's services will be based on seventy-six percent (76%) of the average fees in the 2003 American Dental Association Fee Survey. The specific rates will be placed on the web at <http://www.state.nm.us/hsd/mad/Regs.htm> under Fee Schedule and Billing Information.

Hearing and Vision Services: Reimbursement for hearing services will be increased by 1.5%, not including the maximum allowed invoice costs for the aid itself. The reimbursement for lenses for children will be increased to include the costs of polycarbonate lenses when prescribed by the practitioner for safety or other medical necessity reasons.

Other Increases in the Medicaid Fee-for-Service Program: These increases will not affect subcontracted rates with the SALUD! Managed Care Organizations.

- FQHC and Rural Health Clinics encounter rates will be increased by the Consumer Price Index (CPI). The wrap around settlements provided by HSD following payment by the Managed Care Organizations will consider this new amount.
- ICF-MR Facility rates will be increased by 2 %.
- Nursing Facility rates will be increased by 1 %.
- Services in schools will be adjusted in any instance where payment is less than the Medicaid fee-for-service for any similar service.
- Taxicab and Handivan reimbursement rates will be increased by 15%, as will the maximum reimbursement for meals and lodging. Ground Ambulance rates will be increased by 15% and Air Ambulance reimbursement will be increased by 50%. The rates will be placed on the web at <http://www.state.nm.us/hsd/mad/Regs.htm> under Fee Schedule and Billing Information.
- Independent Physical, Occupational and Speech Therapist services not otherwise increased by any other provision above will be increased by 1.5%.
- The Consumer-Directed Personal Care Option rate will be increased by \$1.00 per unit.

No change in reimbursement is planned for services for which current federal rates are used (IHS OMB rates or hospice rates) or for providers whose payments consist of a percent of billed charges and/or are cost settled retroactively (outpatient hospitals, and home health agencies). Increases are not planned for pharmacies as the current federal methodology is now being followed, or for the adult personal care option for which rates have recently been established.

Fee schedules will be available on the web by June 7, 2006. For more information, please visit the Medical Assistance website at <http://www.state.nm.us/hsd/mad/Index.html> or contact the Medical Assistance Division at (505) 827-3171. Contact Britt Catron at (505) 827-1348 for dental services.