

## Letter of Direction #28-2

**Date:** June 2, 2022

**To:** Centennial Care 2.0 Managed Care Organizations

**From:** Nicole Comeaux, Director, Medical Assistance Division 

**Subject:** Medicaid Provider Payment Rates Repeal & Replace LOD #28-1

**Title:** Payment Rate Increases Effective January 1, 2020

This Letter of Direction (LOD) is intended to repeal and replace LOD #28-1 issued by the Human Services Department Medical Assistance Division (HSD/MAD) on November 24, 2020. The following updates are included in this revised LOD:

- Changes to the hospitals, hospital classes and payment rates to hospitals serving a high share of Native American members effective January 1, 2022;
- Removal of Lovelace UNM Rehabilitation Hospital as it is no longer included in the Community Hospital – Native American directed payment effective January 1, 2022;
- Addition of Three Crosses Regional Medical Center to the increase in payment rates to Governmental and Investor-Owned Hospitals effective January 1, 2022.

The MCOs are directed to implement all changes within this LOD for Three Crosses Hospital associated with the inclusion in the increase of payment rates to Governmental and Investor-Owned Hospitals and changes to hospitals and payment rates for hospitals serving a high share of Native American member, including system changes, provider contract negotiations, and any necessary claims reprocessing no later than 60 days from the date of issuance of this directive.

On November 27, 2019, 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 LOD is to direct MCO implementation of the provider rate increases that are described in the November 27<sup>th</sup> 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 were 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 (governmental and investor-owned facilities with provider types 201, 202, 203, 204 or 205). Laboratory and radiology services billed by these provider types are to be included in the increase.

This rate increase is a managed care directed payment; therefore, there will not be a corresponding increase applied through Medicaid fee-for-service (FFS) or based on FFS payment methodologies. However, the MCOs should refer to LOD #20 for guidance on applying rate increases to hospital inpatient and outpatient services. The hospitals that are eligible for this rate increase are as follows:

Governmental and Investor-Owned Hospitals	
Hospital Name	Cost Report Type of Control
ADV CARE HOSP OF SOUTHERN NEW MEXICO	4 - Proprietary, Corporation
ALBUQUERQUE - AMG SPECIALTY HOSPITAL	4 - Proprietary, Corporation
ALTA VISTA REGIONAL HOSPITAL	4 - Proprietary, Corporation
CARLSBAD MEDICAL CENTER	4 - Proprietary, Corporation
CENTRAL DESERT BEHAVIORAL HC	6 - Proprietary, Other
CIBOLA GENERAL HOSPITAL	9 - Governmental, County
EASTERN NEW MEXICO MEDICAL CENTER	4 - Proprietary, Corporation
GILA REGIONAL MEDICAL CENTER	9 - Governmental, County
GUADALUPE COUNTY HOSPITAL	13 - Governmental, Other
HAVEN BEHAVIORAL SEN CARE OF ALBUQR	4 - Proprietary, Corporation

HEALTHSOUTH REHABILITATION HOSPITAL	5 - Proprietary, Partnership
KINDRED HOSPITAL ALBUQUERQUE	4 - Proprietary, Corporation
LEA REGIONAL HOSPITAL	4 - Proprietary, Corporation
LOS ALAMOS MEDICAL CENTER	4 - Proprietary, Corporation
UNM SANDOVAL REGIONAL MEDICAL CENTER	10 - Governmental, State
LOVELACE MEDICAL CENTER- DOWNTOWN	4 - Proprietary, Corporation
LOVELACE REGIONAL HOSPITAL-ROSWELL	4 - Proprietary, Corporation
LOVELACE REHABILITATION HOSPITAL	4 - Proprietary, Corporation
LOVELACE WESTSIDE HOSPITAL	4 - Proprietary, Corporation
LOVELACE WOMEN'S HOSPITAL	4 - Proprietary, Corporation
MEMORIAL MEDICAL CENTER	4 - Proprietary, Corporation
MESILLA VALLEY HOSPITAL	4 - Proprietary, Corporation
MIMBRES MEMORIAL HOSPITAL	4 - Proprietary, Corporation
MINER OF COLFAX MEDICAL CENTER	10 - Governmental, State
MOUNTAIN VIEW REG MED CTR	4 - Proprietary, Corporation
NEW MEXICO REHABILITATION CENTER	10 - Governmental, State
NOR-LEA HOSPITAL	11 - Governmental, Hospital District
REHABILITATION HOSPITAL OF SOUTHERN	4 - Proprietary, Corporation
ROOSEVELT GENERAL HOSPITAL	11 - Governmental, Hospital District
SIERRA VISTA HOSPITAL	13 - Governmental, Other
THE PEAK HOSPITAL	4 - Proprietary, Corporation
UNION COUNTY GEN. HOSPITAL	9 - Governmental, County
THREE CROSSES REGIONAL MEDICAL CENTER	4 - Proprietary, Corporation

**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. Effective January 1, 2022 the MCOs are directed to apply the increase to each class of Hospitals Serving a High Share of Native American Members as follows:

<b>Provider Class</b>	<b>Hospitals</b>	<b>Uniform Percent Increase</b>
High Total Medicaid and High Native American Utilization	<ul style="list-style-type: none"> <li>• REHOBOTH MCKINLEY CHRISTIAN HOSPITAL</li> <li>• CIBOLA GENERAL HOSPITAL</li> <li>• SAN JUAN REGIONAL MEDICAL CENTER</li> </ul>	33%
High Native American Utilization	<ul style="list-style-type: none"> <li>• SAN JUAN REGIONAL REHAB HOSPITAL</li> <li>• UNM SANDOVAL REGIONAL MEDICAL CENTER</li> <li>• LINCOLN COUNTY MEDICAL CENTER</li> </ul>	13%

The MCOs are directed to apply the respective increase to both inpatient and outpatient hospital services at facilities eligible for this rate adjustment (high-proportion Native American facilities with provider types 201, 202, 203, 204 or 205). Laboratory and radiology services billed by these provider types are to be included in the increase.

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. This rate increase is a managed care directed payment; therefore, there will not be a corresponding increase applied through Medicaid FFS or based on FFS payment methodologies. However, the MCOs should refer to LOD #20 for guidance on applying rate increases to hospital inpatient and outpatient services.

**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:

<b>Geographic Area</b>	<b>2018 Minimum Wage</b>	<b>2019 Minimum Wage</b>	<b>2020 Minimum Wage</b>
Bernalillo County	\$8.85/hour	\$9.05/hour	\$9.20/hour
City of Albuquerque	\$8.95/hour	\$9.20/hour	\$9.35/hour
Santa Fe County	\$11.40/hour	\$11.80/hour	\$12.10/hour*
City of Las Cruces	\$9.20/hour	\$10.10/hour	\$10.25/hour
All other areas	\$7.50/hour	\$7.50/hour	\$9.00/hour

\*Information for Santa Fe County in 2020 is a projected estimate for March 2020.

Note that the information in the table above is provided for informational purposes only. The MCOs should refer to the New Mexico Workforce Solutions website at <https://www.dws.state.nm.us/Minimum-Wage-Information> for up-to-date information about minimum wage amounts and variances by New Mexico location.

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 went 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.

<b>Procedure Code</b>	<b>Current Medicaid FFS Reimbursement</b>	<b>New Medicaid FFS Rate Effective 1/1/20</b>	<b>Percentage Change</b>
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 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. The adjustment will occur for capitation payments effective April 2020 and will be retroactive to January 2020.

HSD confirms that the removal of SNCP-designated funds from the capitation rates is not intended as a rate reduction and that the MCOs will be held harmless when HSD makes this adjustment.

Because HSD has not directed the MCOs on SNCP program design or on how these funds should be expended, there should be minimal impact as a result of removing them from the capitation rates.

#### **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 90 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.