



State of New Mexico  
Medical Assistance Program Manual  
**Supplement**



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**TO:** INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES

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**THROUGH:** SHARILYN ROANHORSE-AGUILAR, BUREAU CHIEF, EXEMPT SERVICES AND PROGRAMS

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**SUBJECT: SENATE BILL 246 HEALTH CARE QUALITY SURCHARGE (HCQS)  
INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL  
DISABILITIES (ICF/IID)**

The New Mexico Human Services Department, Medical Assistance Division (HSD/MAD) has been given approval from the Centers for Medicare & Medicaid Services (CMS) to begin administering the Senate Bill (SB) 246 Health Care Quality Surcharge (HCQS) program effective July 1, 2019. The HCQS program imposes a daily surcharge on Nursing Facilities (NFs) and Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IIDs) for non-Medicare bed days. The purpose of the surcharge is to increase Medicaid reimbursement and support quality improvement efforts.

SB 246 provides for ICF/IID funding in two areas: 1) to increase per diem rates for the Medicaid share of the HCQS and 2) fee-for-service Market Basket Increase rate increases. Financial incentives in the form of supplemental payments based upon quality performance data are limited to skilled nursing facilities and intermediate care facilities (nursing care), as directed within the HCQS Act (SB 246).

HCQS involves paying the ICF/IIDs a surcharge of \$7.04 per non-Medicare day. Non-Medicare day is defined as days that are not reserve bed days.

In addition to HCQS, HSD has approval for retroactive rate increases of \$18.87 per day going back to July 1, 2019.

In order to expedite payment to ICF/IIDs, HSD/MAD has made manual payments to each facility for the surcharge and retroactive rate increase for the months of July 2019 through December 2019. These payments were made on April 20, 2020. The manual payment was calculated on the number of paid days with revenue code 0190 multiplied by the surcharge rate and the retroactive rate increase. Actual claims were not adjusted for this manual payment.

HSD/MAD's Medicaid system requires modification in order to automate the surcharge payments. It is anticipated that this will be completed by May 2020. Once the system changes are made, HSD/MAD will perform a mass adjustment of all the claims paid by HSD/MAD for dates of service from July 2019 through May 2020. At that point, the ICF/IIDs will be paid for any claims that weren't used in the calculation for the manual payment (January thru May) as well as for any adjustments that come in between now and May.

HSD recently provided your facility with a letter stating your new increased rate due to the HCQS. To ensure correct reimbursement when billing per diem, the provider is responsible for billing the new rate, plus the add on rate of \$7.04, and Gross Receipts Tax if applicable.

Providers should expect to receive ongoing correspondence from the HSD/MAD Financial Management Bureau and Myers and Stauffer, HSD/MAD Audit Agent, regarding ICF/IID rates.

For questions regarding ICF/IID payments, please contact Jolene Mondragon, Staff Manager, HSD/MAD Financial Management Bureau at phone: (505) 827-3127 or email: [jolene.mondragon@state.nm.us](mailto:jolene.mondragon@state.nm.us). For ICF/IID program questions, please contact Claudia Duran, ICF/IID Program Coordinator, HSD/MAD Exempt Services and Programs Bureau at phone: (505) 827-3176 or email: [Claudia.Duran@state.nm.us](mailto:Claudia.Duran@state.nm.us).