

August 30, 2019

Interested Parties:

The New Mexico Human Services Department (HSD) is announcing its intention to raise certain Medicaid provider payment rates effective October 1, 2019, as a critical next step in fulfilling Governor Michelle Lujan Grisham's promise to support and strengthen providers at the center of New Mexico's health care safety net, and in meeting her commitment to rebuild the state's behavioral health system. Raising Medicaid payment rates recognizes the state's partnership with providers who deliver care and services to the most vulnerable New Mexicans, and HSD believes that these critical rate adjustments will help to fortify and protect New Mexico's health care delivery network. The proposed rate increases were supported, endorsed and funded by the New Mexico Legislature during the 2019 regular session.

In determining the scope and amounts of these proposed provider payment rate increases, HSD conducted extensive analysis to determine where changes would have an immediate positive impact, particularly in rural areas for providers of behavioral health, primary care, dental services, and teleconsultation services to Medicaid patients. In total, HSD proposes nearly \$78.5 million in payment rate increases, with an impact to the state general fund of approximately \$16.2 million.

Through this notice, HSD invites members of the public and provider community to comment on the proposed rate increases that are described below. Additional detail may be found on the proposed fee schedules that are posted on the HSD website at <http://www.hsd.state.nm.us/providers/fee-schedules.aspx>. Some of the proposed provider rate increases will require revisions to the New Mexico Medicaid State Plan that HSD must file with the federal Centers for Medicare and Medicaid Services (CMS).

**1. Increase in Payment Rates for Most Outpatient Behavioral Health Codes**

HSD proposes to increase Medicaid payment rates for outpatient behavioral health visit codes to a minimum of 90 percent of the 2019 Medicare fee schedule, effective October 1, 2019. Many Medicaid-covered behavioral health services are not reimbursed by Medicare and do not have a corresponding Medicare rate; therefore, many of the outpatient behavioral health codes will be increased by the overall average percentage of the behavioral health rate increase for the codes that are benchmarked to Medicare. The overall average percentage of the behavioral health outpatient rate increase is approximately 30 percent.

By raising these payment rates, HSD seeks to bolster its network of behavioral health providers across New Mexico. Outpatient behavioral health codes that are currently above 90 percent of the 2019

Medicare fee schedule will remain unchanged until further review/notification by HSD. Additional work is being done in consultation with providers to analyze Medicaid behavioral health rates and to determine where further rate adjustments may be needed.

The anticipated annual fiscal impact to HSD for this increase is estimated to be \$58.6 million total in state and federal funds combined, with a state general fund impact of \$12 million. Proposed changes to the behavioral health fee schedule are posted at <http://www.hsd.state.nm.us/providers/fee-schedules.aspx>.

## **2. Increase in the Base Rate for Federally Qualified Health Centers (FQHCs) and Establishment of a New Rate for FQHC Dental Visits**

Effective October 1, 2019, HSD proposes to establish a new minimum encounter rate for FQHCs based on the national Medicare Prospective Payment System (PPS) base rate. The FQHC sites that currently have a Medicaid encounter rate that is below the Medicare PPS base rate of \$169.77 will be raised to the new minimum encounter rate.

Additionally, HSD proposes to establish a new minimum encounter rate for FQHC dental services of \$200.00, based on the national average cost of a dental encounter as established by the Health Resources and Services Administration (HRSA) Uniform Data System for 2017. This change is being made to ensure that Medicaid payments are adequate to reimburse FQHCs for dental programs that have expanded significantly over the past decade with no corresponding increase in the Medicaid payment rate for FQHC dental encounters.

The anticipated annual fiscal impact to HSD for this increase is estimated to be \$4.4 million total in state and federal funds combined, with a state general fund impact of \$1 million. The revised encounter rates for each FQHC are posted at <http://www.hsd.state.nm.us/providers/fee-schedules.aspx>.

## **3. Increase in Payment Rates to New Mexico Not-for-Profit Community Hospitals through Centennial Care**

Effective October 1, 2019, HSD proposes to raise reimbursement rates paid under the Centennial Care program to New Mexico not-for-profit community hospitals to ensure that payments are sufficiently adequate to help cover certain business and operating expenses, to account for lower economies of scale at these not-for-profit facilities, and to aid these hospitals in reinvesting in the health of their local communities. Approval for the rate increase for not-for-profit community hospitals will be requested from CMS through managed care directed payment authority as outlined at 42 CFR §438.6.

HSD intends to conduct additional analysis on hospital rates to determine if further adjustments are needed to ensure rate adequacy for New Mexico's investor-owned hospitals.

The anticipated annual fiscal impact to HSD for this increase is estimated to be \$14.6 million total in state and federal funds combined, with a state general fund impact of \$3 million. A list of the hospitals that HSD has identified as not-for-profit facilities can be found at <http://www.hsd.state.nm.us/providers/fee-schedules.aspx>.

#### 4. Additional Reimbursement Mechanisms for Providers Presenting Cases through Project ECHO

HSD proposes to add new a reimbursement mechanism for providers participating in Project ECHO at the “spoke” end of the program model for their time spent presenting Medicaid patient cases as part of an ECHO consultation clinic. HSD proposes to add pricing for Evaluation and Management (E&M) CPT codes 99446-99449 (interprofessional telephone/internet consultation) to capture the time spent by a provider who is not in direct contact with the patient at the time of service for these consultations. The rates for these codes are proposed to be set at 90 percent of the 2019 Medicare fee schedule. Codes and proposed rates for these services are described below.

<b>CPT 99446-99449: Telephone or internet assessment and management service provided by consultative physician – minutes of medical consultative discussion and review</b>		<b>Proposed Medicaid FFS Rate</b>
CPT 99446	5-10 minutes	\$16.54
CPT 99447	11-20 minutes	\$32.76
CPT 99448	21-30 minutes	\$49.30
CPT 99449	31 minutes or more	\$65.52

Please note that HSD is proposing to require the addition of modifier 32 to the provider’s claim for these codes to indicate that the billed service was for an ECHO consultation.

The anticipated annual fiscal impact to HSD for this increase is estimated to be \$900,000 total in state and federal funds combined, with a state general fund impact of \$200,000. The codes above and their respective proposed rates are posted at <http://www.hsd.state.nm.us/providers/fee-schedules.aspx>.

#### **OPPORTUNITY TO VIEW DOCUMENTS AND MAKE COMMENTS**

Health care providers, Medicaid clients, and other interested parties are invited to submit comments on the proposed payment rates and new services.

Proposed fee schedules may be found on the HSD website at <http://www.hsd.state.nm.us/providers/fee-schedules.aspx>.

Scroll to the bottom of the page, click on “agree”; then click on “submit”. On the page that appears, scroll to the section titled “Proposed Fee Schedules or Rates”.

If you do not have internet access, a written copy of these proposed changes may be requested by contacting HSD at (505) 827-6252.

Recorded comments may be left by calling (505) 827-1337. Electronic comments may be submitted to [madrules@state.nm.us](mailto:madrules@state.nm.us). All comments must be received no later than 5:00 p.m. Mountain Time, September 30, 2019. Interested persons may address written comments to:

Human Services Department  
ATTN: Medical Assistance Division Public Comments  
1 Plaza la Prensa  
Santa Fe, NM 87507

If you are a person with a disability and you require this information in an alternative format, please contact HSD at (505) 827-6252. The Department requests at least 10 working days' notice to provide requested alternative formats.

All comments will be compiled and made available on the HSD website.