



HUMAN SERVICES  
DEPARTMENT

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David R. Scrase, M.D., Secretary

**FOR IMMEDIATE RELEASE**

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Sept. 3, 2019

## **Gov. Lujan Grisham's plan for improving New Mexico's healthcare delivery network focuses on Medicaid rate increases**

### **\$78.5 million for targeted provider rate increases**

Santa Fe, N.M. – The Human Services Department (HSD) announced Friday the next step in Gov. Michelle Lujan Grisham's multi-phase strategy to improve New Mexico's health care delivery network. A \$78.5 million Medicaid provider rate increase, effective Oct. 1, will bolster those providers who deliver care and services to the most vulnerable New Mexicans and help rebuild and protect New Mexico's health care delivery network, particularly in rural areas for providers of behavioral health, primary care, dental services, and teleconsultation services to Medicaid clients.

"We have a long way to go in rebuilding our health care delivery network in New Mexico, and every step we take is a positive development," Gov. Lujan Grisham said. "I want New Mexicans to know we are firmly committed to creating the best possible environment for service providers and patients all across New Mexico."

Medicaid rates to physicians and others were cut or not adjusted for inflation by the previous state administration, resulting in some rates falling to 70 percent of the Medicare fee schedule used to reimburse practitioners. As part of her commitment to recruit and retain more providers, Gov. Lujan Grisham has emphasized developing a reliable plan to increase rates based on national standards.

Earlier this year Medicaid rates were increased by \$228.7 million:

- \$168.7 million for [Medicaid hospital reimbursement rate increase](#) targeted for inpatient and outpatient hospitals.
- \$60 million for other targeted [Medicaid provider rate increase](#).

"These rate increases are the second step in our plan to provide better access and higher quality in New Mexico healthcare. As a former Medical Director for ProjectECHO, I know the value of the professional consultation that rural and urban primary care providers can receive, saving some patients a very long round trip from a corner of our state to Albuquerque," said HSD Secretary David R. Scrase, M.D. "The behavioral health rate increases are substantial and designed to form the foundation for significant rebuilding of our New Mexico network."

In a document posted Friday for public comment, HSD's Medicaid program outlines the following proposed changes (dollar amounts below reflect state and federal funds combined):

#### **1. Increase 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 [www.hsd.state.nm.us/providers/fee-schedules.aspx](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 [www.hsd.state.nm.us/providers/fee-schedules.aspx](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.

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 [www.hsd.state.nm.us/providers/fee-schedules.aspx](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 [www.hsd.state.nm.us/providers/fee-schedules.aspx](http://www.hsd.state.nm.us/providers/fee-schedules.aspx).

**HSD invites public comments**

In the notice released today, HSD invites the public, including all health care providers, Medicaid clients, and other interested parties to submit comments on the proposed payment rates and new services. The proposed fee schedules will be posted on the HSD website early next week. Scroll to the bottom of the page, click on “agree”; then click on “submit”. On the page that appears, scroll down to the section titled “Proposed Fee Schedules or Rates”. [www.hsd.state.nm.us/providers/fee-schedules.aspx](http://www.hsd.state.nm.us/providers/fee-schedules.aspx).

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