



Susana Martinez, Governor
Brent Earnest, Secretary
Nancy Smith-Leslie, Director

March 8, 2016

Bill Brooks, Medicaid Associate Regional Administrator
Division of Medicaid and Children's Health
Centers for Medicare and Medicaid Services
1301 Young St.
Dallas, TX 75202

Dear Mr. Brooks,

Enclosed are documents related to New Mexico State Plan Amendment (SPA) 16-02 – Alternative Payment Methodology for FQHCs.

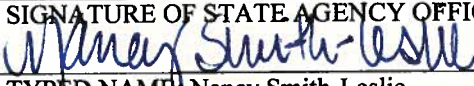
The purpose of this SPA is to allow an alternative payment methodology for FQHCs who are training Primary Care Resident Physicians.

We appreciate your consideration. Should you have any questions or wish to discuss the SPA further, please contact Jennifer Mondragon at Jennifer.Mondragon@state.nm.us or at (505) 476-6823.

Sincerely,

Nancy Smith-Leslie
Director

Copies: Ford Blunt, CMS
Robert Stevens, MAD Chief, Program Policy & Integrity Bureau
Jennifer Mondragon, MAD, Health Care Operations Manager

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		16-02	2. STATE New Mexico
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE January 1, 2016	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart F		7. FEDERAL BUDGET IMPACT: for FFY 2016: \$574,638 for FFY 2017: \$191,596	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19 B page 7e (contains new material)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19 B page 7e (approved 6/12/2001 NM SPA 01-02)	
10. SUBJECT OF AMENDMENT: Alternate Payment Methodology for FQHCs that Train Primary Care Resident Physicians			
11. GOVERNOR'S REVIEW (<i>Check One</i>): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		X OTHER, AS SPECIFIED: Authority Delegated to the Medicaid Director.	
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Nancy Smith-Leslie, Director Medical Assistance Division P.O. Box 2348 Santa Fe, NM 87504 - 2348	
13. TYPED NAME: Nancy Smith-Leslie			
14. TITLE: Director, Medical Assistance Division			
15. DATE SUBMITTED: March 8, 2016			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED:	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:		22. TITLE:	
23. REMARKS:			

The reports could be used to assist in the evaluation of a change in scope of service, to assist in setting the initial PPS rate for anew FQHC and RHC, and for other purposes.

j. Alternate Payment Methodology for Primary Care Residencies:

Beginning January 1, 2016, FQHCs that train primary care resident physicians at the FQHC are eligible for an alternate payment methodology that will supplement the PPS rate.

The total amount of such supplemental payments shall not exceed \$966,184 in 2016, the "Aggregate Maximum." Future aggregate maximums shall be established by future state plan amendments.

- i. In order to be eligible for the supplemental payment, the FQHC must complete an agreement with the state agency under which the FQHC will report, on a quarterly basis, the hours worked by primary care resident physicians and the percentage of patients treated at the FQHC who are Medicaid eligible at the time of service. For each FQHC:

$$\text{Medicaid FTE} = \text{Total FTEs} \times \text{ratio of Medicaid patients to all patients}$$

- ii. The additional payment is made through a settlement process based on the number of hours worked by primary care resident physicians which is multiplied by the percent of individuals who are Medicaid eligible at the time of treatment at the FQHC.
- iii. For calendar year 2016, the payment to an FQHC for primary care resident physicians will not exceed an FQHC's Medicaid share for training primary care resident physicians as calculated in number (i) above; divided by the total of all participating FQHCs' Medicaid share for training primary care resident physicians which results in a percentage. That percentage will then be multiplied by the Aggregate Maximum to determine the payment to each participating FQHC.
- iv. In the event that the number of FQHCs seeking to qualify for the alternative payment methodology exceeds six FQHCs, the State reserves the right to limit the number of participants to the six FQHCs with the largest number of Medicaid resident-hours.