

April 30, 2016

Due to a serious shortfall in state revenue, largely related to reduced oil and gas taxes, the New Mexico Human Services Department (HSD) is proposing to reduce Medicaid provider rates effective July 1, 2016, as outlined below:

- A reduction in Medicaid to physicians and other practitioners who are paid according to the Medicaid fee schedule for medical services, evaluation and management services, surgical procedures, laboratory and pathology procedures, radiology procedures, and mental health counseling. The reduction is proposed as follows:
 - A 2% reduction for all codes/services currently paid below 90% of the Medicare fee schedule, with the exception of preventive and obstetrical services;
 - A 4% reduction for all codes/services currently paid between 90%-100% of the Medicare fee schedule, with the exception of preventive and obstetrical services; and
 - A 6% reduction for all codes/services currently paid at greater than 100% of the Medicare fee schedule. If any code/service remains with reimbursement above 94% of the Medicare fee schedule, then the rate would be reduced to 94% of the Medicare rate.

This reduction would include laboratory codes paid on the Medicare Clinical Diagnostic Laboratory fee schedule; as well as “facility-based” services that are typically performed in a physician’s office setting, to include the service settings of inpatient hospital, emergency department and nursing facilities. The reduction would not apply to maternal care and delivery codes/services, to preventive codes/services for children, or to the administration of vaccines for the Vaccines for Children program.

The reduction in payments to providers is estimated to be approximately \$6-\$7.5 million in state general funds (or approximately \$29-\$33 million total). Of the estimated total reduction in payments to providers, over 80% of the reduced amount would come from lowering payments on codes/services that were being paid at rates greater than 94% of the Medicare fee schedule. This action allowed the Department to make smaller reductions on other codes/services.

- HSD proposes to discontinue the optional enhanced rate increase paid to qualifying primary care providers (PCPs), which is no longer supported by enhanced federal funding. Approvals of provider attestations will end on May 31, 2016. No qualifying claim will be paid at the enhanced rate unless paid prior to October 1, 2016. The reduction in payments to providers under this proposal is approximately \$5-\$6 million in state general funds (or approximately \$24-\$26 million total).

- HSD proposes to increase Medicaid payments for preventive medicine codes used to pay for Early and Periodic Screening, Diagnostic and Treatment (EPSDT) screens by 5%. This will increase the amount paid for Well-Child screen from \$150.55 to \$158.08. The increase in payments to providers is estimated to be between \$200,000-\$330,000 in state general funds (or approximately \$1-\$1.5 million total).
- HSD proposes to reduce payment levels for dental services paid according to the Medicaid fee schedule by 3%. This reduction in payments to dental providers is approximately \$600,000-\$1 million in state general funds (or approximately \$3-\$4.5 million total).
- HSD proposes to reduce hospital payment rates for hospitals whose reimbursement is based on Outpatient Prospective Payment System (OPPS) rates as follows:
 - A 3% reduction to hospital outpatient services at acute care and critical access hospitals; and
 - A 5% reduction to hospital outpatient services for the University of New Mexico Hospital.

The reduction in payments to hospitals under this proposal is approximately \$3-\$4 million in state general funds (or approximately \$12.5-\$17 million total).

- HSD proposes to reduce hospital payment rates for hospitals whose reimbursement is based on the Diagnosis Related Group (DRG) methodology as follows:
 - A 5% reduction to the inpatient DRG base rate and pass through amount at acute care and critical access hospitals; and
 - An 8% reduction to the inpatient DRG base rate and pass through amount at the University of New Mexico hospital.

The reduction in payments to hospitals under this proposal is approximately \$8-\$10 million in state general funds (or approximately \$38-\$45 million total).

- HSD proposes to reduce Safety Net Care Pool (SNCP) hospital enhanced rates to the level of matching funds available from counties and the \$10 million general fund appropriation in the Department's base budget. The reduction in payments to hospitals under this proposal is approximately \$3-\$4 million in state general funds (or approximately \$28-\$33 million total).
- HSD proposes to reduce Medicaid payments to Community Benefit providers and agencies by 1%. These services are reimbursed by the Centennial Care managed care organizations (MCOs) at rates determined by the MCOs. The reduction in payments under this proposal is approximately \$850,000-\$1.2 million in state general funds (or approximately \$3-\$4 million total).

A negative impact on Medicaid recipient access to providers as a result of these reductions is not expected. HSD will study the impact of these reductions on Medicaid recipient access and provider participation in the Medicaid program.

OPPORTUNITY TO VIEW DOCUMENTS AND MAKE COMMENTS: Medicaid providers, Medicaid recipients, and other interested parties are invited to make comments on this proposal. Draft State Plan Amendments (SPAs), if necessary to effect these changes, may be found on the Department's website at:

<http://www.hsd.state.nm.us/public-notices-proposed-rule-and-waiver-changes-and-opportunities-to-comment.aspx>.

SPA 16-004 Terminate Primary Care Providers Enhanced Payments

SPA 16-005 Outpatient Hospital Reimbursement

SPA 16-006 Inpatient Hospital Reimbursement

SPA 16-007 Practitioner and Dental Reimbursement

When applicable, proposed fee schedules may be found on the Department's website at:

<http://www.hsd.state.nm.us/providers/fee-for-service.aspx>.

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

A written copy of these proposed documents may be requested by contacting the HSD Medical Assistance Division (HSD/MAD) in Santa Fe at (505) 827-6252.

Recorded comments may be left by calling (505) 827-1337. Electronic comments may be submitted to madrules@state.nm.us. Written, electronic and recorded comments will be given the same consideration as oral testimony. **All comments must be received no later than 5:00 p.m. MDT, June 1, 2016.** Written or e-mailed comments are preferred because they become part of the record associated with these changes.

Interested persons may address written comments to:

Human Services Department
Office of the Secretary
ATTN: Medical Assistance Division Public Comments
P.O. Box 2348
Santa Fe, New Mexico 87504-2348

Copies of all comments will be made available by HSD/MAD upon request by providing copies directly to a requestor or by making them available on the HSD/MAD website or at a location within the county of the requestor.