



HUMAN SERVICES
DEPARTMENT

Michelle Lujan Grisham, Governor
David R. Scrase, M.D., Secretary
Nicole Comeaux, J.D., M.P.H, Director

December 2, 2019

RE: Tribal Notification to Request Advice and Comments Letter 19-26: Notice of Proposed Increases to Medicaid Provider Payment Rates effective January 1, 2020

Dear Tribal Leadership, Indian Health Service, Tribal Health Providers, and Other Interested Parties:

Seeking advice and comments from New Mexico's Indian Nations, Tribes, Pueblos and their health care providers is an important component of the government-to-government relationship with the State of New Mexico. In accordance with the New Mexico Human Services Department's (HSD's) Tribal Notification to Request Advice and Comments process, this letter is to inform you that HSD, through the Medical Assistance Division (MAD), is accepting written comments until **5:00 p.m. Mountain Time (MT) through December 31, 2019**, regarding proposed increases to Medicaid provider payment rates.

The New Mexico Human Services Department (HSD) is announcing its intention to raise certain Medicaid provider payment rates effective January 1, 2020, 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. 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.

This set of rate adjustments is the third major increase for Medicaid providers in state fiscal year 2020 (FY20). In determining the scope and amounts for these provider rate increases, HSD conducted extensive analysis to determine where additional changes would have an immediate positive impact for Medicaid patients and aid the department in fulfilling high-priority policy initiatives. In total, HSD proposes approximately \$40 million in payment rate increases on January 1, with an impact to the state general fund of approximately \$9 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 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 the Administration or Insertion of Long-Acting Reversible Contraception (LARC)

One of Governor Lujan Grisham's cornerstone policy priorities is to assure and improve women's access to reproductive health services. A foundational component of reproductive healthcare is ensuring that New Mexican women are able to choose and obtain highly effective contraception, including LARC products and devices, from their health care provider. As a way of supporting and assuring adequate compensation to providers who offer this important service to Medicaid-eligible women, HSD proposes to increase payment rates for LARC administration and insertion codes effective January 1, 2020. The proposed codes, rates, and percentage increases are listed below:

Procedure Code	Current Medicaid Reimbursement	New Medicaid 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%

The anticipated annual fiscal impact to HSD for this increase is estimated to be \$2.5 million total in state and federal funds combined, with a state general fund impact of \$250,000. The proposed fee schedule changes to these codes and rates are posted at www.hsd.state.nm.us/providers/fee-schedules.aspx.

2. Increase in Payment Rates to Certain Hospitals through Managed Care Directed Payments

a. Governmental and Investor-Owned Hospitals

Effective January 1, 2020, HSD proposes 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. This increase is the result of analysis performed by HSD as announced in the Department's August 30, 2019, notice to interested parties regarding a Centennial Care directed payment for not-for-profit community hospitals. Approval for the rate increase for these governmental and investor-owned hospital facilities will be requested from CMS through the 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 \$7.5 million total in state and federal funds combined, with a state general fund impact of \$2 million. A list of the hospitals that HSD has identified as governmental and investor-owned facilities eligible for this rate increase can be found at www.hsd.state.nm.us/providers/fee-schedules.aspx.

b. Hospitals Serving a High Share of Native American Medicaid Members

Effective January 1, 2020, HSD proposes to raise reimbursement rates paid under the Centennial Care program to New Mexico hospitals that serve a high 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. The list of hospitals that qualify for this rate increase is based on New Mexico facilities with at least 15 percent of total patient volume attributed to Native American members. Approval for the rate increase for these hospital facilities will be requested from CMS through the 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 \$5 million total in state and federal funds combined, with a state general fund impact of \$1 million. A list of the hospitals that qualify for this rate increase can be found at www.hsd.state.nm.us/providers/fee-schedules.aspx.

c. State Teaching Hospital

Effective January 1, 2020, HSD proposes to implement a set of managed care directed payments for the State Teaching Hospital at the University of New Mexico (UNMH). The UNMH directed payments are designed to provide delivery system and provider payment incentives for workforce development, new behavioral health program development (including a statewide behavioral telehealth network) with emphasis on child and adolescent services, substance abuse disorder treatment, and behavioral health services for justice-involved individuals. In addition, the directed payments will support continuity of care and services to Native Americans in recognition of UNMH's unique commitment to Native American New Mexicans.

Approval for the rate increase for UNMH will be requested from CMS through the managed care directed payment authority as outlined at 42 CFR §438.6. The state general fund portion will be financed by UNMH through an Intergovernmental Transfer (IGT).

d. Department of Health (DOH) Designated Trauma Hospitals – April 1, 2020

Effective April 1, 2020, HSD intends to implement a new managed care directed payment to increase rates for hospitals providing trauma care as designated by the New Mexico DOH. Additional details about this rate increase and qualifying facilities will be provided in a subsequent public notice by HSD.

Through this rate adjustment, HSD expects to be able to leverage approximately \$5.5 million additional in federal Medicaid funding to support these facilities.

3. 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 its current SNCP program from its existing structure into a new design by January 1, 2020. Effective on that date, the basis for SNCP hospital payments will no longer be based on uncompensated care. SNCP hospitals will receive a rate increase for inpatient and outpatient services, in addition to incentive payments for expanding their scope of services to include obstetrics, telehealth, and behavioral

health; and for implementing strategies to expand the medical and behavioral health workforces in their hospitals and communities. Approval for the SNCP hospital payment transition will be requested from CMS through the directed payment authority as outlined at 42 CFR §438.6.

The total value of the SNCP hospital payment transition is approximately \$69 million total in state and federal funds combined, with a state general fund share of approximately \$19 million. These costs are not new to HSD and are already built into the Medicaid base budget as a component of hospital payment rates. Therefore, there is no additional fiscal impact to HSD as a result of these changes. HSD is not proposing any changes to the Hospital Quality Improvement Incentive (HQII) program at this time.

The list of hospitals that are eligible for SNCP payments under this transition is posted at www.hsd.state.nm.us/providers/fee-schedules.aspx.

4. Minimum Wage Adjustment for Personal Care Services (PCS)

Effective January 1, 2020, HSD proposes to raise reimbursement rates for community benefit PCS providers by an average of \$1.06 per hour. This increase is necessary to help mitigate the costs that will be borne by PCS provider agencies as a result of the minimum wage increase that will go into effect on January 1. HSD implemented the first phase of a rate increase for PCS providers as part of the minimum wage adjustment on July 1, 2019. The rate increase for January 1, 2020, represents the second and final rate adjustment for PCS.

The anticipated annual fiscal impact to HSD for the PCS rate increase is \$23 million total in state and federal funds combined, with a state general fund impact of \$5 million.

5. Transportation for Justice-Involved Members

Effective January 1, 2020, HSD proposes to add a new component to the Non-Emergency Medical Transportation (NEMT) benefit for justice-involved Medicaid-eligible members who are transitioning out of prison or jail. NEMT to the pharmacy will be allowed within the first seven days after release 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 approved vendor or transportation provider as authorized by the member's Centennial Care managed care organization (MCO). Alternate transportation providers (i.e., taxicab or Uber), rideshare arrangements, or transportation provided by the member's family or personal acquaintances will not be reimbursed by Medicaid.

The anticipated annual fiscal impact to HSD for adding this component to the NEMT benefit is \$2 million total in state and federal funds combined, with a state general fund impact of \$400,000.

6. Photoscreening and Vision Screening Rate Equalization

Effective January 1, 2020, HSD proposes to equalize vision screening rates for two codes, as proposed below:

Procedure Code	Current Medicaid Reimbursement	New Medicaid Rate Effective 1/1/20	Percentage Increase
99173 – Screening test of visual acuity	\$39.93	\$35.00	(12%)
99177 – Instrument-based ocular screening	\$10.00	\$35.00	250%

This change is being made to assure parity of reimbursement in vision acuity screening for children by primary care providers (PCPs) and pediatric ophthalmologists. Evidence indicates that instrument-based ocular screening is more effective than other screening methods for children age three and younger. Current New Mexico Medicaid reimbursement for procedure code 99173 exceeds both Medicare and regional averages considerably; therefore, HSD proposes a slight reduction to achieve reasonable reimbursement and rate parity for these two services.

The anticipated annual fiscal impact to HSD for this vision services increase is estimated to be \$400,000 total in state and federal funds combined, with a state general fund impact of \$100,000.

The proposed fee schedule changes to these codes and rates are posted at www.hsd.state.nm.us/providers/fee-schedules.aspx.

Tribal Impact

The reimbursement changes that are outlined in this letter do not address rates paid to IHS or other tribal health care providers on an OMB or encounter basis; however, they have been developed as a strategy to increase health care access for Medicaid patients through higher reimbursement to providers statewide. These changes in payment are intended to support and bolster the Medicaid health care delivery network, particularly in rural New Mexico. HSD expects these reimbursement rate increases to have an overall positive impact on tribal Medicaid members.

Tribal Advice and Comments

Tribes and tribal health care providers may view the proposed fee schedules on the HSD website at <https://www.hsd.state.nm.us/providers/fee-schedules.aspx>.

Important Dates

Written comments must be submitted by 5:00 p.m. Mountain Time (MT) on December 31, 2019. Please send your comments to the MAD Native American Liaison, Theresa Belanger, at (505) 827-3122 or by email to Theresa.Belanger@state.nm.us. All written comments received will be posted on the HSD website at: <http://www.hsd.state.nm.us/providers/written-tribal-consultations.aspx> along with this notification letter. The public posting will include the name and any contact information provided by the commenter.

Sincerely,



Nicole Comeaux, J.D., M.P.H.
State Medicaid Director