



Michelle Lujan Grisham, Governor
David R. Scrase, M.D., Secretary

May 28, 2019

Interested Parties:

The New Mexico Human Services Department (HSD) is announcing its intention to raise Medicaid hospital payment rates effective July 1, 2019, as part of Governor Lujan Grisham's focus on health care and as a critical step in fulfilling her promise to increase Medicaid reimbursement rates for providers at the center of New Mexico's health care safety net. This is the second notice outlining proposed changes to Medicaid provider payment rates effective July 1, 2019, and specifically details a proposal for increasing inpatient and outpatient hospital payments. Together, these increases represent the first components of a multi-phase strategy to address low Medicaid reimbursement across the delivery system. 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 payment increases, HSD conducted extensive analysis to determine the best and fairest way to restore hospital rates that were reduced due to cost-containment in 2016, while also compensating hospitals for their legitimate business expenses and adjusting rates to account for upward cost inflation. In total, HSD proposes \$168.7 million in payment rate increases to New Mexico hospitals. The impact to the state general fund for these proposed changes is \$34 million.

Through this notice, HSD invites members of the public and provider community to comment on the proposed hospital rate increases and revisions to the Medicaid inpatient and outpatient hospital fee schedules, as described below. Additional detail may be found on the proposed fee schedules that are posted on the HSD website at www.hsd.state.nm.us/providers/fee-schedules.aspx. The proposed hospital 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). Such revisions are subject to CMS approval.

1. Increase in Payment Rates for Inpatient Hospital Services

Effective July 1, 2019, HSD proposes to increase Medicaid reimbursement rates for inpatient hospital services as follows:

- Increase of 14 percent for Safety Net Care Pool (SNCP) hospitals;
- Increase of five percent for UNM Hospital; and
- Increase of 12 percent for all other in-state hospitals.

Additionally, HSD proposes to increase payments for hospital outlier claims from 85 percent to 90 percent of the hospital's standardized cost, as determined in accordance with program regulations at 8.311.3 NMAC.

The anticipated annual fiscal impact to HSD for this increase is estimated to be \$80.1 million total in state and federal funds combined, with a state general fund impact of \$16.4 million.

2. Increase in Payment Rates for Hospital Outpatient Services

Effective July 1, 2019, HSD proposes to increase Medicaid reimbursement rates for outpatient hospital services as follows:

- Increase of 25 percent for SNCP hospitals;
- Increase of 10 percent for UNM Hospital; and
- Increase of 18 percent for all other in-state hospitals.

The anticipated annual fiscal impact to HSD for this increase is \$88.6 million total in state and federal funds combined, with a state general fund impact of \$17.6 million.

3. Additional Proposed Changes Planned for October 1, 2019

HSD intends to make additional Medicaid reimbursement changes for hospitals on October 1, 2019, to address SNCP and hospital reimbursement policies. Additional details about these forthcoming changes will be sent in a notice to the public with a request for input and comments.

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 hospital fee schedule changes may be found on the HSD website at:
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. All comments must be received no later than 5:00 p.m. Mountain Time, June 30, 2019. Interested persons may address written comments to:

Human Services Department
ATTN: Medical Assistance Division Public Comments
P.O. Box 2348
Santa Fe, NM 87504-2348

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 ten (10) working days advance notice to provide requested alternative formats.

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